

Financial

statements

Department of Communities, Child Safety and Disability Services
Financial Statements
for the year ended 30 June 2016

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Department of Communities, Child Safety and Disability Services
Statement of Comprehensive Income - Controlled
for the year ended 30 June 2016

	Note	Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000
Income from Continuing Operations				
Appropriation revenue	B1-1	2,615,109	2,624,048	2,488,482
User charges and fees		23,263	14,635	23,699
Grants and other contributions		39,668	43,448	60,201
Interest revenue		333	296	514
Other revenue	B1-2	18,954	1,500	18,023
Total revenue		2,697,327	2,683,927	2,590,919
Gains on disposal/re-measurement of assets		18	-	-
Total Income from Continuing Operations		2,697,345	2,683,927	2,590,919
Expenses from Continuing Operations				
Employee expenses	B2-1	566,986	576,153	532,234
Supplies and services	B2-2	1,914,740	1,907,939	1,822,475
Grants and subsidies	B2-3	162,039	158,301	173,817
Depreciation and amortisation		28,418	35,932	28,988
Impairment losses		530	500	347
Revaluation decrement		805	-	-
Other expenses	B2-4	4,588	5,179	4,428
Total Expenses from Continuing Operations		2,678,106	2,684,004	2,562,289
Operating Result from Continuing Operations		19,239	(77)	28,630
Operating Result for the Year		19,239	(77)	28,630
Total Comprehensive Income		19,239	(77)	28,630

The accompanying notes form part of these financial statements.

Department of Communities, Child Safety and Disability Services
Statement of Comprehensive Income by Major Departmental Services - Controlled
for the year ended 30 June 2016

	Disability Services		Child and Family Services		Community Services		General - Not Attributed [^]		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from Continuing Operations										
Appropriation revenue	1,492,570	1,450,683	940,597	869,159	181,942	168,640	-	-	2,615,109	2,488,482
User charges and fees	3,868	3,989	448	413	10,384	10,772	8,563	8,525	23,263	23,699
Grants and other contributions	37,654	58,094	397	1,280	1,617	827	-	-	39,668	60,201
Interest revenue	333	514	-	-	-	-	-	-	333	514
Other revenue	15,214	12,164	3,941	2,001	(201)	3,858	-	-	18,954	18,023
Total revenue	1,549,639	1,525,444	945,383	872,853	193,742	184,097	8,563	8,525	2,697,327	2,590,919
Gains on disposal/re-measurement of assets	16	-	1	-	1	-	-	-	18	-
Total Income from Continuing Operations	1,549,655	1,525,444	945,384	872,853	193,743	184,097	8,563	8,525	2,697,345	2,590,919
Expenses from Continuing Operations										
Employee expenses	283,182	270,877	242,154	224,417	36,344	31,659	5,306	5,281	566,986	532,234
Supplies and services	1,221,130	1,181,400	556,325	507,687	134,028	130,144	3,257	3,244	1,914,740	1,822,475
Grants and subsidies	20,685	41,959	131,781	123,850	9,573	8,008	-	-	162,039	173,817
Depreciation and amortisation	11,573	12,456	13,440	12,783	3,405	3,749	-	-	28,418	28,988
Impairment losses	360	328	170	8	-	11	-	-	530	347
Revaluation decrement	358	-	339	-	108	-	-	-	805	-
Other expenses	2,895	1,493	1,174	2,304	519	631	-	-	4,588	4,428
Total Expenses from Continuing Operations	1,540,183	1,508,513	945,383	871,049	183,977	174,202	8,563	8,525	2,678,106	2,562,289
Operating Result from Continuing Operations	9,472	16,931	1	1,804	9,766	9,895	-	-	19,239	28,630
Operating Result for the Year	9,472	16,931	1	1,804	9,766	9,895	-	-	19,239	28,630
Total Comprehensive Income	9,472	16,931	1	1,804	9,766	9,895	-	-	19,239	28,630

[^] Memorandum of understanding in providing services to the Department of Aboriginal and Torres Strait Islander Partnerships and the Department of Justice and Attorney-General.

