



Queensland Government

Department of Justice and Attorney-General

Financial Statements

for the financial year ended

30 June 2016

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

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For the Year Ended 30 June 2016

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DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Statement of Comprehensive Income
Year ended 30 June 2016

OPERATING RESULT	Notes	2016 \$'000	2015 \$'000
Income from Continuing Operations			
Appropriation revenue	B1-1	1,281,038	1,228,002
User charges and fees	B1-2	91,030	105,262
Grants and other contributions	B1-3	16,591	110,163
Other revenues	B1-4	12,489	11,417
Total Revenue		1,401,148	1,454,844
Gains on disposal		81	104
Total Income from Continuing Operations		1,401,229	1,454,948
Expenses from Continuing Operations			
Employee expenses	B2-1	748,381	775,268
Supplies and services	B2-2	445,688	478,550
Grants and subsidies	B2-3	699	6,361
Depreciation and amortisation	B2-4	195,468	188,325
Impairment losses		32	248
Other expenses	B2-5	9,377	8,681
Total Expenses from Continuing Operations		1,399,645	1,457,433
Operating Result for the Year		1,584	(2,485)
OTHER COMPREHENSIVE INCOME			
<i>Items that will not be reclassified to Operating Result</i>			
Increase (decrease) in asset revaluation surplus	C10-3	219,300	83,643
Total for Items that will not be reclassified to Operating Result		219,300	83,643
TOTAL OTHER COMPREHENSIVE INCOME		219,300	83,643
TOTAL COMPREHENSIVE INCOME		220,884	81,158

The accompanying notes form part of these statements.

Department of Justice and Attorney-General - Statement of Comprehensive Income by Major Departmental Services
for the year ended 30 June 2016

	Justice Services	Legal and Prosecutions Services	Liquor, Gaming and Fair Trading Services	Youth Justice Services	Corrective Services	Inter-Departmental Service Eliminations	Total
	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000
Income from Continuing Operations							
Appropriation revenue	245,105	73,253	75,225	148,373	739,082	-	1,281,038
User charges and fees	47,084	30,434	4,742	1,020	18,568	(10,918)	91,030
Grants and other contributions	3,511	4,750	393	1,093	8,644	-	16,591
Other revenues	239	264	23	95	11,868	-	12,489
Total Revenue	295,939	108,701	86,383	150,561	776,462	(10,918)	1,401,148
Gains on disposal	-	-	20	-	61	-	81
Total Income from Continuing Operations	295,939	108,701	80,403	150,561	776,523	(10,918)	1,401,229
Expenses from Continuing Operations							
Employee expenses	143,524	75,497	52,883	101,370	375,170	(63)	748,381
Supplies and services	97,987	31,268	25,112	36,982	265,584	(10,855)	445,688
Grants and subsidies	275	74	44	65	241	-	699
Depreciation and amortisation	52,423	1,203	1,980	11,340	128,522	-	195,468
Impairment losses	5	46	(4)	2	(17)	-	32
Other expenses	1,115	530	384	796	6,572	-	9,377
Total Expenses from Continuing Operations	294,939	108,618	80,379	150,565	776,072	(10,918)	1,395,645
Operating Result for the Year	1,000	83	24	26	451	-	1,584
Other Comprehensive Income							
Increase (decrease) in asset revaluation surplus	117,179	-	-	6,892	95,229	-	219,300
Total Comprehensive Income	118,179	83	24	6,918	95,680	-	220,884

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Department of Justice and Attorney-General - Statement of Comprehensive Income by Major Departmental Services
for the year ended 30 June 2015

	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		Fair and Safe Work Services	Legal and Prosecutions Services	Liquor, Gaming and Fair Trading Services	Youth Justice Services	Corrective Services	Inter-Departmental Service Eliminations	Total			
Income from Continuing Operations											
Appropriation revenue	231,691	31,676	61,534	72,378	141,179	689,544	-	1,228,002			
User charges and fees	44,879	22,756	30,257	7,077	1,392	19,217	(20,316)	105,262			
Grants and other contributions	4,019	92,062	5,106	569	1,198	7,207	-	110,163			
Other revenues	71	702	230	8	9	10,397	-	11,417			
Total Revenue	280,660	147,196	97,129	80,032	143,778	726,365	(20,316)	1,454,844			
Gains on disposal	-	-	-	-	11	84	-	104			
Total Income from Continuing Operations	280,660	147,205	97,129	80,032	143,789	726,449	(20,316)	1,454,948			
Expenses from Continuing Operations											
Employee expenses	183,385	85,421	70,204	50,242	92,935	343,081	-	775,268			
Supplies and services	97,194	54,517	24,606	27,275	40,025	255,249	(20,316)	478,550			
Grants and subsidies	276	5,467	19	39	51	509	-	6,961			
Depreciation and amortisation	51,064	1,747	1,474	2,045	10,125	121,870	-	188,325			
Impairment losses	3	1	(2)	4	7	235	-	248			
Other expenses	1,252	537	213	360	687	5,632	-	6,681			
Total Expenses from Continuing Operations	283,174	147,690	96,514	79,965	143,830	726,576	(20,316)	1,457,433			
Operating Result for the Year	(2,514)	(485)	615	67	(41)	(127)	-	(2,485)			
Other Comprehensive Income											
Increase (decrease) in asset revaluation surplus	17,242	-	-	-	5,367	61,034	-	83,643			
Total Comprehensive Income	14,728	(485)	615	67	5,326	60,907	-	81,158			

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Statement of Financial Position
as at 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Current Assets			
Cash and cash equivalents	C1	74,764	77,355
Receivables	C2	39,903	47,564
Inventories	C3	4,166	4,657
Biological assets		251	200
Other current assets	C4	3,607	13,243
Total Current Assets		122,691	143,019
Non Current Assets			
Biological assets		401	303
Intangible assets	C6	21,361	25,429
Property, plant and equipment	C5	3,960,271	3,894,013
Total Non Current Assets		3,982,033	3,919,745
Total Assets		4,104,724	4,062,764
Current Liabilities			
Payables	C7	51,321	73,721
Accrued employee benefits	C8	27,341	23,053
Other current liabilities	C9	12,444	2,558
Total Current Liabilities		91,106	99,332
Non Current Liabilities			
Accrued employee benefits	C8	57	31
Other non current liabilities	C9	742	1,513
Total Non Current Liabilities		799	1,544
Total Liabilities		91,905	100,876
Net Assets		4,012,819	3,961,888
Equity			
Contributed equity		2,828,581	2,998,534
Accumulated surplus		305,204	298,709
Asset revaluation surplus	C10-3	879,034	664,645
Total Equity		4,012,819	3,961,888

The accompanying notes form part of these statements.

Department of Justice and Attorney-General - Statement of Assets and Liabilities by Major Departmental Services
for the year ended 30 June 2016

	Justice Services		Legal and Prosecutions Services		Liquor, Gaming and Fair Trading Services		Youth Justice Services		Corrective Services		Total
	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current Assets											
Cash and cash equivalents	13,591	5,803		5,839		13,291		36,240		74,764	
Receivables	8,714	10,933		1,874		2,317		16,065		39,903	
Inventories	120	-		-		631		3,415		4,166	
Biological assets	-	-		-		-		251		251	
Other current assets	868	488		120		432		1,792		3,607	
Total Current Assets	23,290	17,194		7,833		16,671		57,703		122,681	
Non Current Assets											
Biological assets	-	-		-		-		401		401	
Intangible assets	8,681	2,925		5,717		114		2,924		21,361	
Property, plant and equipment	1,209,896	2,240		1,696		281,345		2,465,094		3,960,271	
Total Non Current Assets	1,219,577	5,165		7,413		281,459		2,468,419		3,982,033	
Total Assets	1,242,867	22,359		15,246		298,130		2,526,122		4,104,724	
Current Liabilities											
Payables	8,258	2,352		2,544		2,278		35,889		51,321	
Accrued employee benefits	5,868	3,093		1,812		3,323		13,245		27,341	
Other current liabilities	2,664	985		2,095		1,367		5,333		12,444	
Total Current Liabilities	16,790	6,430		6,461		6,968		54,467		91,106	
Non Current Liabilities											
Accrued employee benefits	-	57		-		-		-		57	
Other non current liabilities	362	28		102		1		249		742	
Total Non Current Liabilities	362	85		102		1		249		799	
Total Liabilities	17,152	6,515		6,563		6,969		54,716		91,905	

Department of Justice and Attorney-General - Statement of Assets and Liabilities by Major Departmental Services
for the year ended 30 June 2015

	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Justice Services	Fair and Safe Work Services	Legal and Prosecutions Services	Liquor, Gaming and Fair Trading Services	Youth Justice Services	Corrective Services	Total			
Current Assets										
Cash and cash equivalents	20,380	13,469	8,690	2,838	8,027	23,951	77,355			
Receivables	9,537	3,740	7,425	3,519	2,464	20,879	47,564			
Inventories	110	-	-	-	644	3,903	4,657			
Biological assets	-	-	-	-	-	200	200			
Other current assets	3,122	881	682	409	1,034	7,115	13,243			
Total Current Assets	33,149	18,090	16,797	6,766	12,169	56,048	143,019			
Non Current Assets										
Biological assets	-	-	-	-	-	303	303			
Intangible assets	10,590	1,395	3,620	6,095	119	3,610	25,429			
Property, plant and equipment	1,131,407	4,155	1,922	1,887	287,773	2,466,869	3,894,013			
Total Non Current Assets	1,141,997	5,550	5,542	7,982	287,892	2,470,782	3,919,745			
Total Assets	1,175,146	23,640	22,339	14,748	300,061	2,526,830	4,062,764			
Current Liabilities										
Payables	14,470	5,183	2,350	3,699	4,734	43,285	73,721			
Accrued employee benefits	4,809	3,221	2,545	1,305	1,501	9,672	23,053			
Other current liabilities	848	621	156	884	19	30	2,558			
Total Current Liabilities	20,127	9,025	5,051	5,888	6,254	52,987	99,332			
Non Current Liabilities										
Accrued employee benefits	-	-	31	-	-	-	31			
Other non current liabilities	909	273	179	111	5	36	1,513			
Total Non Current Liabilities	909	273	210	111	5	36	1,544			
Total Liabilities	21,036	9,298	5,261	5,999	6,259	53,023	100,876			

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Department of Justice and Attorney-General - Statement of Changes in Equity
for the year ended 30 June 2016

