Department of Science, Information Technology and Innovation

2014 ANNUAL REPORT 2015

Part B

Financial statements

Queensland Government

The Department of Science, Information Technology and Innovation
Financial Statements

Understanding our financial statements

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

These financial statements cover the Department of Science, Information Technology and Innovation and its controlled and other entities. The Department of Science, Information Technology and Innovation is a Queensland Government Department established under the *Public Service Act 2008*.

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

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General information

The head office and principal place of business of the department is:
Level 7A
80 George Street
BRISBANE QLD 4000

A description of the nature of the department's operations and its principal activities is included in the notes to the financial statements.

For information in relation to the department's financial statements, please call 13 QGOV (13 74 68), email webfeedback@dsiti.qld.gov.au or visit the departmental website www.qld.gov.au/dsiti.

Statement of Comprehensive Income

for the year ended 30 June 2015

	Notes	2015 $'000	2014 $'000
Income from continuing operations			
Appropriation revenue	4	318,628	342,338
User charges and fees	5	341,389	380,926
Grants and other contributions	6	21,773	29,030
Interest		1,293	2,272
Other revenue	7	1,971	1,931
Total revenue		685,054	756,497
Gains on disposal of assets		6	23
Total income from continuing operations		**685,060**	**756,520**
Expenses from continuing operations			
Employee expenses	8	268,077	288,464
Supplies and services	10	303,108	268,137
Grants and subsidies	11	56,649	77,237
Depreciation and amortisation	17/18	46,046	63,097
Impairment losses		56	4,252
Finance/borrowing costs	12	2,359	899
Other expenses	13	16,856	43,791
Total expenses from continuing operations		**693,151**	**745,877**
Operating result from continuing operations before income tax		**(8,091)**	**10,643**
Income tax expense	28	(606)	(1,537)
Operating result from continuing operations after income tax		**(8,697)**	**9,106**
Other comprehensive income			
Items that will not be reclassified subsequently to operating result:			
Increase in asset revaluation surplus	18	9,632	26,852
Total other comprehensive income		**9,632**	**26,852**
Total comprehensive income		**935**	**35,958**

The accompanying notes form part of these statements.

Statement of Financial Position

as at 30 June 2015

	Notes	2015 $'000	2014 $'000
Current assets			
Cash and cash equivalents	14	45,954	79,175
Loans and receivables	15	51,477	60,487
Inventories		-	6
Current tax assets	28	-	8
Other current assets	16	13,351	16,292
Total current assets		**110,782**	**155,968**
Non-current assets			
Loans and receivables	15	-	35,716
Intangible assets	17	33,535	34,031
Property, plant and equipment	18	143,431	793,172
Other non-current assets	16	790	1,599
Total non-current assets		**177,756**	**864,518**
Total assets		**288,538**	**1,020,486**
Current liabilities			
Payables	19	46,715	51,184
Interest-bearing liabilities	20	5,416	14,840
Accrued employee benefits	21	8,604	8,559
Other current liabilities	22	1,880	3,015
Total current liabilities		**62,615**	**77,598**
Non-current liabilities			
Interest-bearing liabilities	20	68,603	40,095
Deferred tax liabilities	28	1,532	934
Other non-current liabilities	22	431	901
Total non-current liabilities		**70,566**	**41,930**
Total liabilities		**133,181**	**119,528**
Net assets		**155,357**	**900,958**
Equity			
Contributed equity		170,572	917,108
Accumulated surplus/(deficit)		(61,849)	(53,152)
Asset revaluation surplus	18	46,634	37,002
Total equity		**155,357**	**900,958**

The accompanying notes form part of these statements.

Statement of Changes in Equity

for the year ended 30 June 2015

	Notes	2015 $'000	2014 $'000
Contributed equity			
Balance as at 1 July		917,108	959,319
Transactions with owners as owners:			
Appropriated equity injections	4	5,200	2,653
Appropriated equity withdrawals	4	(26,021)	(43,567)
Non-appropriated equity injections		5,266	5,149
Non-appropriated equity withdrawals		(66,353)	(6,650)
Assets transferred from other Queensland Government entities	17	5,366	204
Net transfers to other Queensland Government entities – machinery of government changes	2/32	(669,994)	-
Balance as at 30 June		**170,572**	**917,108**
Accumulated surplus/(deficit)			
Balance as at 1 July		(53,152)	(62,258)
Operating result from continuing operations after income tax		(8,697)	9,106
Balance as at 30 June		**(61,849)**	**(53,152)**
Asset revaluation surplus			
Balance as at 1 July		37,002	10,150
Other comprehensive income			
Increase on revaluation of:			
Land	18	9,605	19,719
Buildings	18	-	6,192
Infrastructure	18	-	904
Heritage and cultural	18	27	37
Balance as at 30 June		**46,634**	**37,002**
Total equity as at 30 June		**155,357**	**900,958**

The accompanying notes form part of these statements.

Statement of Cash Flows

for the year ended 30 June 2015

	Notes	2015 $'000	2014 $'000
Cash flows from operating activities			
Inflows:			
Service appropriation receipts	4	326,457	369,085
User charges and fees		345,991	392,705
Grants and other contributions		21,448	27,029
GST collected from customers		32,595	33,525
GST input tax credits from ATO		36,674	36,555
Interest receipts		427	453
Other		1,734	1,917
Outflows:			
Employee expenses		(268,250)	(287,957)
Supplies and services		(312,354)	(314,321)
Grants and subsidies		(53,279)	(77,136)
Finance/borrowing costs		(1,954)	(764)
Insurance premiums		(620)	(615)
GST paid to suppliers		(32,805)	(31,822)
GST remitted to ATO		(39,002)	(39,179)
Other		(3,034)	(43,762)
Net cash provided by/(used in) operating activities	23	**54,028**	**65,713**
Cash flows from investing activities			
Inflows:			
Sales of property, plant and equipment		4	179
Loans and advances redeemed		38,912	7,873
Outflows:			
Payments for property, plant and equipment		(5,669)	(6,021)
Loans and advances made		(1,120)	(8,837)
Payments for intangible assets		(2,519)	(2,739)
Net cash provided by/(used in) investing activities		**29,608**	**(9,545)**
Cash flows from financing activities			
Inflows:			
Borrowings		1,120	7,837
Equity injections		7,153	8,625
Outflows:			
Borrowing redemptions		(11,841)	(14,621)
Finance lease payments		(2,036)	-
Equity withdrawals		(99,893)	(47,711)
Net cash provided by/(used in) financing activities		**(105,497)**	**(45,870)**
Net increase/(decrease) in cash and cash equivalents		**(21,861)**	**10,298**
Increase/(decrease) in cash and cash equivalents from restructuring	32	(11,360)	-
Cash and cash equivalents at beginning of financial year		79,175	68,877
Cash and cash equivalents at end of financial year	14	**45,954**	**79,175**

The accompanying notes form part of these statements.

Statement of Comprehensive Income by Major Departmental Services, CBUs and SSPs

for the year ended 30 June 2015

	Corporate Administration Agency*		Arts Queensland*		CITEC		Queensland Government Chief Information Office		Office of the Queensland Chief Scientist		Science/Strategic Policy and Innovation	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Income from continuing operations												
Appropriation revenue	-	-	59,767	98,813	-	-	8,756	8,652	1,277	1,288	74,986	95,150
User charges and fees	6,711	10,295	13,180	20,158	160,228	178,420	63	-	-	-	1,187	1,844
Grants and other contributions	83	83	133	3,460	-	-	-	-	-	80	15,800	17,661
Interest	-	-	52	180	327	287	-	-	-	-	914	1,805
Other revenue	11	3	132	177	8	233	2	55	37	2	925	206
Total revenue	6,805	10,381	73,264	122,788	160,563	178,940	8,821	8,707	1,314	1,370	93,812	116,666
Gains on disposal of assets	-	-	-	-	-	4	-	-	-	-	5	19
Total income from continuing operations	**6,805**	**10,381**	**73,264**	**122,788**	**160,563**	**178,944**	**8,821**	**8,707**	**1,314**	**1,370**	**93,817**	**116,685**
Expenses from continuing operations												
Employee expenses	4,422	7,061	7,795	13,092	42,611	44,720	5,181	5,884	1,127	1,096	40,366	43,302
Supplies and services	2,007	3,081	18,332	36,551	108,892	117,605	3,507	2,210	177	319	24,548	23,740
Grants and subsidies	-	-	25,368	35,150	-	-	75	57	-	-	28,743	40,331
Depreciation and amortisation	98	183	21,245	35,292	8,928	11,449	40	157	-	2	5,112	5,507
Impairment losses	-	-	-	8	48	464	-	-	-	-	-	17
Finance/borrowing costs	-	-	52	181	309	584	-	-	-	-	-	-
Other expenses	109	265	3,810	501	741	636	18	399	11	-	387	893
Total expenses from continuing operations	**6,636**	**10,590**	**76,602**	**120,775**	**161,529**	**175,458**	**8,821**	**8,707**	**1,315**	**1,417**	**99,156**	**113,790**
Operating result from continuing operations before income tax	**169**	**(209)**	**(3,338)**	**2,013**	**(966)**	**3,486**	**-**	**-**	**(1)**	**(47)**	**(5,339)**	**2,895**
Income tax expense	-	-	-	-	(606)	(1,537)	-	-	-	-	-	-
Operating result from continuing operations after income tax	**169**	**(209)**	**(3,338)**	**2,013**	**(1,572)**	**1,949**	**-**	**-**	**(1)**	**(47)**	**(5,339)**	**2,895**
Other comprehensive income												
Items that will not be reclassified subsequently to operating result:												
Increase in asset revaluation surplus	-	-	9,632	34,337	-	-	-	-	-	-	-	(7,484)
Total other comprehensive income	**-**	**-**	**9,632**	**34,337**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(7,484)**
Total comprehensive income	**169**	**(209)**	**6,294**	**36,350**	**(1,572)**	**1,949**	**-**	**-**	**(1)**	**(47)**	**(5,339)**	**(4,589)**

*Refer note 2.

Statement of Comprehensive Income by Major Departmental Services, CBUs and SSPs

for the year ended 30 June 2015

	Digital Productivity and Services		Queensland Shared Services		Strategic ICT		General – Not attributed		Inter-departmental Eliminations		Total*	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Income from continuing operations												
Appropriation revenue	60,624	57,458	-	-	93,094	76,860	20,124	4,117	-	-	318,628	342,338
User charges and fees	27,983	25,662	156,908	170,936	260	1,532	15,001	15,179	(40,132)	(43,100)	341,389	380,926
Grants and other contributions	-	-	5,858	7,911	-	-	(18)	18	(83)	(183)	21,773	29,030
Interest	-	-	-	-	-	-	-	-	-	-	1,293	2,272
Other revenue	63	5	1,782	886	(14)	368	21,148	22,602	(22,123)	(22,606)	1,971	1,931
Total revenue	88,670	83,125	164,548	179,733	93,340	78,760	56,255	41,916	(62,338)	(65,889)	685,054	756,497
Gains on disposal of assets	1	-	-	-	-	-	-	-	-	-	6	23
Total income from continuing operations	**88,671**	**83,125**	**164,548**	**179,733**	**93,340**	**78,760**	**56,255**	**41,916**	**(62,338)**	**(65,889)**	**685,060**	**756,520**
Expenses from continuing operations												
Employee expenses	45,954	46,393	86,258	94,415	6,876	6,226	27,511	26,278	(24)	(3)	268,077	288,464
Supplies and services	36,705	32,993	71,518	70,331	81,379	31,269	18,281	15,468	(62,238)	(65,430)	303,108	268,137
Grants and subsidies	2,093	1,338	-	-	-	-	370	361	-	-	56,649	77,237
Depreciation and amortisation	3,802	4,921	3,720	4,905	3,067	648	34	33	-	-	46,046	63,097
Impairment losses	3	(2)	4	3,739	-	-	1	26	-	-	56	4,252
Finance/borrowing costs	-	-	-	-	1,997	133	-	-	-	-	2,359	899
Other expenses	114	85	1,260	428	20	40,980	10,465	61	(76)	(456)	16,856	43,791
Total expenses from continuing operations	**88,671**	**85,728**	**162,760**	**173,818**	**93,339**	**79,256**	**56,662**	**42,227**	**(62,338)**	**(65,889)**	**693,151**	**745,877**
Operating result from continuing operations before income tax	**-**	**(2,603)**	**1,788**	**5,915**	**1**	**(496)**	**(407)**	**(311)**	**-**	**-**	**(8,091)**	**10,643**
Income tax expense	-	-	-	-	-	-	-	-	-	-	(606)	(1,537)
Operating result from continuing operations after income tax	**-**	**(2,603)**	**1,788**	**5,915**	**1**	**(496)**	**(407)**	**(311)**	**-**	**-**	**(8,697)**	**9,106**
Other comprehensive income												
Items that will not be reclassified subsequently to operating result:												
Increase in asset revaluation surplus	-	-	-	-	-	-	-	-	-	-	9,632	26,852
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**9,632**	**26,852**
Total comprehensive income	**-**	**(2,603)**	**1,788**	**5,915**	**1**	**(496)**	**(407)**	**(311)**	**-**	**-**	**935**	**35,958**

*Refer note 2.