Department of Communities, Child Safety and Disability Services
Balance Sheet - Controlled
as at 30 June 2016

	Note	Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000
Current Assets				
Cash and cash equivalents	C1	136,654	93,530	124,504
Loans and receivables	C2	19,840	125,398	200,798
Other current assets		5,907	5,677	4,874
		<u>162,401</u>	<u>224,605</u>	<u>330,176</u>
Non-current assets classified as held for sale		685	-	516
Total Current Assets		<u>163,086</u>	<u>224,605</u>	<u>330,692</u>
Non-Current Assets				
Property, plant and equipment	C3	307,853	294,589	303,996
Intangibles	C4	40,681	37,838	51,381
Total Non-Current Assets		<u>348,534</u>	<u>332,427</u>	<u>355,377</u>
Total Assets		<u>511,620</u>	<u>557,032</u>	<u>686,069</u>
Current Liabilities				
Payables and accruals	C5	26,031	110,408	201,334
Accrued employee benefits	C6	24,330	21,144	21,304
Provisions		397	149	47
Other liabilities		46	36	42
Total Current Liabilities		<u>50,804</u>	<u>131,737</u>	<u>222,727</u>
Non-Current Liabilities				
Provisions		1,847	2,602	2,522
Total Non-Current Liabilities		<u>1,847</u>	<u>2,602</u>	<u>2,522</u>
Total Liabilities		<u>52,651</u>	<u>134,339</u>	<u>225,249</u>
Net Assets		<u>458,969</u>	<u>422,693</u>	<u>460,820</u>
Equity				
Contributed equity		494,903	494,347	515,993
Accumulated surplus (deficit)		(35,934)	(71,654)	(55,173)
Total Equity		<u>458,969</u>	<u>422,693</u>	<u>460,820</u>

The accompanying notes form part of these financial statements.

**Department of Communities, Child Safety and Disability Services
Statement of Assets and Liabilities by Major Departmental Services - Controlled
as at 30 June 2016**

	Disability Services		Child and Family Services		Community Services		General - not attributed [^]		Total
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	
Current Assets									
Cash and cash equivalents	70,925	81,596	28,907	22,510	36,822	20,398	-	-	136,654
Loans and receivables	10,219	187,315	8,237	9,273	1,384	3,057	-	1,153	19,840
Other current assets	2,661	2,105	2,179	1,764	1,067	1,005	-	-	5,907
	83,805	271,016	39,323	33,547	39,273	24,460	-	1,153	162,401
Non-current assets classified as held for sale	-	-	355	-	330	516	-	-	685
Total Current Assets	83,805	271,016	39,678	33,547	39,603	24,976	-	1,153	163,086
Non-Current Assets									
Property, plant and equipment	161,876	160,045	63,326	61,213	82,651	82,738	-	-	307,853
Intangibles	11,678	16,155	27,677	33,093	1,326	2,133	-	-	40,681
Total Non-Current Assets	173,554	176,200	91,003	94,306	83,977	84,871	-	-	348,534
Total Assets	257,359	447,216	130,681	127,853	123,580	109,847	-	1,153	511,620
Current Liabilities									
Payables and accruals	9,665	188,332	11,535	10,799	4,831	2,203	-	-	26,031
Accrued employee benefits	12,975	8,628	10,093	10,234	1,262	1,204	-	1,238	24,330
Provisions	21	-	376	47	-	-	-	-	397
Other liabilities	-	-	46	42	-	-	-	-	46
Total Current Liabilities	22,661	196,960	22,050	21,122	6,093	3,407	-	1,238	50,804
Non-Current Liabilities									
Provisions	754	523	1,034	1,922	59	77	-	-	1,847
Total Non-Current Liabilities	754	523	1,034	1,922	59	77	-	-	1,847
Total Liabilities	23,415	197,483	23,084	23,044	6,152	3,484	-	1,238	52,651
									225,249

[^] Memorandum of understanding in providing services to the Department of Aboriginal and Torres Strait Islander Partnerships and the Department of Justice and Attorney-General.