	Contributed Equity \$'000	Accumulated Surplus \$'000	Asset Revaluation Surplus \$'000	TOTAL \$'000
Balance as at 1 July 2014	3,097,996	296,972	585,224	3,980,192
Operating Result				
Operating result for the year	-	(2,485)	-	(2,485)
Other Comprehensive Income				
- Increase/(Decrease) in asset revaluation surplus	-	-	83,643	83,643
Total Comprehensive Income for the Year	-	(2,485)	83,643	81,158
Transactions with Owners as Owners:				
- Appropriated equity injections (Note C10-2)	63,849	-	-	63,849
- Equity withdrawals (Note C10-2)	(162,975)	-	-	(162,975)
- Equity withdrawals non-appropriated	(635)	-	-	(635)
- Equity classification adjustment (Note C10-3)	-	4,222	(4,222)	-
- Involuntary asset transfer	299	-	-	299
Net Transactions with Owners as Owners	(99,462)	4,222	(4,222)	(99,462)
Balance as at 30 June 2015	2,998,534	298,709	664,645	3,961,888
Operating Result				
Operating result for the year	-	1,584	-	1,584
Other Comprehensive Income				
- Increase/(Decrease) in asset revaluation surplus	-	-	219,300	219,300
Total Comprehensive Income for the Year	-	1,584	219,300	220,884
Transactions with Owners as Owners:				
- Appropriated equity injections (Note C10-2)	27,575	-	-	27,575
- Equity withdrawals (Note C10-2)	(176,849)	-	-	(176,849)
- Equity withdrawals non-appropriated	(374)	-	-	(374)
- Equity classification adjustment (Note C10-3)	-	4,911	(4,911)	-
- Involuntary asset transfer (Note A3, C5-1 & C6-1)	(20,305)	-	-	(20,305)
Net Transactions with Owners as Owners	(169,953)	4,911	(4,911)	(169,953)
Balance as at 30 June 2016	2,828,581	305,204	879,034	4,012,819

The accompanying notes form part of these statements.

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Statement of Cash Flows
for the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Inflows:</i>			
Service appropriation receipts		1,301,047	1,243,081
User charges and fees		83,207	119,263
Grants and other contributions		8,785	100,088
GST input tax credits from ATO		47,202	35,248
GST collected from customers		6,757	12,558
Interest receipts		245	281
Other		12,189	11,061
<i>Outflows:</i>			
Employee expenses		(740,198)	(773,695)
Supplies and services		(454,259)	(502,048)
Grants and subsidies		(699)	(6,360)
Insurance premiums		(101)	(4,956)
GST paid to suppliers		(46,837)	(36,670)
GST remitted to ATO		(6,652)	(12,021)
Other		(959)	(1,103)
Net cash provided by operating activities	CF-1	209,727	184,727
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Inflows:</i>			
Sales of property, plant and equipment	CF-2	81	120
<i>Outflows:</i>			
Payments for property, plant and equipment		(43,800)	(88,275)
Payments for intangibles		(1,962)	(3,331)
Net cash used in investing activities		(45,681)	(91,486)
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Inflows:</i>			
Equity injections	CF-2	27,575	63,849
<i>Outflows:</i>			
Equity withdrawals		(177,223)	(163,610)
Net cash provided by financing activities		(149,648)	(99,761)
Net increase (decrease) in cash and cash equivalents		14,398	(6,520)
Increase (decrease) in cash and cash equivalents from restructuring	A3	(16,989)	1,583
Cash and cash equivalents at beginning of financial year*		77,355	82,292
Cash and cash equivalents at end of financial year*	C1	74,764	77,355

* Cash and cash equivalents comprise cash at bank and imprest accounts as disclosed in Note C1.

The accompanying notes form part of these statements.

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Statement of Cash Flows
for the year ended 30 June 2016

NOTES TO THE STATEMENT OF CASH FLOW

CF-1 Reconciliation of Operating Result to Net Cash Provided by Operating Activities	2016	2015
	\$'000	\$'000
Operating result	1,584	(2,485)
<i>Non-Cash items included in operating result:</i>		
Depreciation and amortisation expense	195,468	188,325
Donated assets received	(755)	(600)
Loss on sale of property, plant and equipment	335	110
Net gains from disposal of property, plant and equipment	(81)	(104)
Capital work in progress written off	-	155
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in appropriation revenue receivable	10,393	15,080
(Increase)/decrease in trade receivables	(3,784)	7,433
(Increase)/decrease in GST input tax credits receivable	356	(884)
(Increase)/decrease in long service leave reimbursement receivables	42	363
(Increase)/decrease in annual leave reimbursement receivables	732	1,784
(Increase)/decrease in other receivables	(78)	(31)
(Increase)/decrease in inventories	491	(655)
(Increase)/decrease in biological assets	(149)	(197)
(Increase)/decrease in prepayments/other	9,636	(1,751)
Increase/(decrease) in accounts payable	(22,400)	(17,606)
Increase/(decrease) in accrued employee benefits	4,314	(1,499)
Assets and Liabilities of an operating nature (assumed)/relinquished as a result of machinery-of-Government changes	4,507	(2,015)
Increase/(decrease) in unearned revenue	10,270	487
Increase/(decrease) in lease incentive liability	(1,112)	(1,074)
Increase/(decrease) in other current liabilities	(48)	(113)
Increase/(decrease) in security deposits	5	5
Net Cash Provided by Operating Activities	<u><u>209,727</u></u>	<u><u>184,727</u></u>

CF-2 Non-Cash Investing and Financing Activities

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

Assets and liabilities received or transferred by the department as a result of machinery-of-Government changes are set out in Note A3.

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2016

SECTION 1
ABOUT THE DEPARTMENT AND THIS FINANCIAL REPORT

A1 BASIS OF FINANCIAL STATEMENT PREPARATION

A1-1 GENERAL INFORMATION

The Department of Justice and Attorney-General ('the department') is a Queensland Government department established under the *Public Service Act 2008* and controlled by the State of Queensland, which is the ultimate parent. The head office and principal place of business of the department is 50 Ann Street, Brisbane Qld 4000.

A1-2 COMPLIANCE WITH PRESCRIBED REQUIREMENTS

The Department of Justice and Attorney-General has prepared these financial statements in compliance with section 42 of the *Financial and Performance Management Standard 2009*. The financial statements comply with Queensland Treasury's Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2015.

The Department of Justice and Attorney-General is a not-for-profit entity and these general purpose financial statements are prepared on an accrual basis (except for the Statement of Cash 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 early adopted and/or applied for the first time in these financial statements are outlined in Note G2.

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 2014-15 financial statements.

Due to machinery-of-Government changes on 1 July 2015, the 2015 figures include balances of functions transferred from the department on 1 July 2015.

Current/Non-Current Classification

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

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

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

A1-4 AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

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

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2016

A1 BASIS OF FINANCIAL STATEMENT PREPARATION (continued)

A1-5 BASIS OF MEASUREMENT

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

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

Historical cost

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

Fair Value

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

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

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

Present Value

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

Net Realisable Value

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

A1-6 THE REPORTING ENTITY

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

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2016

A2 OBJECTIVES OF THE DEPARTMENT

The Department of Justice and Attorney-General aims to deliver an equitable and effective justice system, ensure fairness, health and safety in workplaces and the community and improve safety and fairness for Queensland businesses and consumers. The key strategic objectives of the department are that:

- Legal rights are upheld and protected;
- Criminal and civil justice is accessible, timely, cost effective, fair, equitable and independent;
- The rights and interests of adults with impaired decision making capacity, victims of crime, children and other vulnerable people are protected;
- Safety and fairness for Queensland businesses and consumers is improved;
- Provision of a fair and balanced response to young people in contact with the youth justice system; and
- Community safety and crime prevention through the humane containment, supervision and rehabilitation of offenders.

The department is predominantly funded for the departmental services it delivers by Parliamentary appropriations. It also receives fee for service revenue, industry contributions and grants primarily to undertake:

- Crown Law professional services;
- Births, Deaths and Marriages registry functions;
- Liquor and Gaming regulatory services; and
- Corrective Services industries.

A3 MACHINERY-OF-GOVERNMENT CHANGES

Transfers Out

Details of Transfer: Office of Industrial Relations transferred to Queensland Treasury from the Department of Justice and Attorney-General

Basis of Transfer: *Public Service Departmental Administrative Arrangements Order (No.3) 2015* dated 8/12/2015

Date of Transfer: Effective from 1 July 2015

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

	2016
	\$'000
Controlled	
Assets	
Cash at bank	16,989
Receivables	2,865
Other current assets	369
Property, plant and equipment	4,078
Intangible assets	1,305
	25,606
Liabilities	
Payables	3,941
Accrued employee benefits	2,922
Other current liabilities	878
	7,741
Net Assets	17,865

The decrease in assets of \$17.865 million has been accounted for as an decrease in contributed equity as disclosed in the Statement of Changes in Equity.

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2016

A3	MACHINERY-OF-GOVERNMENT CHANGES (continued)	2016
		\$'000
	Administered Assets	
	Cash at bank	477
	Receivables	7,313
		<u>7,790</u>
	Liabilities	
	Payables	7,790
		<u>7,790</u>
	Net Assets	<u><u>-</u></u>

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2016

SECTION 2
NOTES ABOUT OUR FINANCIAL PERFORMANCE

B1 REVENUE

B1-1 APPROPRIATION REVENUE

	2016	2015
	\$'000	\$'000
Reconciliation of Payments from Consolidated Fund to Appropriation Revenue Recognised in Operating Result		
Budgeted appropriation revenue	1,291,889	1,215,814
Transfers from/to other departments (Redistribution of public business)	(3,770)	1,056
Transfers from/to other headings (Variation in Headings)	12,928	26,211
Total Appropriation Receipts (cash)	1,301,047	1,243,081
Less: Opening balance of appropriation revenue receivable	10,393	25,472
Plus: Closing balance of appropriation revenue receivable	-	10,393
Less: Closing balance of deferred appropriation payable to Consolidated Fund	9,616	-
Appropriation Revenue recognised in Statement of Comprehensive Income	1,281,038	1,228,002

Accounting Policy - Appropriation Revenue

Appropriations provided under the *Appropriation Act 2015* are recognised as revenue when received.

Amounts appropriated to the department for transfer to other entities in accordance with legislative or other requirements are reported as 'administered' item appropriations - refer to Note F1-1.

B1-2 USER CHARGES AND FEES

Crown Law professional services	25,608	25,166
Agency fees and commissions	491	526
Licensing and registration charges	15	4,715
Criminal history checks	1,906	1,786
Fines and fees	39,630	37,527
Civil marriages and certificates	2,564	2,370
Self-Insurer levy	-	9,005
Sale of services	18,469	21,965
Other	2,347	2,202
Total	91,030	105,262

Accounting Policy – Sale of Goods and Services

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

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

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2016

B1 REVENUE (continue)

B1-3 GRANTS AND CONTRIBUTIONS

	2016 \$'000	2015 \$'000
Grants *	7,868	11,267
Contributions from WorkCover	-	75,275
Industry contributions	585	13,757
Donations-assets	780	600
Goods and services received below fair value **	7,358	9,264
Total	16,591	110,163

Accounting Policy – Grants, Contributions and Donations

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

Contributed physical assets are recognised at their fair value.