Statement of Assets and Liabilities by Major Departmental Services, CBUs and SSPs

as at 30 June 2015

	Corporate Administration Agency*		Arts Queensland*		CITEC		Queensland Government Chief Information Office*		Office of the Queensland Chief Scientist*		Science/Strategic Policy and Innovation	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Current assets												
Cash and cash equivalents	-	3,588	-	2,862	17,533	12,200	-	1,608	-	96	1	1
Loans and receivables	-	1,120	-	8,221	15,366	20,048	-	375	-	48	4,018	11,609
Inventories	-	-	-	6	-	-	-	-	-	-	-	-
Current tax assets	-	-	-	-	-	8	-	-	-	-	-	-
Other current assets	-	413	-	1,082	3,361	4,576	-	96	-	-	87	-
Total current assets	**-**	**5,121**	**-**	**12,171**	**36,260**	**36,832**	**-**	**2,079**	**-**	**144**	**4,106**	**11,610**
Non-current assets												
Loans and receivables	-	-	-	130	-	-	-	-	-	-	-	35,586
Intangible assets	-	-	-	-	5,354	7,061	-	147	-	-	1,025	1,454
Property, plant and equipment	-	437	-	672,863	14,428	20,368	-	11	-	-	49,906	51,756
Other non-current assets	-	-	-	-	359	698	-	-	-	-	-	-
Total non-current assets	**-**	**437**	**-**	**672,993**	**20,141**	**28,127**	**-**	**158**	**-**	-	**50,931**	**88,796**
Total assets	**-**	**5,558**	**-**	**685,164**	**56,401**	**64,959**	**-**	**2,237**	**-**	**144**	**55,037**	**100,406**
Current liabilities												
Payables	-	681	-	1,951	7,697	10,678	-	808	-	108	5,034	13,175
Interest-bearing liabilities	-	-	-	6,265	1,332	6,566	-	-	-	-	-	-
Accrued employee benefits	-	255	-	328	1,440	1,521	-	86	-	24	1,429	1,213
Other current liabilities	-	223	-	-	1,480	1,806	-	-	-	-	21	28
Total current liabilities	**-**	**1,159**	**-**	**8,544**	**11,949**	**20,571**	**-**	**894**	**-**	**132**	**6,484**	**14,416**
Non-current liabilities												
Interest-bearing liabilities	-	-	-	104	578	1,910	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	1,532	934	-	-	-	-	-	-
Other non-current liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current liabilities	**-**	**-**	**-**	**104**	**2,110**	**2,844**	**-**	**-**	**-**	**-**	**-**	**-**
Total liabilities	**-**	**1,159**	**-**	**8,648**	**14,059**	**23,415**	**-**	**894**	**-**	**132**	**6,484**	**14,416**
Net assets	**-**	**4,399**	**-**	**676,516**	**42,341**	**41,544**	**-**	**1,343**	**-**	**12**	**48,553**	**85,990**

*Refer note 2.
Please note the department has systems in place to allocate assets and liabilities by major departmental services, SSPs and CBUs.

Statement of Assets and Liabilities by Major Departmental Services, CBUs and SSPs

as at 30 June 2015

	Digital Productivity and Services		Queensland Shared Services		Strategic ICT		General – Not attributed		Inter-departmental Eliminations		Total*	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Current assets												
Cash and cash equivalents	2,817	297	22,452	56,332	-	-	3,151	2,191	-	-	45,954	79,175
Loans and receivables	7,747	6,245	19,085	15,865	5,761	1,742	3,698	15,590	(4,198)	(20,376)	51,477	60,487
Inventories	-	-	-	-	-	-	-	-	-	-	-	6
Current tax assets	-	-	-	-	-	-	-	-	-	-	-	8
Other current assets	1,040	1,334	670	1,249	7,300	7,424	893	118	-	-	13,351	16,292
Total current assets	**11,604**	**7,876**	**42,207**	**73,446**	**13,061**	**9,166**	**7,742**	**17,899**	**(4,198)**	**(20,376)**	**110,782**	**155,968**
Non-current assets												
Loans and receivables	-	-	-	-	-	-	-	-	-	-	-	35,716
Intangible assets	6,676	8,061	20,369	17,308	111	-	-	-	-	-	33,535	34,031
Property, plant and equipment	5,741	5,502	1,954	2,504	71,324	39,682	78	49	-	-	143,431	793,172
Other non-current assets	431	901	-	-	-	-	-	-	-	-	790	1,599
Total non-current assets	**12,848**	**14,464**	**22,323**	**19,812**	**71,435**	**39,682**	**78**	**49**	**-**	**-**	**177,756**	**864,518**
Total assets	**24,452**	**22,340**	**64,530**	**93,258**	**84,496**	**48,848**	**7,820**	**17,948**	**(4,198)**	**(20,376)**	**288,538**	**1,020,486**
Current liabilities												
Payables	6,971	6,798	5,117	18,249	20,702	13,549	5,392	5,563	(4,198)	(20,376)	46,715	51,184
Interest-bearing liabilities	-	-	-	-	4,084	2,009	-	-	-	-	5,416	14,840
Accrued employee benefits	1,476	1,425	2,907	2,761	402	156	950	790	-	-	8,604	8,559
Other current liabilities	337	294	29	184	1	480	12	-	-	-	1,880	3,015
Total current liabilities	**8,784**	**8,517**	**8,053**	**21,194**	**25,189**	**16,194**	**6,354**	**6,353**	**(4,198)**	**(20,376)**	**62,615**	**77,598**
Non-current liabilities												
Interest-bearing liabilities	-	-	-	-	68,026	38,080	-	-	-	-	68,603	40,095
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	1,532	934
Other non-current liabilities	**431**	901	-	-	-	-	-	-	-	-	431	901
Total non-current liabilities	**431**	**901**	**-**	**-**	**68,026**	**38,080**	**-**	**-**	**-**	**-**	**70,566**	**41,930**
Total liabilities	**9,215**	**9,418**	**8,053**	**21,194**	**93,215**	**54,274**	**6,354**	**6,353**	**(4,198)**	**(20,376)**	**133,181**	**119,528**
Net assets	**15,237**	**12,922**	**56,477**	**72,064**	**(8,719)**	**(5,426)**	**1,466**	**11,595**	**-**	**-**	**155,357**	**900,958**

*Refer note 2.

Please note the department has systems in place to allocate assets and liabilities by major departmental services, SSPs and CBUs.

Notes to and forming part of the financial statements 2014–15

Objectives and principal activities of the department

Basis of preparation

Performance for the year

Operating assets and liabilities

Other notes

Objectives and principal activities of the department

The Department of Science, Information Technology and Innovation (the "department") brings together science, information and technology and innovation into one portfolio to create the jobs of the future and to deliver on the community objectives of the Queensland Government.

Based on the 2014-18 Strategic plan the department's vision is to enable a clever, creative and connected Queensland which is supported by developing and implementing strategies, plans and activities that deliver four main objectives:

- Customers first – meeting our customers expectations through innovative service delivery options, easy and convenient access and reducing red tape.
- Value for money – ensuring our service delivery is efficient and effective, providing optimal value for our customers.
- Innovation – develop innovative and connected services through partnerships, co-creation with the community, business and across government.
- Organisational transformation – create an engaged and agile organisation which focuses on building capability, capacity and an evidence base to achieve our outcomes.

The department is supported by the Queensland Chief Scientist, who provides strategic advice and services to the Minister, including implementation of government priorities.

The department is funded for the departmental services it delivers principally by parliamentary appropriations with further significant funding sourced through the generation of user charges from the following services:

- Information, Communication and Technology services by CITEC.
- Financial, Procurement, Human Resource Management, Facilities Management, Mail Support Services and Information Systems Support services by Queensland Shared Services.

1. Statement of compliance

The department has prepared these financial statements in compliance with section 42 of the *Financial and Performance Management Standard 2009.*

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

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

Companies disclosed in the financial statements comply with Australian Accounting Standards, including Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

2. The reporting entity

The financial statements include the value of all revenues, expenses, assets, liabilities and equity of the department and the entities that it controls, where these entities are material. Biopharmaceuticals Australia (Network) Pty Ltd ("BPA") is the department's only controlled entity as at 30 June 2015 and, as it is not material, it is not consolidated. Full details of this controlled entity, along with other entities which were controlled by the department during the year are disclosed in note 26.

2. The reporting entity (continued)

During 2014-15, the department consisted of the parent entity incorporating major departmental services, a commercialised business unit (CBU) and shared service providers (SSPs).

Major departmental services:

Science
Strategic Policy and Innovation
Queensland Government Chief Information Office
Office of the Queensland Chief Scientist
Arts Queensland
Digital Productivity and Services
Strategic ICT

In the Statement of Assets and Liabilities by Major Departmental Services, CBUs and SSPs for 2014-15, the balances attributed to the Queensland Government Chief Information Office and the Office of the Queensland Chief Scientist were included in the disclosures of the major departmental service, Strategic ICT and Strategic Policy and Innovation/Science respectively, as balances attributable to the Queensland Government Chief Information Office and the Office of the Queensland Chief Scientist were not material.

Commercialised business unit:

CITEC

Shared service providers:

Corporate Administration Agency
Queensland Shared Services

Details of the department's major departmental services, the commercialised business unit and shared service providers are disclosed in note 3.

Machinery-of-government changes

In accordance with the machinery-of-government changes that were specified in the *Public Service Departmental Arrangements Notice (No.1) 2015*, the functions of Arts Queensland and the Corporate Administration Agency transferred to the Department of the Premier and Cabinet, with an effective date of 1 March 2015. As a result of these changes, control of the following entities also transferred to the Department of the Premier and Cabinet with an effective date of 1 March 2015.

- Aboriginal Centre for the Performing Arts Pty Ltd
- Queensland Music Festival Pty Ltd
- Major Brisbane Festival Pty Ltd
- Screen Queensland Pty Ltd

As a result of the machinery-of-government change, net assets attributed to Arts Queensland and the Corporate Administration Agency, to the value of $669.994 million, primarily associated with land and buildings located in the Southbank Cultural Precinct, were transferred to the Department of the Premier and Cabinet. The decrease in assets has been accounted for as a decrease in contributed equity as disclosed in the Statement of Changes in Equity. Refer note 32 for further information.

Expenses and revenues reliably attributed to Arts Queensland and the Corporate Administration Agency, reported in the Statement of Comprehensive Income by Major Departmental Services, CBUs and SSPs relate to the period 1 July 2014 to 28 February 2015. The expenses and revenues attributed to those controlled and other entities transferred were not reported as they were not considered material.

3. Major departmental services, CBUs and SSPs of the department

The identity and purpose of the major departmental services, CBUs and SSPs as at 30 June 2015 are as follows:

Science

The Science division provides scientific and technical services and advice to government agencies that underpins decision making and legislative responsibilities. The division, in close collaboration with the Chief Scientist, also develops the Queensland Government's science policy and provides strategic leadership for the government's investment in science. The division works in partnership with government agencies, universities and other research groups, as well as natural resource management groups and industry.

Strategic Policy and Innovation

The Strategic Policy and Innovation division (SPI) aims to drive Queensland's productivity and build a more resilient and diversified economy by fostering an innovative private and public sector, and boosting commercialisation outcomes and entrepreneurial success. It leads the innovation and entrepreneurship agenda, with a primary focus on increasing levels of innovation in business, and supporting the commercialisation of ideas in research organisations, startups and Small to Medium Enterprises (SMEs). SPI also supports innovation across government to facilitate innovative thinking for government services and challenges.

Strategic ICT (including CITEC)

The Strategic ICT division supports Queensland Government service delivery by managing whole-of-government ICT initiatives, providing agencies with specialist ICT advice and procurement services and making it easier for the ICT industry, including SMEs, to engage with the Queensland Government. The division provides strategic advice on ICT programs and projects. This is supported through ICT strategic sourcing and procurement arrangements, facilitation of engagement between the ICT industry and government, management of whole-of-government infrastructure and information brokerage. Activities conducted by Strategic ICT play an integral role in the transformation envisaged in the *Queensland Government ICT strategy 2013-17* including whole-of-government initiatives such as the SME policy. Through CITEC, it delivers a consolidated data centre, network and infrastructure services, including solutions integration and aggregation services for the whole-of-government, in addition to delivering information brokerage services.

Digital Productivity and Services

The Digital Productivity and Services division aims to revitalise Queensland Government services, increase Queensland's digital capability, preserve Queensland public records and enhance the whole-of-government customer experience. The division comprises the Digital Economy and Productivity Office, Queensland State Archives, One-Stop Shop and Smart Service Queensland. Key services include: provision, expansion and improvement of customer access to a wide range of government information and services, collaborative projects and events to promote the adoption of digitally enabled technologies and services across Queensland, and management, preservation and facilitation of access to Queensland's permanent archival public records.

Shared Corporate Services (including Queensland Shared Services)

The Shared Corporate Services division supports government agencies to get on with their business by ensuring they have access to modern, value for money corporate services and trusted advice. The division delivers a range of corporate support services including transactional activities, consultancy and advice, service integration and co-ordination, knowledge brokerage and quality assurance on a fee for service basis. Through its current business transformation program the division is growing into a modern, progressive business, underpinned by a philosophy of operational excellence.

The **Queensland Government Chief Information Office** sets the government's policy and frameworks for ICT governance and assurance. The office also provides governance and independent quality advice to government ministers, directors-general and agencies on ICT management and investment issues.

The **Office of the Queensland Chief Scientist** supports the Queensland Chief Scientist in leading the development of science and innovation policy across government and engaging with science and innovation stakeholders. The Queensland Chief Scientist provides high level strategic advice to the Queensland Government on the role of science, research and innovation in achieving the government's priorities.