Department of Communities, Child Safety and Disability Services
Statement of Changes in Equity - Controlled
for the year ended 30 June 2016

	Contributed Equity \$'000	Accumulated Surplus/ (Deficit) \$'000	Total \$'000
Balance as at 1 July 2014	520,431	(83,803)	436,628
Operating Result			
Operating result from continuing operations	-	28,630	28,630
Total Comprehensive Income for the Year	-	28,630	28,630
Transactions with Owners as Owners			
- Net equity withdrawals (Note C7-2)	(8,663)	-	(8,663)
- Net transfers in/(out) from other Queensland Government entities	46	-	46
- Other	4,179	-	4,179
Net Transactions with Owners as Owners	(4,438)	-	(4,438)
Balance as at 30 June 2015	515,993	(55,173)	460,820
Balance as at 1 July 2015	515,993	(55,173)	460,820
Operating Result			
Operating result from continuing operations	-	19,239	19,239
Total Comprehensive Income for the Year	-	19,239	19,239
Transactions with Owners as Owners			
- Net equity withdrawals (Note C7-2)	(15,194)	-	(15,194)
- Other	(5,896)	-	(5,896)
Net Transactions with Owners as Owners	(21,090)	-	(21,090)
Balance as at 30 June 2016	494,903	(35,934)	458,969

The accompanying notes form part of these financial statements.

Department of Communities, Child Safety and Disability Services
Statement of Cash Flows - Controlled
for the year ended 30 June 2016

	Note	Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000
Cash Flows from Operating Activities				
<i>Inflows:</i>				
Service appropriation receipts		2,717,326	2,670,584	2,416,563
User charges and fees		23,058	14,635	30,931
Grants and other contributions		119,761	82,039	30,000
GST input tax credits received from ATO		183,025	206,003	168,311
GST collected from customers		1,060	1,699	1,242
Interest receipts		333	296	514
Other		17,339	1,463	7,922
<i>Outflows:</i>				
Employee expenses		(565,315)	(576,153)	(529,042)
Supplies and services		(2,096,397)	(1,993,066)	(1,718,600)
Grants and subsidies		(161,145)	(158,301)	(177,819)
GST paid to suppliers		(180,758)	(206,003)	(172,018)
GST remitted to ATO		(1,060)	(1,699)	(1,242)
Other		(2,582)	(5,449)	(5,217)
Net Cash Provided by Operating Activities	CF-1	54,645	36,048	51,545
Cash Flow from Investing Activities				
<i>Inflows:</i>				
Sales of property, plant and equipment	C3-4	869	1,681	2,395
<i>Outflows:</i>				
Payments for property, plant and equipment		(25,585)	(25,738)	(14,480)
Payments for intangible assets	C4-4	(3,231)	(3,665)	(4,228)
Net Cash Used in Investing Activities		(27,947)	(27,722)	(16,313)
Cash Flows from Financing Activities				
<i>Inflows:</i>				
Equity injections	C7	2,555	3,454	2,992
<i>Outflows:</i>				
Equity withdrawals		(17,103)	(16,718)	(12,732)
Net Cash Provided by Financing Activities		(14,548)	(13,264)	(9,740)
Net increase in cash and cash equivalents		12,150	(4,938)	25,492
Increase (decrease) in cash and cash equivalents through restructuring		-	-	1
Cash and cash equivalents at beginning of financial year		124,504	98,468	99,011
Cash and Cash Equivalents at End of Financial Year		136,654	93,530	124,504

The accompanying notes form part of these financial statements.

Department of Communities, Child Safety and Disability Services
Statement of Cash Flows - Controlled
for the year ended 30 June 2016

Notes to the Statement of Cash Flow

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

	2016 \$'000	2015 \$'000
Operating Surplus/(deficit)	19,239	28,630
<i>Non-cash items included in operating result</i>		
Reversal of revaluation decrement	(1,900)	(12,243)
Revaluation decrement	805	-
Depreciation and amortisation expense	28,418	28,988
Donated assets and services expensed	-	267
Donated assets and services received	-	(1,595)
Loss (gain) on disposal of non-current assets	1,944	1,958
Impairment losses	323	-
<i>Change in assets and liabilities</i>		
(Increase) decrease in GST input tax credits receivable	2,267	(3,708)
(Increase) decrease in receivables	183,962	(90,169)
(Increase) decrease in other assets	(1,033)	348
Increase (decrease) in payables	(183,356)	98,496
Increase (decrease) in GST payable	-	-
Increase (decrease) in accrued employee benefits	3,026	567
Increase (decrease) in other liabilities	950	6
Net Cash Provided by Operating Activities	54,645	51,545