Accounting Policy – Services received below fair value

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

Disclosure about Grant Funding Received

* Grants include \$4.044 million (2015: \$4.825 million) received from the Legal Practitioner Interest on Trust Accounts Fund for the Legal Services Commission and associated disciplinary functions, \$1.112 million (2015: \$1.096 million) received from the Public Trustee of Queensland in accordance with section 63A of the *Public Trustee Act 1978* for the operations of the Office of the Adult Guardian, \$0.711 million (2015: \$0.538 million) received for funding Illicit Court Diversion Program, \$0.236 million (2015: \$0.234 million) received for Youth Justice programs and \$1.579 million (2015: \$1.760 million) received for funding Queensland Corrective Service grants.

Disclosure - Services received below fair value

<i>** Received from</i>	<i>Goods/Services</i>		
Queensland Health	Laboratory services	1,554	520
Department of Public Works	Archival services	4,283	7,081
Queensland Police Service	Labour costs	1,521	1,663
		7,358	9,264

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2016

B1 REVENUE (continue)

B1-4 OTHER REVENUE

	2016	2015
	\$'000	\$'000
Insurance compensation*	1,134	-
Interest **	245	281
Fines and enforceable undertakings	118	274
General recoveries	140	87
Photocopying	66	63
Goods and services provided to prisoners	10,515	10,086
Sundry	271	626
Total	12,489	11,417

Disclosure – Compensation from Third Parties

* As a result of two instances of fire in the department's prison buildings, the department received \$932,600 insurance compensation in the 2015-16 year.

Disclosure – Interest

** The department no longer earns interest on its surplus funds with Queensland Treasury Corporation, with the exception of Crown Law which operates a separate bank account and is still part of the Cash Management Incentives Regime.

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2016

B2 EXPENSES

B2-1 EMPLOYEE EXPENSES

	2016	2015
	\$'000	\$'000
Employee Benefits		
Wages and salaries	582,881	602,412
Annual leave levy/expense	58,284	60,054
Employer superannuation contributions	69,343	73,709
Long service leave levy/expense	13,097	13,578
Termination benefits	3,337	1,679
Other employee benefits	3,982	4,428
Employee Related Expenses		
Workers' compensation premium	11,599	11,044
Other employee related expenses	5,858	8,363
Total	748,381	775,268
Full-Time Equivalent Employees	8,135	8,540

Accounting Policy – Wages and Salaries

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

Accounting Policy - Sick Leave

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

Accounting Policy - Annual Leave

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

Accounting Policy - Long Service Leave

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

Accounting Policy - Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation scheme for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable.

The department's obligation is limited to its contribution to QSuper. The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2016

B2 EXPENSES (continue)

Accounting Policy – Workers’ Compensation Premiums

The department pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

Workers’ compensation insurance is a consequence of employing employees, but is not counted in an employee’s total remuneration package. It is not employee benefits and is recognised separately as employee related expenses.

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

B2-2 SUPPLIES AND SERVICES

	2016 \$’000	2015 \$’000
Computing expenses	27,598	24,888
Consultants and contractors	17,053	21,778
Legal costs	911	4,127
Motor vehicle costs	7,977	10,901
Printing, postage and stationery	7,559	7,865
Property tenancy and maintenance	141,953	144,131
Subscriptions	1,708	1,891
Telephone	7,174	9,540
Travel	10,604	12,715
Witness and juror fees	6,103	5,251
Payment for shared services and other service contributions	26,847	29,425
Document archiving and destruction costs	5,554	8,221
Outsourced works	106,677	116,989
Plant and equipment maintenance	2,924	4,119
Burial costs	3,178	2,956
Offender expenses	47,899	47,703
Cost of goods and services provided to prisoners	9,613	9,224
Bank charges	211	243
Other	14,145	16,583
Total	445,688	478,550

Accounting Policy – Distinction between Grants and Procurement

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

Accounting Policy - Operating Lease Rentals

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

Disclosure – Operating Leases

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

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

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2016

B2 EXPENSES (continue)

B2-3 GRANTS AND SUBSIDIES

	2016 \$'000	2015 \$'000
Queensland Corrective Services Program Grants	10	334
Women's Legal Service Queensland	350	250
National Coroners' Information System	107	105
Healthy Worker Initiative	-	1,879
Safe Work Australia	-	2,012
Anzac Day Trust	-	1,259
Workers' Compensation Advisory and Education Services	-	151
National Judicial College of Australia	68	-
Australasian Institute of Judicial Administration	43	-
Australian Pro Bono Centre	40	-
Domestic and Family Violence Advisory Council	36	-
Other	45	371
Total	699	6,361

B2-4 DEPRECIATION AND AMORTISATION

Depreciation (Note C5-1)	190,743	182,692
Amortisation (Note C6-1)	4,725	5,633
Total	195,468	188,325

B2-5 OTHER EXPENSES

Insurance premium - QGIF	4,976	4,800
External audit fees *	387	392
Operating lease rentals	118	174
Goods and services provided below fair value	3,153	2,927
Losses from disposal of property, plant & equipment	335	111
Losses: Public moneys	58	2
Special payments: **		
Ex-gratia payments	31	44
Payments to former Core Agreement employees	233	-
Capital work in progress written-off	-	155
Other	86	77
Total	9,377	8,681

Audit Fees

* Total audit fees paid to the Queensland Audit Office relating to the 2015-16 financial statements are quoted to be \$395,000 (2015: \$403,100). There are no non-audit services included in this amount.

Special Payments

** Special payments represent ex-gratia expenditure and other expenditure that the department is not contractually or legally obligated to make to other parties. Special payments during 2015-16 include the following payments over \$5,000:

- the department paid an ex-gratia payment to a private individual whose vehicle was damaged by an accident that occurred at a correctional facility.

- a refund of rejected material was paid to a private company as finished goods did not meet specific requirements.

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2016

SECTION 3
NOTES ABOUT OUR FINANCIAL POSITION

C1 CASH AND CASH EQUIVALENTS

	2016 \$'000	2015 \$'000
Imprest accounts	106	115
Cash at bank	74,658	77,240
Total	74,764	77,355

Accounting Policy - Cash and Cash Equivalents

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

Departmental bank accounts grouped within the whole-of-Government set-off arrangement with the Queensland Treasury Corporation do not earn interest on surplus funds, except for Crown Law, which operates its own bank account and is still part of the Cash Management Incentives Regime - Refer Note B1-4. Interest earned on cash deposited with the Queensland Treasury Corporation earned between 1.14% and 1.34% in 2016 (2015: 1.19% to 1.75%).

The department does not trade in foreign currency and is not materially exposed to commodity price changes. The department is exposed to interest rate risk through cash deposited in interest bearing accounts. The department does not undertake any hedging in relation to interest risk and manages its risk as per the liquidity risk management strategy. If interest rates would change by +/-1% from the year end rates applicable to the department's financial assets and liabilities, with all other variables held constant, the department would have a surplus and equity increase/(decrease) of \$83,000 (2015: \$109,000). This is mainly attributable to the department's exposure to variable interest rates on its cash holdings with the Queensland Treasury Corporation.

C2 RECEIVABLES

Trade debtors	21,472	17,890
Less: Allowance for impairment loss	(781)	(983)
	20,691	16,907
 GST receivable	 5,580	 5,936
	5,580	5,936
 Long service leave reimbursements	 2,594	 2,636
Annual leave reimbursements	10,884	11,616
Appropriation revenue receivable	-	10,393
Other	154	76
Total	39,903	47,564

Accounting Policy - Receivables

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

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

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

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2016

C2 RECEIVABLES (continued)

C2-1 IMPAIRMENT OF RECEIVABLES

(i) Accounting Policy - Impairment of Receivables

The allowance for impairment reflects the occurrence of loss events. The most readily loss event is where a debtor is overdue in paying a debt to the department, according to the due date (normally terms of 30 days). Economic changes impacting the department's debtors, and relevant industry data, also form part of the department's documented risk analysis.

If no loss events have arisen in respect of a particular debtor or group of debtors, no allowance for impairment is made in respect of that debt/group of debtors. If the Department of Justice and Attorney-General determines that an amount owing by such a debtor does become uncollectible (after appropriate range of debt recovery actions), that amount is recognised as a Bad Debt expense and written-off directly against Receivables. In other cases where a debt becomes uncollectible but the uncollectible amount exceeds the amount already allowed for impairment of that debt, the excess is recognised directly as a Bad Debt expense and written-off directly against Receivables.

(ii) Disclosure - Movement in Allowance for Impairment for Impaired Receivables

	2016 \$'000	2015 \$'000
Balance at 1 July	983	1,108
Increase/decrease in allowance recognised in the operating result	32	248
Amounts provided for in machinery-of-Government during the year	(70)	-
Amounts written-off during the year in respect of bad debts*	(164)	(373)
Total Overdue	781	983

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

C3 INVENTORIES

Supplies and consumables - at cost

Justice of the Peace merchandise	115	110
Bulk fuel	354	363
Bedding	112	155
Uniforms, clothing and other merchandise	1,608	1,536
	2,189	2,164

Inventory held for sale - at cost

Raw materials	658	765
Work in progress	150	599
Finished goods	527	544
Canteen	642	585
	1,977	2,493
Total	4,166	4,657

Accounting Policy - inventories

Inventories held for sale are valued at the lower of cost and net realisable value.

Cost is assigned on a weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition, except for training costs which are expensed as incurred.

Net realisable value is determined on the basis of the department's normal selling pattern.

Expenses associated with marketing, selling, and distribution are deducted to determine net realisable value.