4. Reconciliation of payments from consolidated fund to appropriation revenue recognised in Statement of Comprehensive Income

	2015 $'000	2014 $'000
Budgeted appropriation revenue	362,789	277,881
Unforeseen expenditure	-	84,400
Treasurer's transfers – transfers from equity adjustments	527	6,804
Transfers to other departments – redistribution of public business	(36,859)	-
Total appropriation receipts (cash)	**326,457**	**369,085**
Less: Opening balance of appropriation revenue receivable	(7,829)	(34,576)
Plus: Closing balance of appropriation revenue receivable	-	7,829
Less: Closing balance of deferred appropriation payable to consolidated fund	(10,367)	-
Net appropriation revenue	**308,261**	**342,338**
Plus: Deferred appropriation payable to consolidated fund (expense)	10,367	-
Appropriation revenue recognised in Statement of Comprehensive Income	**318,628**	**342,338**

Reconciliation of payments from consolidated fund to equity adjustment recognised in contributed equity

	2015 $'000	2014 $'000
Budgeted equity adjustment appropriation	(43,362)	(43,491)
Unforeseen expenditure	-	5,906
Treasurer's transfers – transfers to appropriation revenue	(527)	-
Lapsed equity adjustments	(9,448)	-
Transfer to other departments – redistribution of public business	21,684	-
Equity adjustment receipts (payments)	**(31,653)**	**(37,585)**
Less: Opening balance of equity adjustment receivable	-	(646)
Plus: Closing balance of equity adjustment receivable	8,165	-
Plus: Opening balance of equity adjustment payable	2,683	-
Less: Closing balance of equity adjustment payable	(16)	(2,683)
Equity adjustment recognised in contributed equity	**(20,821)**	**(40,914)**

Accounting Policy

Appropriations provided under the Appropriation Act 2014 are recognised as revenue or equity when received or when a service rendered is recognised after approval from Queensland Treasury.

Amounts appropriated to the department for transfer to other entities in accordance with legislative or other requirements are reported as 'administered' item appropriations. Refer to note 29.

5. User charges and fees

	2015 $'000	2014 $'000
Information, communication and technology services	168,531	182,651
Services rendered by shared service providers	158,090	174,982
Other	14,768	23,293
Total	**341,389**	**380,926**

Accounting Policy

User charges and fees controlled by the department are recognised as revenues when the revenue has been earned and can be measured reliably with a sufficient degree of certainty. This involves either invoicing for related goods/services and/or the recognition of accrued revenue. User charges and fees are controlled by the department where they can be deployed for the achievement of departmental objectives.

User charges and fees collected, but not controlled, by the department are reported as administered revenue. Refer to note 29.

6. Grants and other contributions

	2015 $'000	2014 $'000
Queensland Government grants and contributions*	16,092	20,821
Commonwealth grants and contributions*	1,504	4,083
Industry grants and contributions*	3,821	2,126
Assets received at below fair value	206	2,000
Services received at below fair value	150	-
Total	**21,773**	**29,030**

*Included in grants and contributions are non-reciprocal grants funded by the Commonwealth and Queensland Government, and other external bodies for a range of grant purposes. As at 30 June 2015, $11.098 million (30 June 2014: $14.861 million) of all grants and contribution funding received by the department in the current and prior financial years remained unspent, although the department expects to fully comply with the conditions of the grant or contribution agreement, and so does not expect to recognise a payable in the future.

Accounting Policy

Grants, contributions, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which the department obtains control over them (control is generally obtained at time of receipt). Where grants are received that are reciprocal in nature, revenue is progressively recognised as it is earned, according to the terms of the funding agreements.

Contributed assets are recognised at their fair values. 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 expense.

7. Other revenue

	2015 $'000	2014 $'000
Procurement commissions	-	205
Insurance compensation from loss of property	138	-
Reversal of impairment loss	14	230
Recognition of prior period assets	-	68
Miscellaneous revenue	1,819	1,428
Total	**1,971**	**1,931**

8. Employee expenses

	2015 $'000	2014 $'000
Employee benefits		
Wages and salaries	205,517	213,624
Annual leave levy	21,961	21,854
Employer superannuation contributions	27,090	28,583
Long service leave levy	4,638	4,800
Termination benefits	3,104	3,176
Other employee benefits	-	9
Total employee benefits	**262,310**	**272,046**
Employee related expenses		
Workers' compensation premium	731	1,102
Payroll tax	2,023	12,578
Other employee related expenses	3,013	2,738
Total employee related expenses	**5,767**	**16,418**
Total employee expenses	**268,077**	**288,464**

The number of employees as at 30 June 2015, including both full-time employees and part-time employees, measured on a full-time equivalent basis (reflecting Minimum Obligatory Human Resource Information (MOHRI)) is 2,629 (2014: 2,913).

Accounting Policy

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

Payroll tax and workers' compensation insurance are a consequence of employing employees, but are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses.

Wages, salaries and sick leave

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

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

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

Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation plan 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.

9. Key management personnel and remuneration expenses

a) Key management personnel

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

		Current Incumbents	
Position	Responsibilities	Contract classification and appointment authority	Date initially appointed to position
Director-General	The efficient, effective and economic administration of the department.	CEO4.2 Chief Executive Contract *(s92 Public Service Act 2008)*	25 November 2013
Queensland Government Chief Information Officer	Driving the Queensland Government ICT strategy, including the ongoing development and implementation of contemporary ICT policy to ensure best use of digital and other technologies to deliver improved services and information to government, Queensland businesses and the Queensland community.	CEO4.5 Section 122 Contract (*s119 Public Service Act 2008*)	6 January 2014
Queensland Chief Scientist	Providing high-level, strategic advice to the Queensland Government on the role of science, research and innovation in achieving the government's priorities.	CEO2.3 Section 122 Contract (*s119 Public Service Act 2008*)	17 January 2014
Deputy Director-General, Digital Productivity and Services	Leading the whole-of-government frontline customer service experience by co-delivering government information and services through digital and non-digital channels, and to influence the emergence of digital innovation across the department, government and Queensland.	SES4.2 Section 122 Contract (*s119 Public Service Act 2008*)	3 April 2012 – 14 December 2014
		SES4.2 Senior Executive Contract (*s110 Public Service Act 2008*)	15 December 2014
Assistant Director-General, Shared Corporate Services	Ensuring high quality, integrated service delivery to government for a range of services including transactional activities, consultancy and advice, service integration and coordination, knowledge brokerage and quality assurance.	SES3.3 Senior Executive Contract (s115 *Public Service Act 2008)*	3 February 2014 – 15 May 2015
		Acting (s112 *Public Service Act 2008)*	Acting from 20 May 2015
Assistant Director-General, Science	Developing the science sector in Queensland, translating research into outcomes for Queensland, and for improving the use of science to inform policy and decision-making both within the department and elsewhere in government and the community.	SES3.3 Senior Executive Contract (s110 *Public Service Act 2008)*	3 February 2014
Chief Strategic Policy and Innovation Officer, Strategic Policy and Innovation	Leading the co-ordination of the department's strategic policy activity including cross-division, whole-of-government collaboration, monitoring the effectiveness of policy implementation and facilitating the development of corrective actions as well as performing customer and market analysis and disseminating meaningful insights to improve policy impact and service delivery.	SES3.3 Senior Executive Contract (*s110 Public Service Act 2008*)	3 February 2014 – 15 May 2015
		SES3.3 (*s112 Public Service Act 2008*)	Acting from 18 May 2015

a) Key management personnel (continued)

Position	Responsibilities	Current Incumbents: Contract classification and appointment authority	Current Incumbents: Date initially appointed to position
Deputy Director-General, Arts Queensland*	Maximising return on investment in great arts and culture, strengthening commercial and entrepreneurial capacity, growing public value of arts and culture, and strengthening cultural tourism.	SES3.4 Senior Executive Contract (s110 *Public Service Act 2008*	12 August 2013 – 2 November 2014
		SES4.1 Senior Executive Contract (s110 *Public Service Act 2008*	3 November 2014 – 27 February 2015
Chief Finance Officer	Providing overall stewardship of the department's finances and assuring tight financial integration and accountability to enable the department to meet corporate governance and statutory compliance requirements.	SES2.3 Senior Executive Contract (s110 *Public Service Act 2008*)	10 March 2014
Assistant Director-General, Strategic ICT	Connecting government business needs with the best ICT solutions, managing third parties to deliver the required ICT infrastructure and assets, and to create and maintain a network of partners that collaborate to create value for customers.	SES3.3 Senior Executive Contract (*s110 Public Service Act 2008*)	12 May 2014
Chief Change and Operations Officer, Change and Operations	Delivery of corporate services across the department including finance and property management, procurement, information management and technology, communications and engagement, performance and planning, human resources, and legal and integrity services.	SES4.1 (*s112 Public Service Act 2008*)	Acting 3 February 2014 – 5 October 2014
		SES4.1 Senior Executive Contract (*s110 Public Service Act 2008*)	6 October 2014

*The position of Deputy Director-General, Arts Queensland transferred to the Department of the Premier and Cabinet in accordance with machinery-of-government changes effective 1 March 2015.

b) Remuneration expenses

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*. The remuneration and other terms of employment (including motor vehicle entitlements) for the key management personnel are specified in employment contracts. The Director-General's contract under the previous Government also provided for an At Risk Component payment.

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

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

b) Remuneration expenses (continued)

Remuneration expenses for key management personnel comprise the following components:

- Short term employee expenses which include:
    - Salaries, allowances and leave entitlements earned and expensed for the entire year, or for that part of the year during which the employee occupied the specified position.
    - Performance payments recognised as an expense during the year.
    - Non-monetary benefits - consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.
- Long term employee expenses include amounts expensed in respect of long service leave entitlements earned.
- Post-employment expenses include amounts expensed in respect of employer superannuation obligations.
- Termination benefits are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.

1 July 2014 to 30 June 2015	Short Term Employee Expenses		Long Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Expenses
Position	Monetary Expenses $'000	Non-Monetary Benefits $'000	$'000	$'000	$'000	$'000
Director-General	404	3	7	41	-	455
Queensland Government Chief Information Officer	336	7	7	32	-	382
Queensland Chief Scientist	313	-	6	31	-	350
Deputy Director-General, Digital Productivity and Services	266	15	5	26	-	312
Assistant Director-General, Shared Corporate Services	231	8	4	22	-	265
Assistant Director-General, Science	208	-	4	22	-	234
Chief Strategic Policy and Innovation Officer, Strategic Policy and Innovation	231	14	4	22	-	271
Deputy Director-General, Arts Queensland*	161	-	3	16	-	180
Chief Finance Officer	197	-	4	19	-	220
Assistant Director-General, Strategic ICT	232	9	4	22	-	267
Chief Change and Operations Officer, Change and Operations	246	14	5	21	-	286
Total remuneration	**2,825**	**70**	**53**	**274**	**-**	**3,222**

*The position of Deputy Director-General, Arts Queensland transferred to the Department of the Premier and Cabinet in accordance with machinery-of-government changes effective 1 March 2015, accordingly amounts displayed for this position reflect only the costs borne by the department for the period 1 July 2014 to 28 February 2015.

b) Remuneration expenses (continued)

1 July 2013 to 30 June 2014	Short Term Employee Expenses		Long Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Expenses
Position (date resigned if applicable)	Monetary Expenses $'000	Non-Monetary Benefits $'000	$'000	$'000	$'000	$'000
Director-General (1) (resigned 24 November 2013)	168	-	3	18	-	189
Director-General (2) (appointed 25 November 2013)	206	-	4	24	-	234
Queensland Government Chief Information Officer (appointed 6 January 2014)	163	1	3	17	-	184
Queensland Chief Scientist	310	-	7	34	-	351
Assistant Director-General, Digital Productivity and Services	206	27	4	26	-	263
Assistant Director-General, Shared Services (acting 1 January 2013 to 14 February 2014)	137	17	3	15	203	375
Assistant Director-General, Shared Corporate Services (appointed 3 February 2014)	80	6	2	9	-	97
Assistant Director-General, Science	181	-	4	19	-	204
Deputy Director-General Innovation and Science Development (resigned 2 February 2014)	127	-	3	14	-	144
Chief Strategic Policy and Innovation Officer, Strategic Policy and Innovation (appointed 3 February 2014)	83	-	2	9	-	94
Deputy Director-General, Arts Queensland (1) (acting 6 May 2013 to 9 August 2013)	26	5	-	2	-	33
Deputy Director-General, Arts Queensland (2) (appointed 12 August 2013)	196	-	4	20	-	220
Chief Finance Officer (1) (acting 1 July 2012 to 31 December 2013)	84	13	2	10	-	109
Chief Finance Officer (2) (acting 7 January 2014 to 7 March 2014)	31	-	-	3	-	34
Chief Finance Officer (3) (appointed 10 March 2014)	54	-	1	6	-	61
Assistant Director-General, Strategic ICT (1) (resigned 5 May 2014)	15	-	-	1	15	31
Assistant Director-General, Strategic ICT (2) (appointed 12 May 2014)	32	11	1	3	-	47
Chief Change and Operations Officer, Change and Operations (acting 3 February 2014)	95	-	2	8	-	105
Total remuneration	**2,194**	**80**	**45**	**238**	**218**	**2,775**

c) Performance payments

The remuneration package for the Director-General under the previous Government included a potential At Risk Component payment up to a maximum of $34,825. Eligibility for such a performance payment in respect of 2013-14 was conditional on the achievement of objectives that are documented in the position's performance agreement.

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

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

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

The basis for performance payments expensed during 2014-15 in respect to the 2013-14 performance evaluation process is set out below:

Position	Basis for payment	Date paid	Amount
Director-General	Consistent with the above mentioned timeframe and process, this payment relates to the achievement of performance criteria during 2013-14. The payment made was determined in accordance with the terms of the performance agreement for this position.	17 October 2014	$5,804

Accounting Policy

Key management personnel and remuneration disclosures are made in accordance with section 5 of the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury. In respect to the department's controlled and other entities, no executives are employed under the Public Service Act 2008.

10. Supplies and services

	2015 $'000	2014 $'000
Accommodation and property related expenses	69,143	86,595
Travel	1,192	1,403
Contractors and consultants	32,084	27,415
Information, communication and technology expenses	186,918	141,103
Bank fees and charges	481	531
Other	13,290	11,090
Total	**303,108**	**268,137**

11. Grants and subsidies

Arts and culture	25,367	35,151
Science and innovation	28,743	39,732
Information, communication and technology	2,169	1,395
Other grants	370	361
Loan - fair value adjustment	-	598
Total	**56,649**	**77,237**

12. Finance/borrowing costs

	2015 $'000	2014 $'000
Interest expense	353	741
Finance charges relating to finance leases	1,998	134
Administration charges	8	24
Total	**2,359**	**899**

Interest expense and finance charges relate to the department's borrowings and finance lease facilities refer note 20.