Department of Communities, Child Safety and Disability Services
Statement of Comprehensive Income - Administered
for the year ended 30 June 2016

	Note	Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000
Income from Continuing Operations				
Administered appropriation revenue	F1-1	242,426	242,826	233,721
Grants and other contributions		27,686	27,973	3,253
Other revenue		-	-	276
Total Income from Continuing Operations		270,112	270,799	237,250
Expenses from Continuing Operations				
Employee expenses		602	-	2,374
Supplies and services	F1-2	882	-	7,191
Grants and subsidies	F1-3	243,207	253,949	249,015
Impairment losses		2	-	2
Other expenses	F1-4	1,133	-	3,135
Total Expenses from Continuing Operations		245,826	253,949	261,717
Operating Result from Continuing Operations		24,286	16,850	(24,467)
Operating result for the year before transfers to government		24,286	16,850	(24,467)
Transfers of administered revenue to government		-	-	(276)
Operating Result for the Year		24,286	16,850	(24,743)
Total Comprehensive Income		24,286	16,850	(24,743)

The accompanying notes form part of these financial statements.

Department of Communities, Child Safety and Disability Services
Balance Sheet - Administered
as at 30 June 2016

	Note	Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000
Current Assets				
Cash	F1-5	7,568	5,436	-
Receivables	F1-6	2,704	1,625	1,465
Total Current Assets		10,272	7,061	1,465
Total Assets		10,272	7,061	1,465
Current Liabilities				
Bank overdraft *		-	-	14,410
Payables	F1-7	19,161	17,619	20,124
Provisions	F1-8	2,238	-	2,344
Total Current Liabilities		21,399	17,619	36,878
Total Liabilities		21,399	17,619	36,878
Net Assets		(11,127)	(10,558)	(35,413)
Equity				
Accumulated surplus (deficit)		(11,127)	-	(35,413)
Total Equity		(11,127)	(10,558)	(35,413)

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

The accompanying notes form part of these financial statements.

Department of Communities, Child Safety and Disability Services
Statement of Changes in Equity - Administered
for the year ended 30 June 2016

	Contributed Equity \$'000	Accumulated Surplus/(Deficit) \$'000	Total \$'000
Balance as at 1 July 2014	(7,322)	(3,348)	(10,670)
Operating Result			
Operating result from continuing operations	-	(24,743)	(24,743)
Total Comprehensive Income for the Year	-	(24,743)	(24,743)
Transactions with Owners as Owners			
- Transfer between accumulated surplus and contributed equity *	7,322	(7,322)	-
Net Transactions with Owners as Owners	7,322	(7,322)	-
Balance as at 30 June 2015	-	(35,413)	(35,413)
Balance as at 1 July 2015	-	(35,413)	(35,413)
Operating Result			
Operating result from continuing operations	-	24,286	24,286
Total comprehensive income for the year	-	24,286	24,286
Balance as at 30 June 2016	-	(11,127)	(11,127)

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

The accompanying notes form part of these financial statements.

Department of Communities, Child Safety and Disability Services
Statement of Cash Flows - Administered
for the year ended 30 June 2016

	Note	Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000
Cash Flows from Operating Activities				
<i>Inflows:</i>				
Administered appropriation revenue		237,844	242,826	238,330
Grants and other contributions		27,794	27,973	3,146
GST input tax credits received from ATO		15,661	-	15,391
GST collected from customers		2,799	-	390
Other		-	-	276
<i>Outflows:</i>				
Employee expenses		(1,079)	-	(1,897)
Supplies and services		(3,782)	-	(4,794)
Grants and subsidies		(237,557)	(253,949)	(252,583)
GST paid to suppliers		(15,654)	-	(15,162)
GST remitted to ATO		(2,799)	-	(390)
Revenue transfer to government		-	-	(276)
Other		(1,249)	-	(897)
Net Cash Provided by Operating Activities	CF-2	21,978	16,850	(18,466)
Net increase (decrease) in cash and cash equivalents		21,978	16,850	(18,466)
Cash and cash equivalents at beginning of financial year		(14,410)	(11,414)	4,056
Cash and Cash Equivalents at End of Financial Year		7,568	5,436	(14,410)

The accompanying notes form part of these financial statements.