C4 OTHER CURRENT ASSETS

Current

Prepayments	3,592	13,225
Other	15	18
Total	3,607	13,243

Department of Justice & Attorney-General
Notes to the Financial Statements
for the year ended 30 June 2016

C5 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE

C5-1 CLOSING BALANCES AND RECONCILIATION OF CARRYING AMOUNT

	Land		Buildings		Heritage and Cultural Assets		Plant and Equipment		Work In Progress (WIP)		Total
	2016	\$'000	2016	\$'000	2016	\$'000	2016	\$'000	2016	\$'000	
Gross	436,519		5,062,420		58,058		185,177		45,123		5,787,297
Less: Accumulated depreciation	-		(1,667,652)		(35,233)		(124,141)		-		(1,827,026)
Carrying amount at 30 June 2016	436,519		3,394,768		22,825		61,036		45,123		3,960,271
<i>Represented by movements in carrying amount:</i>											
Carrying amount at 1 July 2015	429,369		3,292,787		21,815		69,372		80,670		3,894,013
Acquisitions (including upgrades)	-		63		-		1,785		41,952		43,800
Goods provided below fair value	-		-		-		755		-		755
Disposals	-		(289)		(6)		(41)		-		(336)
Capital WIP written off	-		-		-		-		-		-
Transfers between classes	-		63,576		5,688		8,235		(77,499)		-
Involuntary asset transfer	(2,083)		-		-		(4,435)		-		(6,518)
Revaluation increments	31,205		305,311		120		-		-		336,636
Revaluation decrements	(21,972)		(92,983)		(2,381)		-		-		(117,336)
Depreciation expense	-		(173,697)		(2,411)		(14,635)		-		(190,743)
Carrying amount at 30 June 2016	436,519		3,394,768		22,825		61,036		45,123		3,960,271

Department of Justice & Attorney-General
Notes to the Financial Statements
for the year ended 30 June 2016

C5 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE (continued)

C5-1 CLOSING BALANCES AND RECONCILIATION OF CARRYING AMOUNT (continued)

30 June 2015	Land	Buildings	Heritage and Cultural Assets	Plant and Equipment	Work In Progress (WIP)	Total
	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000
Gross	429,369	4,823,868	63,430	190,429	80,670	5,587,766
Less: Accumulated depreciation	-	(1,531,081)	(41,615)	(121,057)	-	(1,693,753)
Carrying amount at 30 June 2015	429,369	3,292,787	21,815	69,372	80,670	3,894,013
<i>Represented by movements in carrying amount:</i>						
Carrying amount at 1 July 2014	428,604	3,308,654	22,749	70,990	72,430	3,903,427
Acquisitions	-	-	-	1,512	86,763	88,275
Goods received below fair value	-	-	-	600	-	600
Disposals	-	-	(16)	(104)	-	(120)
Capital WIP written off	-	-	-	-	(155)	(155)
Transfers between classes and intangible assets	-	67,127	354	11,646	(78,368)	759
Involuntary asset transfer	(240)	(264)	-	780	-	276
Revaluation increments	1,063	92,823	511	-	-	94,397
Revaluation decrements	(58)	(10,696)	-	-	-	(10,754)
Depreciation expense	-	(164,857)	(1,783)	(16,052)	-	(182,692)
Carrying amount at 30 June 2015	429,369	3,292,787	21,815	69,372	80,670	3,894,013

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2016

C5 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE (continued)

C5-2 RECOGNITION AND ACQUISITION

Accounting Policy – Recognition Thresholds

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

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

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

Land improvements undertaken by the Department of Justice and Attorney-General 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.

Accounting Policy – Cost of Acquisition

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

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

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

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

C5-3 MEASUREMENT USING HISTORICAL COST

Accounting Policy

Plant and equipment is measured at historical cost in accordance with the Non-Current Asset Policies. The carrying amounts for such plant and equipment is not materially different from their fair value.

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

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2016

C5 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE (continued)

C5-4 MEASUREMENT USING FAIR VALUE

Accounting Policy

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

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

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

Use of Specific Appraisals

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

Materiality is considered in determining whether the difference between the carrying amount and the fair value of an asset is material (in which case revaluation is warranted).

The fair values reported by the department are based on appropriate valuation techniques that maximise the use of available and relevant observable inputs and minimise the use of unobservable inputs (as defined in Note D1-1).

Use of Indices

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

Accounting for Changes in Fair Value

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

For assets revalued using a cost valuation approach (e.g. current/depreciated replacement cost) - accumulated depreciation is adjusted to equal the difference between the gross amount and carrying amount, after taking into account accumulated impairment losses. This is generally referred to as the 'gross method'.

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2016

C5 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE (continued)

C5-4 DEPRECIATION EXPENSE

Accounting Policy

Land and artwork are 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, less its estimated residual value, progressively over its estimated useful life to the department.

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

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

Assets under construction (work-in-progress) are not depreciated until they reach service delivery capacity. Service delivery capacity relates to when construction is complete and the asset is first put to use or is installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant classes within property, plant and equipment.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly.

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

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

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

Plant and equipment subject to a finance lease is depreciated on a straight-line basis over the term of the lease, or, where it is likely that the department will obtain ownership of the asset, the expected useful life of the asset to the department.

Depreciation Rates

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

Class	Rate %
Buildings and land improvements	1.7 - 10.0
Heritage and cultural assets (excluding artwork)	1.7 - 10.0
Plant and equipment:	
Leasehold improvements	4.0 - 50.0
Audio equipment	5.3 - 33.3
Computer equipment	5.9 - 33.3
Office equipment	3.3 - 20.0
Electrical equipment	5.6 - 33.3
Medical equipment	3.8 - 11.1
Furniture	5.3 - 14.3
Plant and machinery	2.5 - 20.0
Other	2.2 - 33.3

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2016

C5 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE (continued)

C5-5 IMPAIRMENT

Accounting Policy

All non-current physical 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.

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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

Department of Justice & Attorney-General
Notes to the Financial Statements
for the year ended 30 June 2016

C6 INTANGIBLES AND AMORTISATION EXPENSE

C6-1 CLOSING BALANCES AND RECONCILIATION OF CARRYING AMOUNT

	Software Purchased		Software Internally Generated		Software: Work In Progress		Total
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	
Gross	14,122	13,907	88,635	89,657	851	1,114	104,678
Less: Accumulated amortisation	(11,750)	(11,061)	(70,497)	(68,188)	-	-	(82,247)
Carrying amount at 30 June	2,372	2,846	18,138	21,469	851	1,114	21,361
<i>Represented by movements in carrying amount:</i>							
Carrying amount at 1 July	2,846	3,165	21,469	23,168	1,114	1,702	28,035
Acquisitions	47	-	-	-	1,915	3,331	3,331
Transfers between classes and property, plant and equipment assets	168	765	1,443	2,395	(1,611)	(3,919)	(759)
Involuntary asset transfer	-	-	(738)	455	(567)	-	(1,305)
Amortisation	(689)	(1,084)	(4,036)	(4,549)	-	-	(4,725)
Carrying amount at 30 June	2,372	2,846	18,138	21,469	851	1,114	21,361

C6 INTANGIBLES AND AMORTISATION EXPENSE (continued)

C6-2 RECOGNITION AND MEASUREMENT

Accounting Policy

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

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

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

Expenditure on research activities relating to internally-generated intangible assets is recognised as an expense in the period in which it is incurred. Research and development expensed during the period is included in 'supplies and services expenses' (refer to Note B2-2).

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

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

C6-3 AMORTISATION EXPENSE

Accounting Policy

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

Useful Life

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

Class	Rate %
Intangible assets:	
Software Purchased	5.3 - 50.0
Software Internally Generated	5.9 - 33.3

C6-4 IMPAIRMENT

Accounting Policy

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

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

C6-5 OTHER DISCLOSURES

Individually Significant Intangible Assets

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

- Queensland Wide Integrated Courts (QWIC) that has a carrying amount of \$3.834 million and a remaining amortisation period of 13 years.
- Integrated Offender Management Strategy that has a carrying amount of \$1.471 million and a remaining amortisation period of 4 years.

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2016

C7 PAYABLES

	2016	2015
	\$'000	\$'000
Trade creditors	50,450	71,618
Other	871	2,103
Total	51,321	73,721

Accounting Policy - Payables

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

C8 ACCRUED EMPLOYEE BENEFITS

Current

Wages outstanding	8,637	4,526
Annual leave levy payable	15,336	14,774
Long service leave levy payable	3,314	3,195
Judicial allowance	54	558
Total	27,341	23,053

Non-Current

Judges' Long leave	57	31
Total	57	31

Accounting Policy – Accrued Employee Benefits

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

C9 OTHER LIABILITIES

Current

Unearned revenue	11,658	1,388
Lease incentive liability	786	1,122
Other	-	48
Total	12,444	2,558

Non-Current

Lease incentive liability	652	1,428
Security deposits	90	85
Total	742	1,513

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL

Notes to the Financial Statements

for the year ended 30 June 2016

C10 EQUITY

C10-1 CONTRIBUTED EQUITY

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

- Appropriations for equity adjustments (refer Note C10-2); and
- Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland State Public Sector entities as a result of machinery-of-Government changes (refer Note A3);

C10-2 APPROPRIATIONS RECOGNISED IN EQUITY

Reconciliation of Payments from Consolidated Fund to Equity Adjustment

	2016 \$'000	2015 \$'000
Budgeted equity adjustment appropriation	(114,575)	(35,494)
Treasurer's transfers	(16,341)	(26,211)
Lapsed equity adjustment	<u>(24,410)</u>	<u>(20,713)</u>
Equity adjustment receipts (payments)	(155,326)	(82,418)
Plus: Opening balance of equity adjustment payable	(8,667)	8,041
Less: Closing balance of equity adjustment payable	<u>(2,615)</u>	<u>(8,667)</u>
Equity adjustment recognised in Contributed Equity	<u>(149,274)</u>	<u>(99,126)</u>

C10-3 Asset Revaluation Surplus by Asset Class

Accounting Policy

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

	Land \$'000	Buildings \$'000	Heritage and Cultural Assets \$'000	Total \$'000
Balance 1 July 2014	188,169	382,939	14,116	585,224
Revaluation increments	1,063	92,823	511	94,397
Revaluation decrements	(58)	(10,696)	-	(10,754)
Equity classification adjustment*	76	<u>(4,290)</u>	<u>(8)</u>	<u>(4,222)</u>
Balance - 30 June 2015	<u>189,250</u>	<u>460,776</u>	<u>14,619</u>	<u>664,645</u>
Revaluation increments	31,205	305,311	120	336,636
Revaluation decrements	(21,972)	(92,983)	(2,381)	(117,336)
Equity classification adjustment*	111	<u>(4,620)</u>	<u>(402)</u>	<u>(4,911)</u>
Balance - 30 June 2016	<u>198,594</u>	<u>668,484</u>	<u>11,956</u>	<u>879,034</u>

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

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2016

SECTION 4
NOTES ABOUT RISK AND OTHER ACCOUNTING UNCERTAINTIES

D1 FAIR VALUE MEASUREMENT

D1-1 ACCOUNTING POLICIES AND INPUTS FOR FAIR VALUES

What is Fair Value?