Accounting Policy

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

Interest on bank overdrafts and short-term and long-term borrowings;
Finance lease charges;
Amortisation of discounts or premiums relating to borrowings; and
Ancillary administration charges.

No finance/borrowing costs are capitalised into qualifying assets.

13. Other expenses

Insurance premiums - QGIF	819	793
Insurance premiums - Other	373	459
External audit fees*	1,579	1,497
Losses from disposal of non-current assets	3,559	620
Special payments - Gifts	44	3
Special payments - Ex gratia payments	6	-
Deferred appropriation payable to consolidated fund	10,367	-
Other	109	40,419
Total	**16,856**	**43,791**

*Total audit fees paid to the Queensland Audit Office relating to the 2014-15 audit are estimated to be $1,514,500 (2014: $1,705,700). This balance is inclusive of $1,019,500 relating to the engagement to provide assurance on controls for the department in its capacity as a service organisation for Queensland Government departments. There are no non-audit services included in this amount.

Accounting Policy

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

14. Cash and cash equivalents

	2015 $'000	2014 $'000
Imprest accounts	9	38
Cash at bank	45,945	79,137
Total	**45,954**	**79,175**

The department, through the CITEC commercialised business unit, continues to earn interest on its deposits with the Commonwealth Bank. Interest earned on cash held with the Commonwealth Bank earned between 1.19% to 1.75% during 2014-15 (1.56% to 1.81% during 2013-14).

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

Accounting Policy

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June as well as deposits at call with financial institutions.

15. Loans and receivables

	2015 $'000	2014 $'000
Current		
Trade debtors	28,469	28,054
Less: Allowance for impairment loss*	(27)	(105)
Net trade debtors	**28,442**	**27,949**
Advances	40	207
Less: Allowance for impairment loss*	-	(200)
Net advances	**40**	**7**
GST receivable	3,286	5,363
GST payable	(2,497)	(3,955)
Net GST	**789**	**1,408**
Annual leave reimbursements	4,146	5,221
Long service leave reimbursements	1,244	1,222
Departmental equity injection receivable	8,165	-
Appropriation revenue receivable	-	7,829
Accrued revenue	8,331	9,576
Interest receivable	41	89
Loans receivable	-	6,290
Other	279	896
Total	**51,477**	**60,487**
Non-current		
Loans receivable**	-	35,716
Total	**-**	**35,716**

*Refer to note 27(c) Financial instruments (Credit risk exposure) for an analysis of movements in the allowance for impairment loss.

**Concessional loans provided to universities and research institutions under the Innovation Building Fund were terminated under an early repayment agreement with recipients, and all loans issued were repaid by January 2015.

15. Loans and receivables (continued)

Accounting Policy

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 generally required within 30 days from invoice date.

The collectability of receivables is assessed periodically with provision being made for impairment. All known bad debts were written-off as at 30 June. Increases in the allowance for impairment are based on loss events as disclosed in note 27(c).

Other debtors generally arise from transactions outside the usual operating activities of the department and are recognised at their assessed values. No interest is charged and no security is obtained.

16. Other current and non-current assets

	2015 $'000	2014 $'000
Current		
Prepayments	13,116	15,998
Lease incentives	235	294
Total	**13,351**	**16,292**
Non-current		
Prepayments	359	698
Lease incentives	431	901
Total	**790**	**1,599**

17. Intangible assets

Reconciliations of the carrying amount for each class of intangible assets are set out below:

	Software Purchased		Software internally generated		Intangible assets under development		Total	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Carrying value at 1 July	1,015	1,512	33,016	42,092	-	2,249	34,031	45,853
Acquisitions	177	-	1,011	2,113	1,300	714	2,488	2,827
Transfers in from other Queensland Government entities	-	-	5,366	445	-	-	5,366	445
Disposals	-	(9)	-	(485)	-	-	-	(494)
Impairment losses recognised in operating surplus/(deficit)*	-	-	-	(3,748)	-	(109)	-	(3,857)
Impairment losses reversed in operating surplus/(deficit)*	-	-	-	230	-	-	-	230
Transfers between classes	-		567	2,192	(567)	(2,416)	-	(224)
Amortisation**	(412)	(488)	(7,938)	(9,823)	-	-	(8,350)	(10,311)
Other	-	-	-	-	-	(438)	-	(438)
Total	**780**	**1,015**	**32,022**	**33,016**	**733**	**-**	**33,535**	**34,031**
	At cost	At cost	At cost	At cost	At cost	At cost	At cost	At cost
Gross	63,272	63,269	189,172	183,606	733	109	253,177	246,984
Less: Accumulated amortisation	(62,492)	(62,134)	(108,004)	(101,444)	-	-	(170,496	(163,578)
Less: Accumulated impairment losses	-	(120)	(49,146)	(49,146)	-	(109)	(49,146)	(49,375)
Total	**780**	**1,015**	**32,022**	**33,016**	**733**	**-**	**33,535**	**34,031**

17. Intangible assets (continued)

*Impairment losses are shown as separate line items in the Statement of Comprehensive Income.

**Amortisation of intangible assets is included in the line item “Depreciation and Amortisation” in the Statement of Comprehensive Income.

The original cost of fully amortised intangible assets still in use with a written down value of nil is $127.5 million. The majority of these assets relate to legacy computer software held by Queensland Shared Services pending review or replacement.

On 1 July 2014, the Department of Transport and Main Roads transferred to the department the SAP ECC6 Financial System Software asset at a net book value of $5.366 million. The transfer was designated as a contributions by owners for the recipient and has been adjusted against contributed equity.

Refer to note 34 (h) to (o) for the department’s intangible assets accounting policies.

18. Property, plant and equipment

Reconciliations of the carrying amount for each class of property, plant and equipment are set out below:

	Land		Building		Leased assets		Heritage and cultural assets	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Carrying value at 1 July	234,614	212,895	442,509	471,756	39,631	-	135	98
Acquisitions	-	16,500	-	-	34,642	40,253	-	-
Transfers in/(out) from other Queensland Government entities	(241,698)	2,000	(413,847)	-	-	-	(125)	-
Disposals	-	(16,500)	-	-	-	-	-	-
Revaluation increments/(decrements)	9,605	19,719	-	6,191	-	-	27	37
Transfers between classes*	-	-	-	252	-	-	-	-
Depreciation	-	-	(21,595)	(35,690)	(3,047)	(622)	-	-
Total	**2,520**	**234,614**	**7,067**	**442,509**	**71,226**	**39,631**	**37**	**135**
	At fair value	At fair value	At fair value	At fair value	At fair value	At fair value	At fair value	At fair value
Gross	2,520	234,614	17,305	933,744	74,895	40,253	37	135
Less: Accumulated Amortisation	-	-	(10,238)	(491,235	(3,669)	(622)	-	-
Less: Accumulated impairment losses	-	-	-	-	-	-	-	-
Total	**2,520**	**234,614**	**7,067**	**442,509**	**71,226**	**39,631**	**37**	**135**
Opening balance of asset revaluation surplus by class	**29,638**	**9,919**	**6,297**	**106**	**-**	**-**	**37**	**-**
Revaluation increment/(decrement)	9,605	19,719	-	6,191	-	-	27	37
Closing balance of asset revaluation surplus by class	**39,243**	**29,638**	**6,297**	**6,297**	**-**	**-**	**64**	**37**

18. Property, plant and equipment (continued)

	Infrastructure		Plant and equipment		Capital works in progress		Total	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Carrying value at 1 July	10,050	9,439	61,776	70,875	4,457	6,560	793,172	771,623
Acquisitions	-	-	3,724	6,727	1,952	1,127	40,318	64,607
Transfers in/(out) from other Queensland Government entities	-	-	(2,115)	100	(651)	(2,515)	(658,436)	(415)
Disposals	-	-	(122)	(138)	(3,436)	-	(3,558)	(16,638)
Revaluation increments/(decrements)	-	904	-	-	-	-	9,631	26,851
Impairment losses recognised in operating surplus/(deficit)*	-	-	-	(342)	-	-	-	(342)
Transfers between classes	-	-	1,837	687	(1,837)	(715)	-	224
Depreciation**	(321)	(293)	(12,733)	(16,181)	-	-	(37,696)	(52,786)
Other	-	-	-	48	-	-	-	48
Total	**9,729**	**10,050**	**52,367**	**61,776**	**485**	**4,457**	**143,431**	**793,172**
	At fair value	At fair value	At cost	At cost	At cost	At cost	Total	Total
Gross	14,821	14,821	144,594	166,320	485	4,457	254,657	1,394,344
Less: Accumulated depreciation	(5,092)	(4,771)	(92,213)	(104,188)	-	-	(111,212)	(600,816)
Less: Accumulated impairment losses	-	-	(14)	(356)	-	-	(14)	(356)
Total	**9,729**	**10,050**	**52,367**	**61,776**	**485**	**4,457**	**143,431**	**793,172**
Opening balance of asset revaluation surplus by class	**1,030**	**126**	**-**	**-**	**-**	**-**	**37,002**	**10,150**
Revaluation increment/(decrement)	-	904	-	-	-	-	9,632	26,852
Closing balance of asset revaluation surplus by class	**1,030**	**1,030**	**-**	**-**	**-**	**-**	**46,634**	**37,002**

*Impairment losses are shown as separate line items in the Statement of Comprehensive Income.

**Depreciation of property, plant and equipment is included in the line item "Depreciation and Amortisation" in the Statement of Comprehensive Income.

Refer to note 34 (h) to (o) for the department's property, plant and equipment accounting policies.

Categorisation of fair values recognised as at 30 June 2015

	Level 2 $'000		Level 3 $'000		Total $'000	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Land	2,520	234,614	-	-	2,520	234,614
Buildings	-	-	7,067	442,509	7,067	442,509
Heritage & Cultural Assets	-	-	37	135	37	135
Infrastructure	-	-	9,729	10,050	9,729	10,050

There were no movements between levels during the 2014-15 financial year. Changes in balances reported relate to those assets held at fair value transferred under machinery-of-government changes, to the Department of the Premier and Cabinet, refer note 32.

18. Property, plant and equipment (continued)

Level 3 significant valuation inputs and relationship to fair value

Description	Fair value at 30 June 2015 $'000	Type and amount for significant level 3 inputs	Possible alternative amounts for significant level 3 inputs	Impact of alternative amounts for significant level 3 inputs
Buildings	7,067	Depreciation rates	2% to 20%	Increase/decrease in depreciation rates would increase/decrease the fair value.
		Building price index	1.19% to 5.52% (potential movement of +/- 2.0%)	As a comprehensive revaluation was undertaken in 2013-14, a building price index increase of more than 5% in 2014-15 would result in indexation being applied.
Infrastructure	9,729	Depreciation rates	2% to 7%	Increase/decrease in depreciation rates would increase/decrease the fair value.
		Building price index	1.19% to 5.52% (potential movement of +/- 2.0%)	As a comprehensive revaluation was undertaken in 2013-14, a building price index increase of more than 5% in 2014-15 would result in indexation being applied.

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

Land

As a result of the machinery-of-government changes effective 1 March 2015, Arts Queensland controlled land transferred to the Department of the Premier and Cabinet.

Arts Queensland controls land at the Cultural Precinct at South Brisbane and in Fortitude Valley. The fair value of the land transferred as at 28 February 2015, totalled to $241.7 million. This land was subject to comprehensive independent valuation by the State Valuation Service as at the effective date of 28 February 2015.

The fair value of the land was based on publicly available data on sales of land, which have similar attributes such as location, development potential, access to facilities and other community amenities, overall size and any significant restrictions. The valuation took into account the heritage application lodged over the Cultural Precinct in August 2014 and the associated impact upon development potential of the land. The Cultural Precinct site was subsequently heritage listed in June 2015.

As a result of the revaluation, a net revaluation increment of $9.6 million was recorded on the Arts Queensland controlled land, which was recorded as an increment to the department’s asset revaluation surplus.

Science controls land at Deagon and at Deception Bay with a total fair value as at 30 June 2015 of $2.5 million. This land was subject to an independent market valuation by State Valuation Service as at the effective date of valuation of 30 June 2015.

18. Property, plant and equipment (continued)

The fair value of the land was based on publicly available data on sales of similar land in nearby localities. In determining the values, adjustment was made to the sales data to take into account the location of the land, its size, street/road frontage and access, the nature of the buildings on the land, development potential and any significant restrictions.

Management has assessed from the results of the revaluation that there was no significant change to the valuation of the Deagon land between 30 June 2014 and 30 June 2015. The fair value of the land at Deception Bay, which is considerably smaller in size, also remained unchanged.

Buildings

As a result of the machinery-of-government changes effective 1 March 2015, Arts Queensland controlled buildings transferred to the Department of the Premier and Cabinet.

Buildings consist of non-residential properties (commercial properties). The fair value of the buildings that transferred as at 28 February 2015 totalled $413.8 million.

Buildings controlled by Arts Queensland were previously subject to a comprehensive independent valuation by the Australian Valuation Office in 2011-12 financial year. The fair value in 2011-12 financial year was determined using a depreciated replacement cost approach. The buildings in 2013-14 were subject to indexation.

During the 2014-15 financial year, Arts Queensland engaged Gray Robinson & Cottrell Quantity Surveyors (GRC) to provide indexation of the previously comprehensively valued building assets.

The building price index effective on 28 February 2015 represented an increase of 2.76 percent. The movement in the indexation rate was not considered material by Arts Queensland management to warrant an update to the fair value of the building assets using indexation.