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

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

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

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

Fair Value Measurement Hierarchy

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

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

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

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

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

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2016

D1 FAIR VALUE MEASUREMENT (continued)

D1-2 BASIS FOR FAIR VALUES OF ASSETS AND LIABILITIES

Land

Asset Class	Basis of Valuation		Last specific appraisals	Fair Value Measurement
	2015-16	2014-15		
Land - Court Houses	Specific appraisals	Indexation	31-Mar-16	Level 2
Land - Juvenile Justice	Indexation	Indexation	31-Mar-13	Level 2
Land - Correctional Centres	Indexation	Indexation	31-Mar-14	Level 2

The department's land assets were revalued in the current financial year by AssetVal Pty Ltd with an effective date of 31 March 2016. Cardno (QLD) Pty Ltd performed all land revaluations in the previous 5 years.

The Market Approach is adopted for the specific appraisal of courthouse land assets. In determining the fair value of land, adjustments were made to take into account the location of the department's land, its size, street/road frontage and access, its topography, any significant restrictions and the valuer's professional judgement.

As specific appraisal valuations are significantly based on sales market data with minimal professional judgement applied it is a Level 2 fair value measurement.

AssetVal Pty Ltd performed a desktop index based valuation as at 31 March 2016 in respect of correctional centres and juvenile justice sites land. A market approach was used for the index based valuations in 2015-16. As indices were developed for the movements in each relevant property market based on publicly available sales data over the last 12 months it is a Level 2 fair value measurement.

AssetVal Pty Ltd advised there was no further material changes in 'fair value' as at 30 June 2016.

Buildings

Asset Class	Basis of Valuation		Last specific appraisals	Fair Value Measurement
	2015-16	2014-15		
Buildings - Court Houses	Specific appraisals	Indexation	31-Mar-16	Level 3
Buildings - Juvenile Justice	Indexation	Indexation	31-Mar-13 *	Level 3
Buildings - Correctional Centres	Indexation	Indexation	31-Mar-14	Level 3

* Cleveland Youth Detention Centre was revalued on 31 March 2015.

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

The department's building assets were revalued in the current financial year by AssetVal Pty Ltd with an effective date of 31 March 2016. Cardno (QLD) Pty Ltd performed all building revaluations in the previous 5 years.

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

The specific appraisal of courthouses in 2015-16 required a site visit to determine the structural details of the buildings such as type and size of structure, construction material used, level of finish, fixtures installed and location of structure and assess the condition based on The Institute of Public Works Engineering Australian condition rating scores and effect on useful life model.

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2016

D1 FAIR VALUE MEASUREMENT (continued)

D1-2 BASIS FOR FAIR VALUES OF ASSETS AND LIABILITIES

Buildings (continued)

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

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

Indices applied in 2015-16 were estimated based on price movements of recent actual costs, contract data for similar structures, cost guides, other relevant publications such as Rawlinson's rates for building and construction and AssetVal's internal database of unit rates. The basis of derivation of these indices are consistent with the underlying data inputs adopted for the last specific appraisal.

AssetVal Pty Ltd advised there was no further material changes in 'fair value' as at 30 June 2016.

Heritage and Cultural Assets

Asset Class	Basis of Valuation		Last specific appraisals	Fair Value Measurement
	2015-16	2014-15		
Heritage Buildings - Court House	Specific appraisals	Indexation	31-Mar-16	Level 3

The department's heritage building assets were revalued in the current financial year by AssetVal Pty Ltd with an effective date of 31 March 2016. Cardno (QLD) Pty Ltd performed all building revaluations in the previous 5 years.

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

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

AssetVal Pty Ltd advised there was no further material changes in 'fair value' as at 30 June 2016.

Artwork

Asset Class	Basis of Valuation		Last specific appraisals	Fair Value Measurement
	2015-16	2014-15		
Artwork - all locations	Desktop	Desktop	31-Mar-12	Level 3

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

Independent valuations of the artworks were performed as at 31 March 2016 by Bettina MacAulay of MacAulay Partners, a registered valuer on the Australian Government Approved Valuers list. The valuer advised the valued asset values are unchanged as at 30 June 2016. The fair value of artwork at 30 June 2016 is \$5.630 million (2015: \$5.447 million).

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2016

D2 FINANCIAL RISK DISCLOSURES

D2-2 FINANCIAL INSTRUMENT CATEGORIES

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

- Cash and cash equivalents - Note C1
- Receivables at amortised cost - Note C2
- Payables at amortised cost - Note C7

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

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

D3 CONTINGENCIES

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

D4 COMMITMENTS

Non-Cancellable Operating Lease Commitments

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

	2016 \$'000	2015 \$'000
Not later than 1 year	41,203	47,131
Later than 1 year and not later than 5 years	97,992	106,308
Later than 5 years	39,602	39,593
	178,797	193,032

Capital Expenditure Commitments

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

Buildings

Not later than 1 year	5,332	10,363
	5,332	10,363

Intangibles

Not later than 1 year	78	196
	78	196

D5 EVENTS AFTER THE BALANCE DATE

The Public Service Commission conducted a review of the Public Safety Business Agency (PSBA) which was overseen by a cross-agency steering committee. The review culminated in the 'Review of the Public Safety Business Agency' report (the PSBA review) which was tabled in Parliament on 17 February 2016. In line with recommendation eight of the PSBA review the functions of the Blue Card Services will transfer to the Department of Justice and Attorney-General during the 2016-17 financial year.

Effective 1 July 2016, the Office of the Director of Child Protection Litigation (ODCPL) is established as a government entity and declared to be part of the Department of Justice and Attorney-General. The creation of the ODCPL resulted from recommendations accepted by Government from the Queensland Child Protection Commission of Inquiry held in 2013.

D6 FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE

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

AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB107

From reporting periods beginning on or after 1 July 2017, this Standard amends AASB 107 *Statement of Cash Flows* and requires entities preparing financial statements in accordance with Tier 1 reporting requirements to provide additional disclosure that enable users of financial statements to evaluate changes in liabilities arising from financing activities. These disclosures will include both cash flows and non-cash changes between the opening and closing balance of the relevant liabilities and be disclosed by way of a reconciliation or roll forward as part of the notes to the statement of cash flows. The measurement of assets, liabilities, income and expenditure in the financial statements will be unaffected.

AASB 124 - Related Party Disclosures

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

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

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

AASB 15 Revenue from Contracts with Customers

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

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

These Standards will become effective from reporting periods beginning on or after 1 January 2018. The main impacts of these standards on the Department of Justice and Attorney-General 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 of Justice and Attorney-General has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, the department's conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions the Department of Justice and Attorney-General enters into, all of the department's financial assets are expected to be required to be measured at fair value. In the case of the department's current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value. Changes in the fair value of those assets will be reflected in the department's operating result.

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2016

D6 FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE (continued)

Another impact of AASB 9 relates to calculating impairment losses for the department's receivables. Assuming no substantial change in the nature of the department's receivables, as they don't include a significant financing component, impairment losses will be determined according to the amount of lifetime expected credit losses. On initial adoption of AASB 9, the department will need to determine the expected credit losses for its receivables by comparing the credit risk at that time to the credit risk that existed when those receivables were initially recognised.

The Department of Justice and Attorney-General will not need to restate comparative figures for financial instruments on adopting AASB 9 as from 2018-19. However, changed disclosure requirements will apply from that time. A number of one-off disclosures may be required in the 2018-19 financial statements to explain the impact of adopting AASB 9.

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

AASB 16 Leases

This Standard will become effective for reporting periods beginning on or after 1 January 2019. When applied, the standard supersedes AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation 115 *Operating Leases – Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Impact for Lessees

Unlike AASB 117 *Leases*, AASB 16 introduces a single lease accounting model for lessees. Lessees will be required to recognise a right-of-use asset (representing rights to use the underlying leased asset) and a liability (representing the obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value.

In effect, the majority of operating leases (as defined by the current AASB 117) will be reported on the statement of financial position under AASB 16. There will be a significant increase in assets and liabilities for agencies that lease assets. The impact on the reported assets and liabilities would be largely in proportion to the scale of the agency's leasing activities.

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

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

AASB 16 allows a 'cumulative approach' rather than full retrospective application to recognising existing operating leases. If a lessee chooses to apply the 'cumulative approach', it does not need to restate comparative information. Instead, the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of accumulated surplus (or other component of equity, as appropriate) at the date of initial application. The Department will await further guidance from Queensland Treasury on the transitional accounting method to be applied.

The Department of Justice and Attorney-General has not yet quantified the impact on the Statement of Comprehensive Income or the Statement of Financial Position of applying AASB 16 to its current operating leases, including the extent of additional disclosure required.

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2016

SECTION 5
NOTES ON OUR PERFORMANCE COMPARED TO BUDGET

E1 BUDGETARY REPORTING DISCLOSURES

This section discloses the department's adjusted budgeted figures for 2015-16 compared to actual results, with explanations of major variances, in respect of the department's Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flows. On 1 July 2015 certain responsibilities were transferred from the department to Queensland Treasury - refer to the note A3. As required by Queensland Treasury policy under such circumstances, the budget figures used in this comparison represent the Adjusted Budget figures for the financial year, as published in the latest Service Delivery Statement tabled in Parliament. The original budget figures in the previous Service Delivery Statement no longer serve as a useful basis to compare to the department's actual results.

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

	Variance Notes	Adjusted Budget 2016 \$'000	Actual Result 2016 \$'000	Variance \$'000	% of adjusted budget
Income from Continuing Operations					
Appropriation revenue		1,273,119	1,281,038	7,919	0.62%
User charges and fees		88,193	91,030	2,837	3.22%
Grants and other contributions		13,443	16,591	3,148	23.42%
Other revenues		9,931	12,489	2,558	25.76%
Gains on disposal		-	81	81	100.00%
Total Income from Continuing Operations		1,384,686	1,401,229	16,543	1.19%
Expenses from Continuing Operations					
Employee expenses		737,058	748,381	11,323	1.54%
Supplies and services		440,281	445,688	5,407	1.23%
Grants and subsidies		1,472	699	(773)	(52.54%)
Depreciation and amortisation		196,983	195,468	(1,515)	(0.77%)
Impairment losses		-	32	32	100.00%
Other expenses		6,532	9,377	2,845	43.56%
Total Expenses from Continuing Operations		1,382,326	1,399,645	17,319	1.25%
Operating Result for the Year		2,360	1,584	(776)	(32.90%)
OTHER COMPREHENSIVE INCOME					
<u>Items Not Recyclable to Operating Result</u>					
Increase (decrease) in asset revaluation surplus	V1	-	219,300	219,300	100.00%
<u>Total Items Not Recyclable to Operating Result</u>		-	219,300	219,300	100.00%
TOTAL COMPREHENSIVE INCOME		2,360	220,884	218,524	9,259.48%

E2-1 EXPLANATION OF MAJOR VARIANCES – COMPREHENSIVE INCOME

V1. The variance represents the revaluation increment from buildings (\$212.328 million) and land (\$9.233 million), which is partially offset by the revaluation decrement in heritage and cultural assets (\$2.261 million) recorded in the Asset Revaluation Reserve in accordance with accounting policies.

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
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E3 BUDGET TO ACTUAL COMPARISON - STATEMENT OF FINANCIAL POSITION

	Variance Notes	Adjusted Budget 2016 \$'000	Actual Result 2016 \$'000	Variance \$'000	% of adjusted budget
Current Assets					
Cash and cash equivalents	V2	63,098	74,764	11,666	18.49%
Receivables		36,759	39,903	3,144	8.55%
Inventories		4,002	4,166	164	4.10%
Biological assets		-	251	251	100.00%
Other current assets		9,672	3,607	(6,065)	(62.70%)
Total Current Assets		113,531	122,691	9,160	8.07%
Non Current Assets					
Biological assets		-	401	401	100.00%
Intangible assets		24,459	21,361	(3,098)	(12.67%)
Property, plant and equipment		3,879,653	3,960,271	80,618	2.08%
Other non current assets		308	-	(308)	(100.00%)
Total Non Current Assets		3,904,420	3,982,033	77,613	1.99%
Total Assets		4,017,951	4,104,724	86,773	2.16%
Current Liabilities					
Payables		51,812	51,321	(491)	(0.95%)
Accrued employee benefits		25,636	27,341	1,705	6.65%
Other current liabilities	V3	1,594	12,444	10,850	680.69%
Total Current Liabilities		79,042	91,106	12,064	15.26%
Non Current Liabilities					
Payables		235	-	(235)	(100.00%)
Accrued employee benefits		6	57	51	850.00%
Other non current liabilities		80	742	662	827.48%
Total Non Current Liabilities		321	799	478	148.90%
Total Liabilities		79,363	91,905	12,542	15.80%
Net Assets / Total Equity		3,938,588	4,012,819	74,231	1.88%

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

V2. The increase is mainly due to the appropriation funding received in advance (\$9.616 million) and a decrease in prepayments due to a change in timing of the QGIF Insurance premium payment (\$5.281 million), which is partially offset by the increase in receivables (\$3.144 million) and decrease in payables (\$3.106 million) across the Department from normal operating activities.

V3. The variance is mainly due to additional appropriation funding received during 2015-16 due to be returned to the consolidated fund (\$9.616 million).

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

	Variance Notes	Adjusted Budget 2016 \$'000	Actual Result 2016 \$'000	Variance % of adjusted \$'000 budget
Cash flows from operating activities				
<i>Inflows:</i>				
Service appropriation receipts		1,288,119	1,301,047	12,928 1.00%
User charges and fees		88,193	83,207	(4,986) (5.65%)
Grants and other contributions		9,246	8,785	(461) (4.99%)
GST input tax credits from ATO		-	47,202	47,202 100.00%
GST collected from customers		5,652	6,757	1,105 19.55%
Interest receipts		100	245	145 145.00%
Other		21,225	12,189	(9,036) (42.57%)
<i>Outflows:</i>				
Employee expenses		(732,898)	(740,198)	(7,300) 1.00%
Supplies and services		(447,478)	(454,259)	(6,781) 1.52%
Grants and subsidies		(1,472)	(699)	773 (52.51%)
Insurance premiums		-	(101)	(101) 100.00%
GST paid to suppliers		-	(46,837)	(46,837) 100.00%
GST remitted to ATO		(5,652)	(6,652)	(1,000) 17.69%
Other	V4	(7,532)	(959)	6,573 (87.27%)
Net cash provided by (used in) operating activities		217,503	209,727	(7,776) (3.58%)
Cash flows from investing activities				
<i>Inflows:</i>				
Sales of property, plant and equipment		-	81	81 100.00%
<i>Outflows:</i>				
Payments for property, plant and equipment	V5	(86,556)	(43,800)	42,756 (49.40%)
Payments for intangibles		-	(1,962)	(1,962) 100.00%
Net cash provided by (used in) investing activities		(86,556)	(45,681)	40,875 (47.22%)
Cash flows from financing activities				
<i>Inflows:</i>				
Equity injections	V6	60,808	27,575	(33,233) (54.65%)
<i>Outflows:</i>				
Equity withdrawals		(175,383)	(177,223)	(1,840) 1.05%
Net cash provided by (used in) financing activities		(114,575)	(149,648)	(35,073) 30.61%
Net increase (decrease) in cash and cash equivalents		16,372	14,398	(1,974) (12.06%)
Increase (decrease) in cash and cash equivalents from restructuring		(16,989)	(16,989)	- 0.00%
Cash and cash equivalents at beginning of financial year		63,715	77,355	13,640 21.41%
Cash and cash equivalents at end of financial year		63,098	74,764	11,666 18.49%

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

V4. The variance is primarily due to the SDS budget for prepayment of the QGIF insurance premium (\$4.832 million) whilst the actual timing of outflow in regards to QGIF insurance premium has been revised to 2016-17.

V5. The variance mainly relates to revised funding profiles for a number of capital projects as a result of lower than forecast construction costs for Perimeter Security Upgrade Stage 2, Brisbane Youth Detention Centre Security Management System Upgrade, Courthouse Program Renewal and Radio Frequency Monitoring, which totals \$33.451 million.

V6. The variance mainly relates to revised funding profiles for a number of capital projects (\$33.451 million) which is partially offset by the movement in Equity Injection receivable (\$218K).

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
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SECTION 6
WHAT WE LOOK AFTER ON BEHALF OF WHOLE-OF-GOVERNMENT AND THIRD PARTIES

F1 ADMINISTERED ITEMS

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

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

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

F1-1 SCHEDULE OF ADMINISTERED INCOME AND EXPENDITURE

	Notes	Justice Services		Fair and Safe Work Services		Liquor, Gaming and Fair Trading Services		General Not Attributed		ADMINISTERED TOTAL	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Administered Income											
Appropriation revenue	F1-3	87,285	85,620	-	8	53,619	55,159	168,614	153,073	309,518	293,860
User charges and fees	F1-4	745	742	-	45,562	149,860	71,010	-	-	150,605	117,314
Royalties and land rents		-	-	-	-	8,000	7,800	-	-	8,000	7,800
Interest revenue		-	-	-	-	200	312	-	-	200	312
Other revenues	F1-5	1,089	1,680	-	52	2,098	1,008	141	-	3,328	2,740
Total Administered Income		89,119	88,042	-	45,622	213,777	135,289	168,755	153,073	471,651	422,026
Administered Expenses											
Employee expenses	F1-6	64,753	62,466	-	-	113	-	-	-	64,866	62,466
Supplies and services	F1-7	3,840	3,914	-	8	899	840	-	-	4,739	4,762
Grants and subsidies	F1-8	100	100	-	-	52,585	53,521	168,614	153,073	221,299	206,694
Benefit payments	F1-9	18,408	18,930	-	-	-	-	-	-	18,408	18,930
Impairment losses		355	10,758	-	5	1,452	284	-	-	1,807	11,047
Other expenses		-	-	-	-	564	1,520	-	-	564	1,520
Total Administered Expenses		87,456	96,168	-	13	55,613	56,165	168,614	153,073	311,683	305,419
Transfers of Administered Income to Government		1,651	(10,754)	-	45,609	158,164	81,752	153	-	159,988	116,607
Operating Surplus/(Deficit)		12	2,628	-	(2,628)	(2,628)	(2,628)	(12)	-	-	-

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2016

F1 ADMINISTERED ITEMS (continued)

F1-2 SCHEDULE OF ADMINISTERED ASSETS AND LIABILITIES

	Notes	Justice Services			Fair and Safe Work Services			Liquor, Gaming and Fair Trading Services			ADMINISTERED TOTAL		
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	
Administered Assets													
<i>Current</i>													
Cash and cash equivalents		24,286	11,318	-	476	16,768	11,203	41,054	22,997				
Receivables	F1-10	30,219	36,960	-	7,314	6,020	7,070	36,239	51,344				
Prepayments	F1-4	-	-	-	-	-	2,465	-	2,465				
Total Current Assets		54,505	48,278	-	7,790	22,788	20,738	77,293	76,806				
<i>Non-Current</i>													
Prepayments	F1-4	-	-	-	-	-	76,058	-	76,058				
Total Non-Current Assets		-	-	-	-	-	76,058	-	76,058				
Total Assets		54,505	48,278	-	7,790	22,788	96,796	77,293	152,864				
Administered Liabilities													
<i>Current</i>													
Payables	F1-11	5,509	5,739	-	7,790	14,823	10,830	20,332	24,359				
Accrued employee benefits	F1-12	9,135	8,034	-	-	-	-	9,135	8,034				
Provisions		11,775	11,645	-	-	-	-	11,775	11,645				
Unearned revenue	F1-4	-	-	-	-	2,627	4,922	2,627	4,922				
Total Current Liabilities		26,419	25,418	-	7,790	17,450	15,752	43,869	48,960				
<i>Non-Current</i>													
Accrued employee benefits	F1-12	4,856	4,877	-	-	-	-	4,856	4,877				
Provisions		22,260	17,014	-	-	-	-	22,260	17,014				
Unearned revenue	F1-4	-	-	-	-	1,160	76,865	1,160	76,865				
Total Non-Current Liabilities		27,116	21,891	-	-	1,160	76,865	28,276	98,756				
Total Administered Liabilities		53,535	47,309	-	7,790	18,610	92,617	72,145	147,716				
Net Administered Assets		970	969	-	-	4,178	4,179	5,148	5,148				

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

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

	2016	2015
	\$'000	\$'000
Budgeted appropriation revenue	312,542	298,041
Transfers from/to other headings	3,413	-
Lapsed administered appropriation	-	25,112
Total administered receipts	315,955	272,929
Plus: Equity withdrawals transferred from other departments	-	8,750
Less: Opening balance of administered appropriation revenue receivable	31,606	19,425
Plus: Closing balance of administered appropriation revenue receivable	25,169	31,606
Administered Revenue recognised in Note F1-1	309,518	293,860

F1-4 USER CHARGES AND FEES

Regulatory fees*	78,498	113,858
Rent received*	71,298	2,540
Commonwealth services	807	911
Publications and transcript charges	2	5
Total	150,605	117,314

Regulatory fees and Rent received

* The department reviewed the accounting treatment of unearned revenue and prepayments during the year. The unearned revenue balance in the prior year included \$78.524 million relating to gaming revenue received in advance. As the State has no future obligations for the outflow of economic resources in respect of this amount, it has been recognised as revenue in 2015-16. Offsetting this unearned revenue in the prior year was a prepayment of the same amount representing administered funds transferred to government in advance. Consistent with the treatment of revenue, transfers of administered revenue to government of \$78.524 million was recognised in 2015-16. Although these adjustments relate to a prior period, the department does not consider them to be material as they are non-cash adjustments that have nil net impact on the administered statement of comprehensive income and the statement of financial position.