Science controls buildings situated at Deagon and at the Brisbane Herbarium, Mt Coot-tha Road, Toowong. These assets were subject to specific appraisal by the State Valuation Service during the 2013-14 financial year.

During 2014-15 financial year State Valuation Service was engaged to provide indices for the previously comprehensively revalued building assets. The basis of derivation of these indices is consistent with the underlying data inputs adopted for the last specific appraisal.

Management has assessed that the movement in the indexation rate (an increase of 3.15 percent in the building price index) is not material and accordingly have not updated the fair values of the building assets using indexation.

Infrastructure

Infrastructure assets in this asset class are controlled by Science and largely comprise the State of Queensland's proportionate share (25%) of the Tweed River Entrance Sand Bypassing Project (TRESBP) infrastructure assets.

During 2014-15 financial year State Valuation Service was engaged to provide indices for the previously comprehensively revalued infrastructure assets. The basis of derivation of these indices is consistent with the underlying data inputs adopted for the last specific appraisal.

Management has assessed that the movement in the indexation rate (an increase of 3.15 percent in the infrastructure price index) is not material and accordingly have not updated the fair values of the infrastructure assets using indexation.

These assets were subject to an independent valuation in June 2014 by New South Wales Public Works for the Crown Lands Division of the NSW Trade and Investment.

18. Property, plant and equipment (continued)

Heritage and Cultural assets

The fair value of the heritage and cultural assets transferred to Department of the Premier and Cabinet as at 28 February 2015 totalled $0.125 million.

The heritage and cultural assets controlled by Arts Queensland were subject to a specific appraisal during the 2014-15 financial year. As a result of the revaluation, a net revaluation increment of $27,036 was recorded.

Heritage and cultural assets controlled by Science were subject to specific appraisal by MacAulay Partners as at the effective valuation date of 30 June 2015. The valuation methodology included inspection of artworks. The valuation was based on sales prices achieved for artworks of similar quality by the artist, or where there are no recent sales for a particular artist, by an artist of equivalent stature.

Management has assessed from the results of the revaluation that there was no significant change to the valuation of the Science controlled heritage and cultural assets between 30 June 2014 and 30 June 2015.

Plant and Equipment

The department has plant and equipment with an original cost of $29.7 million and a written down value of nil still being used in the provision of services. The majority of these assets relate to computer hardware held by Queensland Shared Services and CITEC and scientific and related equipment held by Science.

Leased assets

The State of Queensland (through the department) has entered into a service agreement with a telecommunication service provider in September 2013 to have provisioned, operated and maintained a digital radio network known as the Government Wireless Network (GWN). Under the agreement the State will gain progressive control over infrastructure and equipment during various roll-out stages of the GWN between June 2014 and December 2015. As each roll-out stage is commercially accepted the State will gain control over the GWN equipment acquired, through the State's exclusive "right to use" under the GWN agreement.

The State gained control over an additional $23.8 million in exclusive "right to use" assets in June 2015 following commercial acceptance of the first phase of the South East Queensland (SEQ) Stage of the GWN facility. The gross carrying value of the leased assets was determined using valuation techniques, specifically the present value of future payments under the service agreement attributable to these assets and comparisons to the fair value of the assets in reference to representations made by the telecommunication service provider in June 2015, being date of commercial acceptance of the first phase of the SEQ Stage of the GWN facility. Refer also note 20.

The department, at commercial acceptance in accordance with the GWN agreement will gain a "right to receive" replaced equipment over the life of the agreement. This "right to receive" replacement of exclusive assets has been recognised as a leased asset. The acquisition value of $10.8 million was determined using a valuation technique, specifically the present value of all future payments under the service agreement attributable to the "right to receive" these replaced assets.

Change in useful lives

The approximate increase/(decrease) in depreciation and amortisation expense as a result of the re-assessment of the useful lives of depreciable assets during the reporting period was:

	2015 $'000	2014 $'000
Intangible assets	(657)	(66)
Plant and equipment	(403)	72

19. Payables

	2015 $'000	2014 $'000
Trade creditors and accruals	36,142	44,546
Equity withdrawal	16	2,683
Deferred appropriation payable to consolidated fund	10,367	-
Grants and subsidies payable	-	163
Payroll tax	129	1,261
Other	61	2,531
Total	**46,715**	**51,184**

Accounting Policy

Trade creditors are recognised upon receipt of the goods or services ordered and are initially measured at fair value, equating to the nominal amount, i.e. agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are settled on 30 days terms or as otherwise agreed with the vendor.

20. Interest-bearing liabilities

	2015 $'000	2014 $'000
Current		
Finance lease liability (see note 24)	4,084	2,009
Queensland Treasury Corporation borrowings	1,332	12,831
Total	**5,416**	**14,840**
Non-Current		
Finance lease liability (see note 24)	68,026	38,080
Queensland Treasury Corporation borrowings	577	2,015
Total	**68,603**	**40,095**

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default. Interest on finance leases is recognised as an expense as it accrues. The department's finance lease term is 15 years and the implicit interest rate is 3.343%. Refer also notes 18, 24 and 27.

No assets have been pledged as security for the borrowings.

All borrowings are in $AUD denominated amounts and no interest has been capitalised during the current or comparative reporting period. Expected final repayment date of the Queensland Treasury Corporation borrowings is 16 November 2016. The interest rate on Queensland Treasury Corporation borrowings during the year was 5.36%. There have been no defaults or breaches of the loan agreement during the period.

CITEC has an overdraft facility with the Queensland Treasury Corporation with an approved credit limit of $5 million. The facility remains undrawn as at 30 June 2015 and is available for use in the next reporting period. The current overdraft rate is 5.19% (2014: 5.65%).

21. Accrued employee benefits

	2015 $'000	2014 $'000
Annual leave levy payable	5,694	6,205
Long service leave levy payable	1,119	1,357
Salaries, wages and other related expenses outstanding	1,787	958
Other	4	39
	8,604	**8,559**

22. Other current and non-current liabilities

	2015 $'000	2014 $'000
Current		
Unearned revenue	1,037	2,075
Lease incentives	235	294
Prepaid deposits	608	646
Total	**1,880**	**3,015**
Non-Current		
Lease incentives	431	901
Total	**431**	**901**

23. Reconciliation of operating result to net cash from operating activities

	2015 $'000	2014 $'000
Operating result from continuing operations before income tax	**(8,091)**	**10,643**
Less: Income tax benefit/(expense)	(606)	(1,537)
Operating result from continuing operations after income tax	**(8,697)**	**9,106**
Non-cash items:		
Depreciation and amortisation expense	46,046	63,097
Recognition of prior period assets	-	(68)
Doubtful debts written off or provided for	(29)	50
Loss on sale or disposal of non-current assets	3,559	620
Gains on sale or disposal of non-current assets	(5)	(23)
Debt forgiveness on loans	-	333
Fair value and notional interest adjustment on loans	1,973	(1,207)
Assets and liabilities assumed/relinquished	(205)	(2,000)
Assets transferred to expense	-	438
Impairment loss reversal	(12)	-
Impairment losses	-	3,968
Change in assets and liabilities:		
(Increase)/decrease in net receivables	8,976	43,746
(Increase)/decrease in inventory	7	33
(Increase)/decrease in interest receivable	48	(14)
(Increase)/decrease in prepayments	1,951	(2,927)
(Increase)/decrease in deferred tax assets	8	675
(Increase)/decrease in other assets	498	29
Increase/(decrease) in unearned revenue	8,675	(6,283)
Increase/(decrease) in accrued employee benefits	666	672
Increase/(decrease) in accounts payable	(8,814)	(43,745)
Increase/(decrease) in other liabilities	126	(664)
Increase/(decrease) in tax liabilities	598	862
Increase/(decrease) in GST input tax credits receivable	(449)	(356)
Increase/(decrease) in GST payable	(892)	(629)
Net cash from operating activities	**54,028**	**65,713**

24. Commitments for expenditure

	2015 $'000	2014 $'000

a) Finance lease liabilities

	2015 $'000	2014 $'000
Lease liabilities recognised in the Statement of Financial Position		
Current	4,084	2,009
Non-current	68,026	38,080
Total	**72,110**	**40,089**

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

	2015 $'000	2014 $'000
Not later than one year	7,412	3,938
Later than one year and not later than five years	37,053	15,752
Later than five years	57,431	39,049
	101,896	58,739
Less: Anticipated input tax credits	(9,263)	(5,340)
Less: Future finance charges	(20,523)	(13,310)
Total present value of minimum lease payments	**72,110**	**40,089**

b) Non-cancellable operating lease commitments

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

	2015 $'000	2014 $'000
Not later than one year	58,217	42,712
Later than one year and not later than five years	44,478	41,271
Total	**102,695**	**83,983**

The department has entered into a finance lease with a telecommunication service provider as a means of funding the acquisition and replacement of information and communications equipment, in support of the establishment of a Government Wireless Network. Lease payments are fixed. The department has options to purchase this equipment at the expiry of the lease period. Capitalised leased assets are depreciated over the estimated useful life of the asset. The department has used valuation techniques, based on data provided by the telecommunication service provider, to dis-aggregate total payments made to the telecommunication service provider between those payments attributable to repayment of the finance lease and those payments relating to operational services which will be expensed. Refer also notes 18 and 27.

Operating leases have been entered into primarily as a means of acquiring access to office accommodation and storage facilities. Rental payments are usually able to be varied based on CPI, or conditions detailed in the lease, on which contingent rentals are determined. Most leases contain renewal clauses, but no purchase options exist in relation to operating leases and no leases contain restrictions on financing, or other leasing activities. Where such renewal options exist, they are all exercisable at market prices. No leases have escalation clauses other than in the event of payment default.

c) Capital expenditure commitments

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

Buildings

	2015 $'000	2014 $'000
Payable:		
Not later than one year	-	18,598
Later than one year and not later than five years	-	6,566
Total	**-**	**25,164**

24. Commitments for expenditure (continued)

	2015 $'000	2014 $'000
Plant and equipment		
Payable:		
Not later than one year	20	722
Total	**20**	**722**

d) Grants and subsidies commitments

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

	2015 $'000	2014 $'000
Payable:		
Not later than one year	44,185	28,533
Later than one year and not later than five years	9,361	34,684
Total	**53,546**	**63,217**

e) Other expenditure commitments

Other expenditure commitments inclusive of anticipated GST, committed to provide at reporting date, but not recognised in the accounts as payable are as follows:

	2015 $'000	2014 $'000
Payable:		
Not later than one year	37,053	37,560
Later than one year and not later than five years	10,565	20,734
Later than five years	-	3
Total	**47,618**	**58,297**

25. Contingencies

a) Financial guarantees

CITEC has arranged bank guarantees in relation to business opportunities pursued as follows:

	2015 $'000	2014 $'000
Australian Securities and Investment Commission	550	550
State of Victoria	600	600
State of New South Wales	790	830
State of Western Australia	300	300
Insolvency and Trustee Service Australia	127	127
Total	**2,367**	**2,407**

The State of Queensland, acting through the department, has provided a guarantee to Translational Research Institute Pty Ltd with respect to the performance of the tenant, Patheon Biologics, (formerly DSM Biologics (Australia) Pty Ltd) under the sublease of the Biopharmaceutical Australia Research facility.

The maximum liability under this guarantee is $13.648 million over the remaining 13 year term of the sublease. The liability is mitigated by the guarantee that the parent company of Patheon Biologics, DPx Holdings B.V (formerly Konininklijke N.V) has provided to the State of Queensland, guaranteeing the performance of Patheon Biologics as tenant of the facility. No defaults have occurred and the department does not expect that the guarantees will be called upon. The guarantees are not recognised on the Statement of Financial Position, as the probability of default is remote.

As financial guarantee contracts are measured in accordance with *AASB 137 Provisions, Contingent Liabilities and Contingent Assets*, the department has disclosed the details of the guarantee in this note, in addition to note 27, for full transparency purposes.

25. Contingencies (continued)

b) Litigation in progress

As at 30 June 2015 no claims against the department have been filed in the courts.

The department, on establishment, 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 the date of the establishment of the department and cases that have arisen since that date.

CITEC has separate insurance arrangements. Under these arrangements, the department would be able to claim back, less a $5,000 deductible, the amount paid to successful litigants up to $50,000,000.

c) Contingent assets

An amount of $6 million is being held in trust with an Information, Communication and Technology (ICT) service provider for the Queensland Government (through the department) to purchase telecommunication products over the next 2 years. As the funds are held in trust by the provider, the department has no control over the assets, and as such, the assets have not been recognised in the financial statements as the assets do not meet the asset recognition criteria. As at 30 June 2015, the Queensland Government has not made a claim against this facility.

26. Interests in other entities

The following entities were 100 per cent controlled by the department during the 2014-15 financial year:

Name of Controlled Entity	Audit arrangements
Aboriginal Centre for the Performing Arts Pty Ltd	Auditor-General of Queensland
Queensland Music Festival Pty Ltd	External Independent Auditor
Screen Queensland Pty Ltd	Auditor-General of Queensland
Biopharmaceuticals Australia (Network) Pty Ltd	Auditor-General of Queensland

The department had interests in the following associates during the 2014-15 financial year:

Name of Associate	Audit arrangements
Major Brisbane Festival Pty Ltd	External Independent Auditor

In accordance with the machinery-of-government changes that were specified in the *Public Service Departmental Arrangements Notice (No.1) 2015*, all controlled and associated entities of the department, (with the exception of Biopharmaceuticals Australia (Network) Pty Ltd) transferred to the Department of the Premier and Cabinet, effective 1 March 2015.