F1-5 OTHER REVENUE

General recoveries	746	2,561
Fines and forfeitures	2,494	58
Criminal injury compensation recoveries	88	113
Sundry	-	8
Total	3,328	2,740

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
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F1	ADMINISTERED ITEMS (continued)		
F1-6	EMPLOYEE EXPENSES		
		2016	2015
		\$'000	\$'000
	Employee Benefits		
	Wages and salaries	56,427	54,234
	Employer superannuation contributions	3,703	3,703
	Long service leave levy	618	607
	Annual leave levy	2,450	2,385
	Employee Related Expenses		
	Other employee related expenses	1,668	1,537
	Total	64,866	62,466
		2016	2015
	Full-Time Equivalent Employees	166	167
F1-7	SUPPLIES AND SERVICES		
		2016	2015
		\$'000	\$'000
	Jurisprudential expenses and allowances	2,775	2,751
	Motor vehicle costs	1,008	1,110
	Travel expenses	42	35
	Computing expenses	343	413
	Claims investigation costs	262	362
	Other	309	91
	Total	4,739	4,762
F1-8	GRANTS AND SUBSIDIES		
	Legal Aid Queensland	104,130	88,829
	Gambling Community Benefit Fund	52,087	53,221
	Crime and Corruption Commission	52,178	52,172
	Anti-Discrimination Commission Queensland	5,288	5,151
	Office of the Information Commissioner	6,300	6,204
	Office of Fair Trading	240	240
	Prostitution Licensing Authority	718	717
	Victim Assist Queensland	100	100
	Safe Night Precinct Boards	258	60
	Total	221,299	206,694
F1-9	BENEFIT PAYMENTS		
	Victim Assist Queensland payments	17,118	17,615
	Appeal costs payments	1,290	1,315
	Total	18,408	18,930

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F1 ADMINISTERED ITEMS (continued)

F1-10 RECEIVABLES

	2016 \$'000	2015 \$'000
Trade debtors	8,541	7,850
Less: Allowance for impairment	<u>(2,781)</u>	<u>(1,360)</u>
	5,760	6,490
 GST receivable	 709	 833
	<u>709</u>	<u>833</u>
 Monetary penalties receivable	 8,262	 8,073
Less: Allowance for impairment	<u>(6,824)</u>	<u>(6,803)</u>
	1,438	1,270
 Pecuniary penalty orders receivable	 45,425	 45,482
Less: Allowance for impairment	<u>(43,098)</u>	<u>(42,763)</u>
	2,327	2,719
 Regulatory fee receivable	 -	 7,371
Less: Allowance for impairment	<u>-</u>	<u>(58)</u>
	-	7,313
 Appropriation receivable	 25,169	 31,607
Annual leave reimbursements	517	692
Long service leave reimbursements	244	344
Other	75	76
Total	<u>36,239</u>	<u>51,344</u>

Accounting Policy - Penalties

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

F1-11 PAYABLES

Trade creditors	1,483	1,092
Transfers to Government payable	18,253	22,307
Other	596	960
Total	<u>20,332</u>	<u>24,359</u>

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F1 ADMINISTERED ITEMS (continued)

F1-12 ACCRUED EMPLOYEE BENEFITS

	2016	2015
	\$'000	\$'000
Current		
Wages outstanding	871	429
Annual leave levy payable	718	756
Long service leave levy payable	154	156
Expense of Office and Jurisprudential allowance	3,962	3,615
Judges' long leave	3,430	3,078
Total	9,135	8,034
Non current		
Judges' long leave	4,856	4,877
Total	4,856	4,877

Accounting Policy – Accrued Employee Benefits

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

Accounting Policy – Jurisprudential allowance

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

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F1 ADMINISTERED ITEMS (continued)

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

INCOME AND EXPENSES	Variance Notes	Adjusted Budget 2016 \$'000	Actual 2016 \$'000	Variance \$'000	Variance % of adjusted budget
Administered Income					
Administered appropriation		312,542	309,518	(3,024)	(0.97%)
User charges and fees	V7	70,547	150,605	80,058	113.48%
Royalties and land rents		8,000	8,000	-	0.00%
Interest revenue		187	200	13	6.95%
Other revenues		5,355	3,328	(2,027)	(37.85%)
Total Administered Income		396,631	471,651	75,020	18.91%
Administered Expenses					
Employee expenses		62,625	64,866	2,241	3.58%
Supplies and services		4,343	4,739	396	9.12%
Grants and subsidies		219,090	221,299	2,209	1.01%
Benefit payments		25,530	18,408	(7,122)	(27.90%)
Impairment losses		850	1,807	957	112.59%
Other expenses		1,549	564	(985)	(63.59%)
Total Administered Expenses		313,987	311,683	(2,304)	(0.73%)
Transfers of Administered Income to Government		82,644	159,968	77,324	93.56%
Operating Surplus/(Deficit)		-	-	-	0.00%

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Notes to the Financial Statements
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F1 ADMINISTERED ITEMS (continued)

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

	Variance Notes	Adjusted Budget 2016 \$'000	Actual 2016 \$'000	Variance \$'000	% of adjusted budget
ASSETS AND LIABILITIES					
Administered Assets					
<i>Current</i>					
Cash and cash equivalents	V8	21,667	41,054	19,387	89.48%
Receivables	V9	54,082	36,239	(17,843)	(32.99%)
Prepayments		2,467	-	(2,467)	(100.00%)
Total Current Assets		78,216	77,293	(923)	(1.18%)
<i>Non-Current</i>					
Prepayments	V7	73,586	-	(73,586)	(100.00%)
Total Non-Current Assets		73,586	-	(73,586)	(100.00%)
Administered Liabilities					
<i>Current</i>					
Payables	V10	24,568	20,332	(4,236)	(17.24%)
Accrued employee benefits		8,008	9,135	1,127	14.07%
Provisions		11,513	11,775	262	2.28%
Unearned revenue	V7	5,522	2,627	(2,895)	(52.43%)
Total Current Liabilities		49,611	43,869	(5,742)	(11.57%)
<i>Non-Current</i>					
Accrued employee benefits		5,479	4,856	(623)	(11.37%)
Provisions	V11	17,688	22,260	4,572	25.85%
Unearned revenue	V7	73,876	1,160	(72,716)	(98.43%)
Total Non-Current Liabilities		97,043	28,276	(68,767)	(70.86%)
Net Administered Assets		5,148	72,145	66,997	1,301.42%

Notes Explaining Major Variances for Administered Activities

V7. The department reviewed the accounting treatment of unearned revenue and prepayments during the year. The unearned revenue balance in the prior year included \$78.524 million relating to gaming revenue received in advance. As the State has no future obligations for the outflow of economic resources in respect of this amount, it has been recognised as revenue in 2015-16. Offsetting this unearned revenue in the prior year was a prepayment of the same amount representing administered funds transferred to government in advance. Consistent with the treatment of revenue, transfers of administered revenue to government of \$78.524 million was recognised in 2015-16.

V8. The variance primarily reflects funding to meet future liabilities following the post budget update to the provision calculation under the victims of crime financial assistance and compensation scheme (\$6.726 million), new funding arrangements for legal services formerly funded by the LPITAF (\$3.108 million) and Office of Fair Trading monies to be returned to government (\$6.198 million).

V9. The variance primarily reflects the reduction in provision for doubtful debts for the Office of the Director of Public Prosecutions due to a change in the methodology calculation (\$10.383 million) and new funding arrangements for legal services formerly funded by the LPITAF (\$3.108 million).

V10. The variance primarily reflects the reduction in provision for doubtful debts for the Office of the Director of Public Prosecutions (\$10.383 million) due to a change in the methodology calculation partially offset by Office of Fair Trading monies to be returned to government (\$6.198 million).

V11. The variance primarily reflects a decrease in the victims of crime financial assistance and compensation scheme provision following the post budget update to the provision calculation (\$4.835 million).

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2016

F2 TRUST TRANSACTIONS AND BALANCES

F2-1 TRUST ACTIVITIES

As the department performs only a custodial role in respect of the transactions and balances of the trust funds identified below, they are not recognised in the financial statements but are disclosed in these notes for the information of users. The Queensland Auditor-General performed the audit of the department's trust transactions for 2015-16.

	Total Revenue		Total Expenses		Net surplus/(deficit)		Total Current Assets		Total Current Liabilities		Net Assets	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	
Legal Practitioner Interest On Trust Accounts Fund*	27,551	26,837	30,390	32,640	(2,809)	(6,003)	3,228	6,060	362	385	2,866	5,675
- Legal Profession Act 2007 s 288 and s 289												
- Holds interest earned on client money deposited in solicitors' trust accounts in Queensland. This interest revenue is invested in the delivery of legal assistance for vulnerable Queenslanders, legal profession regulation, and law library services.												
Court Suits Fund	22,798	57,131	44,407	31,140	(21,609)	25,991	29,602	51,211	28,602	51,211	-	-
- Court Funds Act 1973 s 5												
- Holds money relating to the civil matters pending finalisation of the court action.												
Crown Law	19,689	17,492	19,733	17,923	(44)	(431)	126	170	126	170	-	-
- Holding account to remit settlement funds to recipients in accordance with instructions from Crown Law clients.												
Queensland Civil and Administrative Tribunal	1	3	-	-	1	3	41	65	-	25	41	40
- Queensland Civil and Administrative Tribunal Act 2009 s 161												
- Responsible for making decisions on a range of jurisdictions and reviewing decisions that have been previously made by a Queensland Government department, local government or regulatory authority.												
Funeral Benefit Trust Fund	148	166	92	99	56	67	6,155	5,106	18	25	5,137	5,081
- Funeral Benefit Business Act 1982 s 9(1)												
- Holds money from contributors as a result of agreements that were made between 1940 and 1973.												
Youth Detention Centre Trust Funds	116	113	114	114	2	(1)	12	9	12	9	-	-
- Youth Justice Act 1992 s 232												
- Holds money in trust on behalf of juvenile detainees in custody												
Prisoners Trust Fund	23,873	23,481	23,908	23,419	(39)	62	3,244	3,236	3,244	3,236	-	-
- Corrective Services Act 2006 s 311												
- Hold money in trust on behalf of offenders in custody.												
Australian Coordinating Registry	450	137	95	63	354	74	428	74	-	-	428	74
- Births, Deaths and Marriages Registration Act 2003 s 39												
- Hold money relating to the application, assessment and distribution of Fact of Death and Cause of Death matters.												
Legal Practitioner Interest On Trust Accounts Fund												

* In accordance with section 289 of the Legal Profession Act 2007, distributions totalling \$30.375 million were made from the Legal Practitioner Interest on Trust Accounts Fund (LPITAF). Due to lower revenue of the LPITAF, the Queensland Government provided additional appropriation of \$5.6 million to meet LPITAF commitments. From 1 July 2016, the Queensland Government will reform the funding arrangements for all legal assistance, legal profession regulation and law library services to improve certainty and long term sustainability of services, by fully funding all expenditure from the Consolidated Fund. Interest revenue earned from the LPITAF will be transferred to the Consolidated Fund to partially offset the increased expenditure. Pending legislative amendments, the assets and liabilities of the LPITAF will be transferred to the Consolidated Fund.