Biopharmaceuticals Australia (Network) Pty Ltd

Biopharmaceuticals Australia (Network) Pty Ltd (BPA) was established and incorporated in the State of Queensland to oversee the staged development of a contract biopharmaceutical manufacturing facility and to undertake business development activities to support the operations of the facility. It forms part of the Queensland Government's 10 year Biotechnology Strategic Plan, creating synergy with Australia's world-class biomedical research activity.

The assets, liabilities, revenues and expenses of BPA have not been consolidated in the financial statements as they would not materially affect the reported financial position and operating result of the economic entity.

The share capital of BPA consists of one fully paid share to the value of $1 and is held by the State of Queensland.

27. Financial instruments

a) Categorisation of financial instruments

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

	Notes	2015 $'000	2014 $'000
Financial assets			
Cash and cash equivalents	14	45,954	79,175
Loans and receivables	15	51,477	96,203
Total		**97,431**	**175,378**
Financial liabilities			
Financial liabilities measured at amortised cost:			
Payables	19	46,715	51,184
Interest bearing liabilities – Finance lease liability	20	72,110	40,089
Interest bearing liabilities – QTC borrowings	20	1,909	14,846
Total		**120,734**	**106,119**

b) Financial risk management

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

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

Financial risk is managed by the Finance, Procurement and Business Services unit and the Risk and Resilience unit of the department under policies approved by the department. The department provides written principles for overall risk management, as well as policies covering specific areas.

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

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

c) Credit risk exposure

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

The maximum exposure to credit risk at balance date, in relation to each class of recognised financial assets, is the gross carrying amount of those assets, inclusive of any provisions for impairment. The maximum exposure to credit risk in relation to guarantees is disclosed in note 25(a).

The carrying amount of loans and receivables represents the maximum exposure to credit risk.

No collateral is held as security and no credit enhancements relate to financial assets held by the department. The department manages credit risk through the use of a credit management strategy. This strategy aims to reduce the exposure to credit default by, ensuring that the department invests in secure assets and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.

c) Credit risk exposure (continued)

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

The allowance for impairment reflects the occurrence of loss events. The most readily identifiable 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 debtor/group of debtors. If the department determines that an amount owing by such a debtor does become uncollectible (after an 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. No financial assets have had their terms re-negotiated so as to prevent them from being past due, or impaired, and are stated at the carrying amounts as indicated.

Ageing of past due but not impaired, as well as impaired financial assets, are disclosed in the following tables:

Financial assets past due but not impaired	2015 $'000	2014 $'000
Receivables		
Less than 30 days	3,337	2,007
Overdue 30-60 days	1,112	873
Overdue 61-90 days	991	1,038
Overdue more than 90 days	3,293	508
Total	**8,733**	**4,426**

Individually impaired financial assets		
Receivables (gross)		
Less than 30 days	-	-
Less: Allowance for impairment	-	-
Carrying amount	-	-
30-60 days	-	1
Less: Allowance for impairment	-	(1)
Carrying amount		-
61-90 days	-	1
Less: Allowance for impairment	-	(1)
Carrying amount	-	-
More than 90 days	27	304
Less: Allowance for impairment	(27)	(304)
Carrying amount	-	-
Total carrying amount	**-**	**-**

Movements in the allowance for impairment loss		
Balance at 1 July	(306)	(327)
Amounts written off during the year	63	6
Amounts transferred due to machinery-of-government change	238	-
Amounts recovered during the year	14	13
(Increase)/decrease in allowance recognised in the operating result	(36)	2
Balance at 30 June	**(27)**	**(306)**

c) Credit risk exposure (continued)

Financial liabilities

The guarantees given by the department, referred to in note 25, meet the definition of a financial guarantee contract under AASB 139. The maximum credit risk exposure to the department, in relation to these guarantees, is $16.015 million (2014: $14.257 million).

The department assesses, on an annual basis, the fair value of the financial guarantees as at 30 June. It has been determined that the fair value is nil at 30 June, due to the probability of default being remote, with respect to the financial guarantees held by the department. Accordingly, the fair value of the guarantees have not been recognised on the Statement of Financial Position.

d) Liquidity risk

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

The department is exposed to liquidity risk in respect of its payables and borrowings from Queensland Treasury Corporation, in relation to departmental service delivery. The borrowings are based on the Queensland Government's gazetted floating rate.

The department manages liquidity risk through the use of a liquidity management strategy. This strategy aims to reduce the exposure to liquidity risk by ensuring the department has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts, so as to match the expected duration of the various employee and supplier liabilities.

The following tables set out the liquidity risk of financial liabilities held by the department. It represents the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at reporting date. The undiscounted cash flows in these tables may differ from the amounts included in the Statement of Financial Position that are based on discounted cash flows.

Financial Liabilities	Notes	2015 $'000	2014 $'000
Payables	19		
Less than 1 year		46,715	51,184
Total		**46,715**	**51,184**
Queensland Treasury Corporation Borrowings	20		
Less than 1 year		1,332	12,831
1 to 5 years		577	2,015
Total		**1,909**	**14,846**
Lease liability	20		
Less than 1 year		4,084	2,009
1 to 5 years		22,877	8,884
Later than 5 years		45,149	29,196
Total		**72,110**	**40,089**
Total financial liabilities			
Less than 1 year		52,131	66,024
1 to 5 years		23,454	10,899
Later than 5 years		45,149	29,196
Total		**120,734**	**106,119**

g) Market Risk

The department is exposed to interest rate risk through its borrowings from Queensland Treasury Corporation and cash deposited in interest bearing accounts.

f) Fair value

The department does not recognise any financial assets or financial liabilities at fair value.

The fair value of trade receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment. The fair value of loans and borrowings is notified by the Queensland Treasury Corporation. It is calculated using discounted cash flow analysis and the effective interest rate and is disclosed below:

	2015		2014	
	Carrying Amount $'000	Fair Value $'000	Carrying Amount $'000	Fair Value $'000
Financial assets				
Financial assets at amortised cost – Loans receivable	-	-	42,006	46,321
Total	**-**	**-**	**42,006**	**46,321**
Financial liabilities				
Financial liabilities at amortised cost - QTC borrowings	1,909	1,957	14,846	15,013
Total	**1,909**	**1,957**	**14,846**	**15,013**

Accounting Policy

Recognition

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.

Classification

Financial instruments are classified and measured as follows:

Cash and cash equivalents – held at fair value through profit or loss
Loans and receivables – held at amortised cost
Payables – held at amortised cost
Borrowings – held at amortised cost
Finance leases – held at fair value

Borrowings are initially recognised at fair value, plus any transaction costs directly attributable to the borrowings, then subsequently held at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument (or, when appropriate, a shorter period) to the net carrying amount of that instrument.

Any borrowing costs are added to the carrying amount of the borrowing to the extent they are not settled in the period in which they arise. Borrowings are classified as non-current liabilities to the extent that the department has an unconditional right to defer settlement until at least 12 months after reporting date.

The department does not enter into transactions for speculative purposes, nor for hedging. Apart from cash and cash equivalents, the department holds no financial assets classified at fair value through profit or loss.

28. Taxation equivalents

Information in respect of income tax equivalent expense incurred by those activities of CITEC, subject to the substantive model of the Tax Equivalents Regime (TER):

Balance sheet approach	2015 $'000	2014 $'000
Major components of income tax equivalent expense for the period ended 30 June 2015:		
Income tax expense		
Deferred income tax		
Decrease/(increase) in deferred tax asset (refer AA below)	8	677
(Decrease)/increase in deferred tax liability (refer BB below)	598	860
Income tax equivalent expense reported in the Statement of Comprehensive Income	**606**	**1,537**
Reconciliation of income tax equivalent expense to prima facie tax payable for the year ended 30 June 2015 is as follows:		
Operating result from continuing operations before income tax of CITEC subject to Tax Equivalents Regime:	(966)	3,485
Indicative tax equivalent expense at 30%	**(290)**	**1,046**
Tax effect of amounts which are not deductible/(assessable) in calculating taxable income:		
Previously unrecognised temporary differences now recognised	-	1,475
Effect of unused tax losses and deductible temporary differences not recognised	896	-
De-recognition of prior year tax losses	-	-
Previously unrecognised tax losses now recouped to reduce current tax expense	-	(984)
Income tax equivalent expense reported in the Statement of Comprehensive Income	**606**	**1,537**
AA – Deferred tax asset		
The balance comprises temporary differences attributable to:		
Amounts recognised in the Statement of Comprehensive Income		
Accrued employee benefits	-	8
Deferred tax assets taken to account	**-**	**8**

28. Taxation equivalents (continued)

BB – Deferred tax liabilities	2015 $'000	2014 $'000
The balance comprises temporary differences attributable to:		
Amounts recognised in the Statement of Comprehensive Income		
Interest receivable	12	27
Assets and other	1,520	907
Deferred tax liabilities taken to account	**1,532**	**934**
Deferred tax assets/(deferred tax liabilities) not recognised		
Income tax losses	26,201	25,353
Accrued employee benefits & payables	48	-
Total	**26,249**	**25,353**

A review of CITEC's budget estimates for the future years indicate that sufficient taxable profit will not be available, following the reversal of both the existing taxable temporary differences for the current year tax, and deductible temporary differences to be utilised in future periods.

Accordingly, the current year tax loss and the deductible temporary differences (tax effect totalling to $898,500) have not been recognised as deferred tax assets.

The unrecognised income tax losses will be brought to account when it is probable that further tax profits will arise, to enable these tax losses to be utilised.

Accounting Policy

The department is a State body as defined under the Income Tax Assessment Act 1997 and is exempt from all forms of Commonwealth taxation except Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the department. GST credits receivable from, and GST payable to the Australian Taxation Office are recognised and accrued (refer note 15).

Agreements have been reached with Queensland Treasury for CITEC to pay an income tax equivalent, in accordance with the requirements of the National Tax Equivalents Regime.

The income tax equivalent expense for CITEC is calculated based on the Balance Sheet approach under which temporary differences are identified for each asset and liability. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is recognised in the Statement of Financial Position as a tax asset or a tax liability.

Tax assets are not brought to account unless realisation of the asset is probable. Tax assets relating to CITEC's tax losses are only brought to account to the extent that future profits are probable. Recovery of deferred tax assets is primarily based on projected operational results outlined in the forecasting budgets provided to Queensland Treasury.

The controlled and other entities of the department are exempt from income tax under Section 50 of the Income Tax Assessment Act 1997.

From 1 July 2014, Queensland government departments (excluding commercialised business units) will no longer be liable for Queensland payroll tax. Therefore, from this date, the department (excluding its commercialised business unit, CITEC and the department's controlled and other entities) will be exempt from Queensland payroll tax.

29. Schedule of administered items

	2015 $'000	2014 $'000
Administered revenues		
Appropriation revenue	122,739	147,511
Interest	1,612	3,202
Total administered revenues	**124,351**	**150,713**
Administered expenses		
Supplies and services	2,567	12,160
Grants and subsidies	121,135	135,825
Finance/borrowing costs	-	45
Deferred administered appropriation payable to consolidated fund	248	-
Total administered expenses	**123,950**	**148,030**
Operating surplus	**401**	**2,683**
Administered current assets		
Cash and cash equivalents	6,784	1,734
Loans and receivables	550	4,200
Total administered current assets	**7,334**	**5,934**
Administered non-current assets		
Loans and receivables*	1,650	58,925
Total administered non-current assets	**1,650**	**58,925**
Total administered assets	**8,984**	**64,859**
Administered current liabilities		
Payables	191	139
Revenue payable to government	248	-
Total administered current liabilities	**439**	**139**
Net administered assets	**8,545**	**64,720**
Contributed equity	-	54,858
Accumulated surplus	8,545	9,862
Total administered equity	**8,545**	**64,720**
Administered grants and subsidies		
Queensland Art Gallery	21,548	31,462
Queensland Museum	16,291	21,407
State Library of Queensland	61,088	55,023
Queensland Performing Arts Trust	6,165	9,111
Queensland Theatre Company	1,950	2,600
Screen Queensland	7,352	9,802
University of Queensland Brain Institute	194	-
Queensland Shared Services	5,530	6,420
Smart State Research Facility Fund	1,017	-
Total	**121,135**	**135,825**
Administered loans and receivables		
University of Queensland Brain Institute*	-	5,240
Smart State Research Facility Fund*	-	50,935
Queensland Centre for Advanced Technologies	2,200	2,750
Total	**2,200**	**58,925**

*Concessional loans provided to universities and research institutions were terminated under an early repayment agreement with recipients, and all loans issued were repaid by January 2015.

29. Schedule of administered items (continued)

Accounting Policy

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

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

The principal expense which the department administers relates to grant payments made to statutory authorities and other commercial entities, relating to investments in the Arts sector.

30. Reconciliation of payments from consolidated fund to administered revenue

	2015 $'000	2014 $'000
Budgeted administered appropriation	149,687	147,145
Transfers to other departments – redistribution of public business	(17,745)	-
Lapsed administered appropriation	(9,203)	-
Total administered appropriation receipts (cash)	122,739	147,145
Less: Closing balance of deferred administered appropriation payable to consolidated fund	(248)	-
Plus: Opening balance of administered appropriation revenue receivable	-	366
Net administered appropriation revenue	**122,491**	**147,511**
Plus: Deferred administered appropriation payable to consolidated fund (expense)	248	-
Administered appropriation revenue recognised in note 29	**122,739**	**147,511**

31. Agency transactions and balances

The department acts as an agent for collection and payment processing services, and undertakes certain transactions on behalf of Queensland Government agencies and its clients.

	2015 $'000	2014 $'000
a) CITEC		
Balance at 1 July	19,778	19,423
Collections during the period	1,580,648	2,280,370
Distributions according to clients instructions during the period	(1,600,426)	(2,280,015)
Balance at 30 June*	**-**	**19,778**

*CITEC discontinued payment processing services in April 2015.

	2015 $'000	2014 $'000
b) Smart Service Queensland		
Balance at 1 July	732	650
Collections during the period	84,093	79,204
Distributions according to clients instructions during the period	(84,473)	(79,122)
Balance at 30 June	**352**	**732**

31. Agency transactions and balances (continued)

	2015 $'000	2014 $'000
c) Corporate Administration Agency		
Balance at 1 July	340	3
Collections during the period	123,477	198,350
Distributions according to clients instructions during the period	(123,817)	(198,013)
Balance at 28 February**	**-**	**340**

**refer note 2.

Fees received for the provision of these services are included in user charges.

All agency transactions and balances are subject to audit by the Queensland Audit Office.

Accounting Policy

The department, through the CITEC commercialised business unit and the Corporate Administration Agency shared service provider, has commercial arrangements with various Queensland Government agencies to perform certain transactions on their behalf.

The department, through Smart Service Queensland, acts in an agency capacity by processing payments in respect to Queensland Government services and information.

The transactions and balances related to these agency arrangements are not included in these financial statements, because the department acts only in a custodial role. Applicable audit arrangements are also shown.

32. Machinery-of-government transfers

As a result of the *Public Service Departmental Arrangements Notice (No. 1) 2015,* dated 16 March 2015 with financial effect from 1 March 2015, the responsibility for Arts Queensland and the Corporate Administration Agency were transferred from the department to the Department of the Premier and Cabinet.

Schedule of assets and liabilities transferred	Arts Queensland	Corporate Administration Agency
	$'000	$'000
Assets		
Current assets		
Cash	8,507	2,853
Loans and receivable	4,714	2,136
Other assets	598	92
Non-current assets		
Property, plant and equipment	658,300	343
Loan and receivables	130	-
Total assets	**672,249**	**5,424**
Liabilities		
Current liabilities		
Payables	4,222	427
Other financial liabilities	2,110	-
Accrued employee benefits	387	268
Other liabilities	-	160
Non-current liabilities		
Borrowings	105	-
Total liabilities	**6,824**	**855**
Net assets transferred	**665,425**	**4,569**

The subsidiary entities of Arts Queensland likewise transferred to the Department of the Premier and Cabinet, refer note 26. Assets and liabilities of these entities were minimal and would not materially affect the reported financial position and operating result of the department, refer note 2.

33. Budget vs actual comparison

Statement of Comprehensive Income

	Variance notes	Adjusted Budget 2015 $'000	Actual 2015 $'000	Variance $'000	Variance % of budget
Income from continuing operations					
Appropriation revenue		326,000	318,628	7,372	2%
User charges and fees		338,082	341,389	(3,307)	(1%)
Grants and other contributions	1	28,217	21,773	6,444	23%
Interest		2,195	1,293	902	41%
Other revenue		1,138	1,971	(833)	(73%)
Total revenue		695,632	685,054	10,578	2%
Gains on disposal of assets		-	6	(6)	(100%)
Total income from continuing operations		**695,632**	**685,060**	**10,572**	**2%**
Expenses from continuing operations					
Employee expenses		267,023	268,077	(1,054)	0%
Supplies and services	2	321,523	303,108	18,415	6%
Grants and subsidies	3	62,717	56,649	6,068	10%
Depreciation and amortisation		44,449	46,046	(1,597)	(4%)
Impairment losses		-	56	(56)	(100%)
Finance/borrowing costs	4	338	2,359	(2,021)	(598%)
Other expenses	5	3,436	16,856	(13,420)	(391%)
Total expenses from continuing operations		**699,486**	**693,151**	**6,335**	**1%**
Operating result from continuing operations before income tax		**(3,854)**	**(8,091)**	**4,237**	**(110%)**
Income tax benefit/(expense)		1,786	(606)	2,392	134%
Operating result from continuing operations after income tax		**(2,068)**	**(8,697)**	**6,629**	**(321%)**
Other comprehensive income					
Items that will not be reclassified subsequently to operating result:					
Increase in asset revaluation surplus	6	-	9,632	(9,632)	(100%)
Total other comprehensive income		**-**	**9,632**	**(9,632)**	**(100%)**
Total comprehensive income		**(2,068)**	**935**	**(3,003)**	**145%**

33. Budget vs actual comparison (continued)

Statement of Financial Position

	Variance notes	Adjusted Budget 2015 $'000	Actual 2015 $'000	Variance $'000	Variance % of budget
Current assets					
Cash and cash equivalents	7	57,982	45,954	12,028	21%
Loans and receivables	8	36,791	51,477	(14,686)	(40%)
Inventories		13	-	13	100%
Other current assets		12,775	13,351	(576)	(5%)
Total current assets		**107,561**	**110,782**	**(3,221)**	**(3%)**
Non-current assets					
Loans and receivables	9	36,752	-	36,752	100%
Deferred tax assets		2,204	-	2,204	100%
Intangible assets	10	45,308	33,535	11,773	26%
Property, plant and equipment	11	76,488	143,431	(66,943)	(88%)
Other non-current assets		1,252	790	462	37%
Total non-current assets		**162,004**	**177,756**	**(15,572)**	**(10%)**
Total assets		**269,565**	**288,538**	**(18,973)**	**(7%)**
Current liabilities					
Payables	12	34,622	46,715	(12,093)	(35%)
Interest-bearing liabilities	13	1,356	5,416	(4,060)	(299%)
Accrued employee benefits		8,201	8,604	(403)	(5%)
Other current liabilities		2,635	1,880	755	29%
Total current liabilities		**46,814**	**62,615**	**(15,801)**	**(34%)**
Non-current liabilities					
Interest-bearing liabilities	14	545	68,603	(68,058)	(12488%)
Deferred tax liabilities		73	1,532	(1,459)	(1999%)
Other non-current liabilities		-	431	(431)	(100%)
Total non-current liabilities		**618**	**70,566**	**(69,948)**	**(11318%)**
Total liabilities		**47,432**	**133,181**	**(85,749)**	**(181%)**
Net assets		**222,133**	**155,357**	**66,776**	**34%**
Equity					
Contributed equity		319,784	170,572	149,212	47%
Accumulated surplus/(deficit)		(146,049)	(61,849)	(84,200)	58%
Asset revaluation surplus		48,398	46,634	1,764	4%
Total equity	15	**222,133**	**155,357**	**(66,776)**	**(30%)**

33. Budget vs actual comparison (continued)

Statement of Cash Flows

	Variance notes	Adjusted Budget 2015 $'000	Actual 2015 $'000	Variance $'000	Variance % of budget
Cash flows from operating activities					
Inflows:					
Service appropriation receipts		326,000	326,457	(457)	-
User charges and fees		338,475	345,991	(7,516)	(2%)
Grants and other contributions	16	28,217	21,448	6,769	24%
GST collected from customers		32,921	32,595	326	1%
GST input tax credits from ATO	17	17,114	36,674	(19,560)	(114%)
Interest receipts		261	427	(166)	(64%
Other		1,073	1,734	(661)	(62%)
Outflows:					
Employee expenses		(266,204)	(268,250)	2,046	(1%)
Supplies and services		(319,422)	(312,354)	(7,068)	2%
Grants and subsidies	18	(62,880)	(53,279)	(9,601)	15%
Finance/borrowing costs		(288)	(1,954)	1,666	(578%)
Insurance premiums		(575)	(620)	45	(8%)
GST paid to suppliers	19	(16,813)	(32,805)	15,992	(95%)
GST remitted to ATO		(34,046)	(39,002)	4,956	(15%)
Other		(2,503)	(3,034)	531	(21%)
Net cash provided by/(used in) operating activities		**41,330**	**54,028**	**(12,698)**	**(31%)**
Cash flows from investing activities					
Inflows:					
Sales of property, plant and equipment		17	4	13	76%
Loans and advances redeemed	20	5,300	38,912	(33,612)	(634%)
Outflows:					
Payments for property, plant and equipment	21	(6,014)	(5,669)	(345)	6%
Payments for intangible assets	21	(5,077)	(2,519)	(2,558)	(50%)
Loans and advances made		(1,068)	(1,120)	52	(5%)
Net cash provided by/(used in) investing activities		**(6,842)**	**29,608**	**(36,450)**	**533%**
Cash flows from financing activities					
Inflows:					
Borrowings		1,068	1,120	(52)	(5%)
Equity injections	22	8,533	7,153	1,380	16%
Outflows:					
Borrowing redemptions		(11,848)	(11,841)	(7)	-
Finance lease payments	23	-	(2.036)	2,036	100%
Equity withdrawals	24	(27,273)	(99,893)	72,620	(266%)
Net cash provided by/(used in) financing activities		**(29,520)**	**(105,497)**	**75,977**	**(257%)**
Net increase/(decrease) in cash and cash equivalents		**4,968**	**(21,861)**	**26,829**	**540%**
Increase/(decrease) in cash and cash equivalents from restructuring		(11,726)	(11,360)	(366)	3%
Cash and cash equivalents at beginning of financial year		64,740	79,175	(14,435)	(22%)
Cash and cash equivalents at end of financial year		**57,982**	**45,954**	**12,028**	**21%**

33. Budget vs actual comparison (continued)

Schedule of administered items

	Variance notes	Adjusted Budget 2015 $'000	Actual 2015 $'000	Variance $'000	Variance % of budget
Administered revenues					
Appropriation revenue		131,942	122,739	9,203	7%
Interest	25	3,421	1,612	1,809	53%
Total administered revenues		**135,363**	**124,351**	**11,012**	**8%**
Administered expenses					
Supplies and services	26	5,631	2,567	3,064	54%
Grants and subsidies		126,311	121,135	5,176	4%
Other		-	248	(248)	(100%)
Total administered expenses		**131,942**	**123,950**	**7,992**	**6%**
Operating surplus		**3,421**	**401**	**3,020**	**88%**
Administered current assets					
Cash and cash equivalents		4,003	6,784	(2,781)	(69%)
Loans and receivables		-	550	(550)	(100%)
Total administered current assets		**4,003**	**7,334**	**(3,331)**	**(83%)**
Administered non-current assets					
Loans and receivables	27	64,463	1,650	62,813	97%
Total administered non-current assets		**64,463**	**1,650**	**62,813**	**97%**
Total administered assets		**68,466**	**8,984**	**59,482**	**87%**
Administered current liabilities					
Payables		-	439	(439)	(100%)
Total administered current liabilities		**-**	**439**	**(439)**	**(100%)**
Net administered assets		**68,466**	**8,545**	**59,921**	**88%**

33. Budget vs actual comparison (continued)

Explanations of major variances

Statement of comprehensive income

1. The variance mainly reflects lower than anticipated activity in relation to Queensland Shared Services business capability and capacity projects and shared system reform program of work activities of $11.7 million; offset by unexpected grant funding received for science projects of $5.2 million.
2. The variance relates to higher than expected internal trading eliminations of $10.6 million due to higher than forecast internal activity and internally funded project contributions not being included in the original budget, a reduction in technology related costs within CITEC and a reduction in supplies and services mainly due to the deferral of capability and capacity project funding by QSS.
3. The variance is mainly due to the deferral of science related grant expenditure of approximately $9 million (which includes grant payments relating to the Australian Institute of Tropical Health and Medicine of $6.5 million) to reflect revised contractual commitments and funding requirements, offset by additional expenditure of $2.9 million relating to the early repayment of science infrastructure loans.
4. The variance mainly reflects interest expense related to the finance lease for the Government Wireless Network ($2 million). The expense has arisen on earlier than expected implementation of stage 1 of the South East Queensland roll out reaching commercial acceptance in June 2015.
5. The variance relates to unanticipated $3.4 million work in progress write off of a Queensland Theatre Company building fitout together with an appropriation expense payable of $10.3 million to Consolidated Fund. The appropriation payable included end of year funding adjustments mainly related to changes in whole-of-government (specifically One-Stop Shop and Government Wireless Network) and Science initiatives.
6. The variance relates to the revaluation of the Arts Cultural Precinct. The Arts Cultural Precinct has now been transferred to the Department of Premier and Cabinet in a machinery-of-government change effective 1 March 2015.

Statement of financial position

7. This relates to the remittance of $30 million Queensland Shared Services to Consolidated Fund offset by better than anticipated cash balances for Queensland Shared Services and CITEC as a result of better than expected operating results.
8. The variance is due to an increase in appropriation equity receivable of $8.2 million mainly relating to end of year depreciation adjustments together with $7.2 million in outstanding Queensland Shared Services technology charges.
9. The variance reflects early repayment of science infrastructure loans.
10. The variance is attributable to a lower actual opening balance, compared to what was estimated in the budget, mainly due to asset impairment and amortisation in the prior year.
11. Increase reflects recognition of the Government Wireless Network finance lease asset valued at $60.5 million. The asset has been recognised earlier than anticipated due to the implementation of stage 1 of South East Queensland roll out of GWN reaching commercial acceptance in June 2015 ahead of the originally anticipated December 2015.
12. The variance mainly reflects an increase in appropriation payable of $10.3 million relating to end of year funding adjustments including changes in whole-of-government (specifically One-Stop Shop and Government Wireless Network) and Science initiatives.
13. The variance reflects recognition of the Government Wireless Network current finance lease liability of $4.1 million. The current lease liability has been recognised earlier than anticipated due to the implementation of stage 1 of South East Queensland roll out of GWN reaching commercial acceptance in June 2015 ahead of the originally anticipated December 2015.
14. The variance reflects the Government Wireless Network non-current finance lease liability of $68.5 million. The non-current lease liability has been recognised earlier than anticipated due to the implementation of stage 1 of South East Queensland roll out of GWN reaching commercial acceptance in June 2015 ahead of the originally anticipated December 2015.
15. The movement in equity mainly due to the early repayment of science infrastructure loans of $37 million together with remittance of $30 million from Queensland Shared Services to the Consolidated Fund.