As of 1 July 2015 the District Industrial Inspectors' Collection Accounts and In-scope Electrical Equipment (Registration Fees) Fund was transferred to Queensland Treasury as a consequence of a machinery-of-Government change as per the Public Service Departmental Administrative Arrangements Order (no.3) 2015.



DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2016

F2 TRUST TRANSACTIONS AND BALANCES (continued)

F2-2 PRESCRIBED SECURITIES FOR PUBLIC ACCOUNTANTS TRUST ACCOUNTS

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

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

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

The total value of securities held for 106 trustees as at 30 June 2016 is \$1,034,821 (2015: \$1,030,131).

F2-3 AGENCY TRANSACTIONS

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

Fees of \$0.81 million (2015: \$0.79 million) were earned by the department for providing these agency services. This amount is accounted for in controlled user charges (Note B1-3).

	2016	2015
	\$'000	\$'000
Balance 1 July	3,827	3,117
Collections	41,559	75,802
Distributions to principals	(41,717)	(75,092)
Balance 30 June	3,669	3,827

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL

Notes to the Financial Statements

for the year ended 30 June 2016

SECTION 7
OTHER INFORMATION

G1 KEY MANAGEMENT PERSONNEL DISCLOSURES

Details of Key Management Personnel

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

Director General

The Director-General is responsible for the services delivered by the Department of Justice and Attorney-General, which comprise the provision of an equitable and effective justice system, ensuring fairness and the community, improving safety and fairness for Queensland businesses and consumers, the provision of a fair and balanced response to young people in contact with the youth justice system and providing community safety and crime prevention through the humane containment, supervision and rehabilitation of offenders.

Incumbent	Contract Classification and Appointment Authority	Date of Initial Appointment	Date of Resignation or Cessation
Current	CEO / s.92 Public Service Act 2008	4 June 2015 Acting 21 March 2015	-
Former	CEO / s.92 Public Service Act 2008	3 December 2012	1 May 2015

Deputy Director-General, Office of Fair and Safe Work Queensland

The Deputy Director-General is responsible for the efficient, effective and economic administration of fair and safe work services within the department. This service contributes to the departmental objective to improve health, safety and fairness in workplaces and the community. This position ceased at Department of Justice and Attorney-General due to the transfer of Office of Industrial Relations to Queensland Treasury effective 1 July 2015.

Incumbent	Contract Classification and Appointment Authority	Date of Initial Appointment	Date of Resignation or Cessation
Former	SES 4 / s.110 Public Service Act 2008	9 January 2014	30 June 2015

Deputy Director-General, Justice Services

The Deputy Director-General is responsible for the efficient, effective and economic administration of justice services within the department and supports the achievement of the departmental objectives to improve the administration of Queensland's justice system and protect the rights and interests of Queenslanders.

Incumbent	Contract Classification and Appointment Authority	Date of Initial Appointment	Date of Resignation or Cessation
Temporary Relieving	SES 4 / s.112 Public Service Act 2008	25 March 2015	-
Former	SES 4 / s.112 Public Service Act 2008	9 January 2014	3 June 2015

Deputy Director-General, Liquor, Gaming and Fair Trading

The Deputy Director-General is responsible for the efficient, effective and economic administration of liquor, gaming and fair trading services within the department, ensuring the departmental objective to improve safety and fairness for Queensland businesses and consumers is met.

Incumbent	Contract Classification and Appointment Authority	Date of Initial Appointment	Date of Resignation or Cessation
Current	SES 4 / s.110 Public Service Act 2008	17 April 2009	-

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL

Notes to the Financial Statements

for the year ended 30 June 2016

G1 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

Commissioner, Queensland Corrective Services (formerly Deputy Director-General, Queensland Corrective Services)

The Deputy Director-General is responsible for the management of Queensland Corrective Services, providing advice, leadership and coordination for correctional interventions.

Incumbent	Contract Classification and Appointment Authority	Date of Initial Appointment	Date of Resignation or Cessation
Current	SES 4 / s.110 Public Service Act 2008	10 December 2014 Acting 1 November 2013	-

Assistant Director-General, Youth Justice

The Assistant Director-General is responsible for the efficient, effective and economic administration of youth justice services.

Incumbent	Contract Classification and Appointment Authority	Date of Initial Appointment	Date of Resignation or Cessation
Current	SES 3 / s.110 Public Service Act 2008	21 May 2014	-

Assistant Director-General, Corporate Services

The Assistant Director-General is responsible for the efficient, effective and economic administration of corporate services supporting the department to meet its' goals and objectives.

Incumbent	Contract Classification and Appointment Authority	Date of Initial Appointment	Date of Resignation or Cessation
Current	SES 3 / s.110 Public Service Act 2008	21 May 2014	-

Assistant Director-General, Strategic Policy, Legal and Executive Services

The Assistant Director-General is responsible for the efficient, effective and economic administration of strategic policy and legal and executive services within the department.

Incumbent	Contract Classification and Appointment Authority	Date of Initial Appointment	Date of Resignation or Cessation
Temporary Relieving	SES 3 / s.112 Public Service Act 2008	30 March 2015	-
Current *	SES 3 / s.112 Public Service Act 2008	21 December 2011	-

* Acting in the position of Deputy Director-General, Justice Services.

Crown Solicitor

The Crown Solicitor is responsible for resolving conflict of interests when Crown Law is representing and setting the professional and ethical standards of the legal practice.

Incumbent	Contract Classification and Appointment Authority	Date of Initial Appointment	Date of Resignation or Cessation
Current	CEO equivalent / s.119 on s.122 contract Public Service Act 2008	3 November 2008	-

Executive Director, Financial Services

The Executive Director, Financial Services is responsible for direction of the efficient, effective and economic financial administration of the department.

Incumbent	Contract Classification and Appointment Authority	Date of Initial Appointment	Date of Resignation or Cessation
Current	SES 2 / s.110 Public Service Act 2008	12 September 2014 Acting 3 February 2014	-

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Notes to the Financial Statements
for the year ended 30 June 2016

G1 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

Remuneration Policies

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

Remuneration expenses for key management personnel comprise the following components:

Short term employee expenses which include:

- salaries, allowances and leave entitlements earned and expensed for the entire year or for that part of the year during which the employee was a key management person; and
- non-monetary benefits - consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.

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

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

Termination benefits are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.

Performance bonuses are not paid under the contracts in place.

KMP Remuneration Expense

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

2015-16

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses \$'000	Non-Monetary Benefits \$'000	\$'000	\$'000	\$'000	\$'000
Director General	382	4	7	47	-	440
Deputy Director-General, Justice Services - Acting	228	4	4	25	-	261
Deputy Director-General, Liquor, Gaming and Fair Trading	246	3	5	26	-	280
Commissioner, Queensland Corrective Services	206	4	4	18	-	232
Assistant Director-General, Youth Justice	202	4	4	22	-	232
Assistant Director-General, Corporate Services	211	4	4	22	-	241
Assistant Director-General, Strategic Policy, Legal and Executive Services - Acting	209	4	4	18	-	235
Crown Solicitor	257	4	5	32	-	298
Executive Director, Financial Services	184	-	4	19	-	207

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL

Notes to the Financial Statements

for the year ended 30 June 2016

G1 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

2014-15

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses \$'000	Non-Monetary Benefits \$'000	\$'000	\$'000	\$'000	\$'000
Director General	515	3	8	50	195	771
Director General - Acting	52	1	1	6	-	60
Deputy Director-General, Office of Fair and Safe Work Queensland	228	3	4	26	-	261
Deputy Director-General, Justice Services	185	2	4	20	-	211
Deputy Director-General, Justice Services - Acting	53	1	1	7	-	62
Deputy Director-General, Liquor, Gaming and Fair Trading	243	3	5	27	-	278
Deputy Director-General, Queensland Corrective Services	202	3	4	18	-	227
Assistant Director-General, Youth Justice	212	3	4	22	-	241
Assistant Director-General, Corporate Services	208	3	4	22	-	237
Assistant Director-General, Strategic Policy, Legal and Executive Services	166	2	3	18	-	189
Assistant Director-General, Strategic Policy, Legal and Executive Services - Acting	54	1	1	5	-	61
Crown Solicitor	279	3	5	32	-	319
Executive Director, Financial Services	168	-	3	17	-	188

G2 FIRST YEAR APPLICATION OF NEW ACCOUNTING STANDARDS OR CHANGE IN POLICY

Changes in Accounting Policy

The department did not voluntarily change any of its accounting policies during 2015-16.

Accounting Standards Early Adopted for 2015-16

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

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

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

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

This standard amends AASB 13 *Fair Value Measurement* and provides relief to not-for-profit public sector entities from certain disclosures about property, plant and equipment that is primarily held for its current service potential rather than to generate future net cash inflows. The relief applies to assets under AASB 116 Property, Plant and Equipment which are measured at fair value and categorised within Level 3 of the fair value hierarchy (refer to Note D1-1).

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

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

Accounting Standards Applied for the First Time in 2015-16

No new Australian Accounting Standards effective for the first time in 2015-16 had any material impact on this financial report.

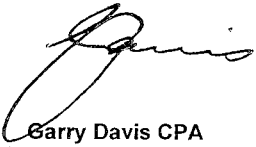
G3 TAXATION

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

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL
Management Certificate
for the year ended 30 June 2016

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

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- (b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Department of Justice and Attorney-General for the financial year ended 30 June 2016 and of the financial position of the department at the end of that year; and
- (c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



Garry Davis CPA
Executive Director, Financial Services



David Mackie
Director-General

29 August 2016

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Report

I have audited the accompanying financial report of the Department of Justice and Attorney-General, which comprises the statement of financial position and statement of assets and liabilities by major departmental services as at 30 June 2016, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comprehensive income by major departmental services for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificates given by the Director-General and the Executive Director, Financial Services.

The Accountable Officer's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

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

Opinion

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

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

Other Matters - Electronic Presentation of the Audited Financial Report

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



A M GREAVES FCA FCPA
Auditor-General of Queensland