33. Budget vs actual comparison (continued)

Statement of cash flows

16. Refer to note 1.
17. GST input tax credits received from the Australian Tax Office were higher than originally forecast reflecting actual levels of expenditure.
18. The variance is mainly due to deferral of science related grant expenditure to reflect revised contractual commitments and funding requirements, including grant payments relating to the Australian Institute of Tropical Health and Medicine of $6.5 million.
19. GST paid to suppliers was higher than originally forecast.
20. Variance mainly reflects early repayment of science infrastructure loans.
21. The total variance for payments for property, plant and equipment and intangible assets is $2.9 million and is mainly due to the deferral of capital funding in relation to the Government Wireless Network implementation of $1.1 million and a capital to operating funding swap of $1 million.
22. The variance reflects lower than expected capital expenditure. Refer to note 21.
23. The variance reflects payments in relation to the Government Wireless Network finance lease. The current lease liability has been recognised earlier than anticipated due to the implementation of stage 1 of South East Queensland roll out of GWN reaching commercial acceptance in June 2015 ahead of the originally anticipated December 2015.
24. The variance is mainly due to the early repayment of science infrastructure loans ($37 million) together with remittance of $30 million from Queensland Shared Services to the Consolidated Fund.

Administered items

25. The variance reflects a reduction in notional interest due to the early repayment of science infrastructure loans.
26. The variance is mainly due to the transfer of funding to the controlled entity of $2.3 million.
27. The variance reflects early repayment of science infrastructure loans.

34. Summary of other accounting policies

a) Leases

A distinction is made in the financial statements between finance leases that effectively transfer from the lessor to the lessee substantially all risks and benefits incidental to ownership, and operating leases, under which the lessor retains substantially all risks and benefits.

Leases of non-current assets where the department, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term liabilities. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the department as lessee are classified as operating leases.

Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expenses 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.

Lease income from operating leases where the department is a lessor is recognised in income on a straight-line basis over the lease term.

b) Insurance

With the exception of non-current physical assets held by CITEC and the department's controlled and other entities, which are commercially insured, the department's non-current physical assets and other risks, including those relating to business interruption following natural disasters, are insured through the Queensland Government Insurance Fund. Premiums are paid on a risk assessment basis. In addition, the department pays premiums to Workcover Queensland in respect of its obligations for employee compensation.

c) Contributed equity

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

d) Issuance of financial statements

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

e) Accounting estimates and judgements

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

Estimates and assumptions with the most significant effect are outlined in the following financial statement notes:

Valuation of property, plant and equipment - note 18
Financial instruments - note 27
Finance leases - notes 20
Contingencies - note 25
Loans and receivables - note 15
Impairment - notes 27

Further, the matters covered in each of those notes (except for Depreciation and amortisation) necessarily involve estimation uncertainty, with the potential to materially impact on the carrying amount of the department's assets and liabilities in the next reporting period. Reference should be made to the respective notes for more information.

34. Summary of other accounting policies (continued)

f) Currency, rounding and comparatives

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

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period. In particular, note 10 refers to Supplies and services where individual line items have been disclosed by nature as opposed to their categorisation previously by function. Accordingly, the comparatives have been restated.

g) Donated/transferred assets

Assets and liabilities received or donated/transferred by the department and recognised as revenues and expenses as a result of non-reciprocal transfers are recognised in note 6.

h) Work-in-progress

Work in progress is recognised at cost. All costs relating to items of property, plant and equipment and intangible assets constructed in-house are recorded as work in progress until completion of the project using all direct costs and, where applicable, reliable attributed indirect costs. Work in progress performed under external contracts is recorded using the invoice amount supplied by the contractor.

The department does not capitalise finance and borrowing costs.

i) Acquisition of assets

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

Where assets are received free of charge from another Queensland Government department (whether as a result of a machinery-of-government change or other involuntary transfer), the acquisition cost is recognised as the gross carrying amount in the books of the transferor immediately prior to the transfer together with any accumulated depreciation.

Assets acquired at no cost or for nominal consideration, other than from an involuntary transfer from another Queensland Government entity, are recognised at their fair value at date of acquisition in accordance with AASB 116 Property, Plant and Equipment.

j) Property, plant and equipment

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

Building	*$10,000*	*Infrastructure*	*$10,000*
Heritage and cultural	*$5,000*	*Plant and equipment*	*$5,000*
Leased assets	*$5,000*	*Land*	*$1*

Items with a lesser value are expensed in the year of acquisition. Subsequent expenditure that increases the originally assessed service potential of an asset is capitalised to the value of that asset. Land improvements undertaken by the department are included with buildings.

k) Revaluations of non-current physical and intangible assets

Land, buildings, infrastructure and heritage and cultural assets are measured at fair value in accordance with AASB 116 Property, Plant and Equipment, AASB 13 Fair Value Measurement and Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector.

Leased assets are measured at fair value in accordance with AASB 117 Leases.

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 (refer also to an explanation later in this note regarding the impact of different methods of accounting for accumulated depreciation and accumulated impairment losses in conjunction with revaluations).

34. Summary of other accounting policies (continued)

In respect of the abovementioned asset classes, the cost of items acquired during the financial year has been judged by the management of the department to materially represent their fair value at the end of the reporting period.

Plant and equipment, (that is not classified as major plant and equipment), is measured at cost in accordance with the Non-Current Asset Policies. The carrying amounts for such plant and equipment at cost should not materially differ from their fair value.

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

Intangible assets are measured at their historical cost, unless there is an active market for the assets concerned (in which case they are measured at fair value).

Property, plant and equipment classes measured at fair value (refer above) are revalued on an annual basis either by appraisals undertaken by an independent professional valuer or internal expert, 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 Finance, Procurement and Business Services unit, who determine the specific revaluation practices and procedures. The department undertakes annual reviews of the revaluation practices (after each year's revaluation process), and reports to the department's Finance Committee (of which the department's Chief Finance Officer is a member) regarding the outcomes of, and recommendations arising from, each annual review.

Revaluations using an independent professional valuer or internal expert 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 department's Finance, Procurement and Business Services unit after consultation with the Finance Committee.

Materiality concepts (according to the Framework for the Preparation and Presentation of Financial Statements) are 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.

Where assets have not been specifically appraised in the reporting period, their previous valuations are materially kept up-to-date via the application of relevant indices. The department ensures that the application of such indices results in a valid estimation of the assets' fair values at reporting date.

The State Valuation Service (SVS) supplies the indices used for the various types of assets. Such indices are either publicly available, or are derived from market information available to SVS. SVS provides assurance of their robustness, validity and appropriateness for application to the relevant assets. Indices used are also tested for reasonableness by applying the indices to a sample of assets, comparing the results to similar assets that have been valued by an independent professional valuer or internal expert, and analysing the trend of changes in values over time. Through this process, which is undertaken annually, management assesses and confirms the relevance and suitability of indices provided by SVS based on the departments' own particular circumstances.

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation surplus of the appropriate class, except to the extent 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. On revaluation:

- *for assets revalued using a cost valuation approach (e.g. depreciated replacement cost) – accumulated depreciation Is adjusted to equal the difference between the gross amount and carrying amount, after taking into account accumulated impairment losses. This is generally referred to as the "gross method"; and*
- *for assets revalued using a market or income-based valuation approach – accumulated depreciation and accumulated impairment losses are eliminated against the gross amount of the asset prior to restating for the revaluation. This is generally referred to as the "net method".*

34. Summary of other accounting policies (continued)

In previous years, Queensland Treasury's Non-current Asset Policies for the Queensland Public Sector (NCAPs) mandated the gross method of revaluation for all revaluations. However, from 1 July 2014, the NCAPs now require either the gross or net method to be used, according to the valuation approach adopted for individual assets (as explained above). In accordance with the above policies, this means a reported asset class may contain assets, for which revaluations are accounted for, using either method. While this does not impact on carrying amounts (i.e. fair values) reported, it does make a significant difference to the figures displayed for gross, accumulated depreciation and accumulated impairment losses (refer also to note 18 Property, plant and equipment for a comparison to figures reported for 2013-14).

l) Fair value measurement

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

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

Unobservable inputs are data, assumptions and judgements that are 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 assets/liabilities, internal records of recent construction costs (and/or estimates of such costs) for assets' characteristics/functionality and, assessments of physical condition and remaining useful life. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

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

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

Level 1 – represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;

Level 2 – represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; 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.

More specific fair value information about the department's Property, Plant and Equipment is outlined in note 18.

m) Intangible assets

Intangible assets with a cost or other value greater than, or equal to $100,000, are recognised in the financial statements. Items with a lesser value are expensed. Each intangible asset, less any anticipated residual value, is amortised over its estimated useful life to the department. The residual value is zero for all the department's intangible assets.

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

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

Purchased software

The purchase cost of software has been capitalised and is amortised on a straight-line basis over the period of the expected benefit to the department, generally five years. However, where appropriate, the useful lives of certain assets have been determined on an individual basis.

34. Summary of other accounting policies (continued)

Internally generated software

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

Costs associated with the development of computer software have been capitalised and are amortised on a straight-line basis over the period of the expected benefit to the department, generally five years. However, where appropriate, the useful lives of certain assets have been determined on an individual basis.

n) Amortisation and depreciation of intangible assets and property, plant and equipment

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

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

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

All heritage and cultural assets of the department are not depreciated as the service potential of the assets are not expected to diminish over time.

Assets under construction (work-in-progress) are not depreciated until they reach their 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 and intangible assets.

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 amortised 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.

Items comprising the department's technical library are expensed on acquisition.

For each class of depreciable asset the following depreciation and amortisation rates are used:

Class	*Rates*	*Class*	*Rates*
Buildings:	*2% to 7%*	*Leasehold improvements:*	*2.5% to 46%*
Infrastructure:	*2% to 14%*	*Computer equipment:*	*5% to 40%*
Financed leased assets:	*7%*	*Scientific equipment:*	*5% to 33%*
Other equipment:	*4% to 33%*	*Software internally generated:*	*7% to 40%*
Software purchased:	*4% to 27%*		

Where appropriate, the depreciation and amortisation rates applied to assets are determined on an individual basis.

34. Summary of other accounting policies (continued)

o) Impairment of non-current assets

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

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell, depreciated replacement cost, or net cash inflows generated through use of the asset.

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, to the extent 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.

p) New and revised accounting standards

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

AASB 1055 became effective from reporting periods beginning on, or after, 1 July 2014. In response to this new standard, the department has included in these financial statements a comprehensive new note, 'Budget vs Actual Comparison' (note 33). This note discloses the department's original published budgeted figures for 2014-15 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. Note 33 also includes a comparison between the original published budgeted figures for 2014-15 compared to actual results, and explanations of major variances, in respect of the department's major classes of administered income, expenses, assets and liabilities.

Other than AASB 1055, new and revised standards which became applicable as from reporting periods beginning on or after 1 January 2014 are not expected, based upon current circumstances, to have a material impact on the department's financial statements.

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

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

From reporting periods beginning on or after 1 July 2016, the department will need to comply with the requirements of AASB 124 Related Party Disclosures. That accounting standard requires a range of disclosures about the remuneration of key management personnel, transactions with related parties/entities, and relationships between parent and controlled entities. The department already discloses information about the remuneration expenses for key management personnel (refer to note 9) in compliance with requirements from Queensland Treasury. Therefore, the most significant implications of AASB 124 for the department's financial statements will be the disclosures to be made about transactions with related parties, including transactions with key management personnel or, close members of their families.

34. Summary of other accounting policies (continued)

AASB 15 Revenue from Contracts with Customers will become effective from reporting periods beginning on or after 1 January 2017. This standard contains much more detailed requirements for the accounting of 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 an unearned revenue liability 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) will become effective from reporting periods beginning on, or after, 1 January 2018. The main impacts of these standards on the department are that they will change the requirements for the classification, measurement, impairment and disclosures associated with the department's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at either amortised cost or fair value.

The department 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 enters into, all of the department's financial assets are expected to be required to be measured at fair value (instead of the measurement classifications presently used in note 27). 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.

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 will not need to restate comparative figures for financial instruments on adopting AASB 9 as from 2018-19. However, changed disclosures requirements will apply from that time. A number of one-off disclosers will be required in the 2018-19 financial statements to explain the impact of adopting AASB 9. Assuming no change in the types of financial instruments that the department enters into, the most likely ongoing disclosure impacts are expected to relate to the credit risk of financial assets subject to impairment.

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

35. Events occurring after balance date

There were no material events subsequent to the reporting date but prior to the signing of these accounts of which management was aware.

Certificate of the Department of Science, Information Technology and Innovation

These general purpose financial statements have been prepared pursuant to section 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 section 62(1)(b) of the Act we certify that in our opinion:

(a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and

(b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Department of Science, Information Technology and Innovation for the financial year ended 30 June 2015 and of the financial position of the department at the end of that year; and

(c) these assertions are based upon an appropriate system of internal controls and risk management processes being effective, in all material aspects, with respect to financial reporting throughout the reporting period.

D Short.

Danny Short
B Comm CPA
Chief Finance Officer

27 August 2015

Jamie Merrick
Acting Director-General

27 August 2015

INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of the Department of Science, Information Technology and Innovation.

Report on the Financial Report

I have audited the accompanying financial report of the Department of Science, Information Technology and Innovation, which comprises the statement of financial position and statement of assets and liabilities by major departmental services, CBUs and SSPs as at 30 June 2015, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comprehensive income by major departmental services, CBUs and SSPs for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certificates given by the Acting Director-General and Chief Finance Officer.

The Accountable Officer's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

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

Opinion

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

(a) I have received all the information and explanations which I have required

(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 Science, Information Technology and Innovation for the financial year 1 July 2014 to 30 June 2015 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

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

AUDITOR GENERAL
28 AUG 2015
OF QUEENSLAND

A M GREAVES FCA FCPA
Auditor-General of Queensland

Queensland Audit Office
Brisbane