Department of Communities, Child Safety and Disability Services
Statement of Cash Flows - Administered
for the year ended 30 June 2016

Notes to the Statement of Cash Flow - Administered

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

	2016 \$'000	2015 \$'000
Operating Surplus/(deficit)	24,286	(24,743)
<i>Change in assets and liabilities</i>		
(Increase) decrease in GST input tax credits receivable	7	229
(Increase) decrease in receivables	(1,246)	1,273
(Increase) decrease in other assets	-	-
Increase (decrease) in payables	2,742	(1,163)
Increase (decrease) in accrued employee benefits	(476)	477
Increase (decrease) in provisions	(106)	2,232
Increase (decrease) in other liabilities	(3,229)	3,229
Net Cash Provided by Operating Activities	21,978	(18,466)

A1 Basis of Financial Statement Preparation

A1-1 The Reporting Entity

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

The head office and principal place of business of the department is Level 5, 111 George Street, Brisbane QLD 4000.

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

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

The major departmental services undertaken by the department are disclosed in the Statement of Comprehensive Income by Major Departmental Services - Controlled, and are further detailed in A2 Objectives of the Department.

A1-2 Compliance with Prescribed Requirements

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

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

New accounting standards early adopted and/or applied for the first time in these financial statements are outlined in Note A1-8.

A1-3 Presentation

Currency and Rounding

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

Comparatives

Comparative information reflects the audited 2014-15 financial statements except where noted.

Current/Non-Current Classification

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

Measurement

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

A1-4 Authorisation of Financial Statements for Issue

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

A1-5 Administered Transactions and Balances

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

Unless otherwise stated, the accounting policy disclosures stated in the Controlled notes to the financial statements apply to Administered.

The Administered ledger is used as the receptacle to manage community recovery disaster costs and the subsequent reimbursement of those costs from the Queensland Reconstruction Authority (QRA) under federal-state Natural Disaster Relief and Recovery Arrangements (NDRAA) guidelines and associated state government programs. Revenues associated with disaster recovery claims are recognised as grants. Administered transactions also include the payment of concessions (such as electricity rebates) to eligible recipients. Refer to note F1-3.

A1-6 Taxation

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

A1-7 Accounting Estimates and Judgments

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

Note C3-5	Fair Value Measurement
Note C3-6	Valuation including Key Estimates and Judgements
Note F1-8	Administered - Provisions

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

Changes in accounting policy

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

Accounting standards early adopted for 2015-16

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

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

The amendments provide flexibility to the presentation of financial statements. It emphasises only including material disclosures in the notes. The department has applied this flexibility in preparing the 2015-16 financial statements, including locating significant accounting policies with the related breakdowns of financial statement figures in the notes.

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

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

This standard amends AASB 13 *Fair Value Measurement* and provides disclosure relief to assets under AASB 116 *Property, Plant and Equipment* which are measured at fair value and categorised within Level 3 of the fair value hierarchy (refer to Note C3-5).

The following disclosures have been removed from the 2015-16 financial statements:

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

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

A2 Objectives of the Department

The department is committed to enabling vulnerable Queenslanders to improve their lives by investing in and providing effective and innovative services.

The department's key objectives are:

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

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

- **Disability Services:** enables Queenslanders with disability to have choice, control and opportunities in their lives through access to disability services and other supports.
- **Child and Family Services:** enables families to safely care for their children and to provide services to ensure the safety and well-being of children and young people not able to be cared for by their families and leads and facilitates the delivery of family support, child protection and adoption services.
- **Community Services:** enables vulnerable individuals, families and groups including seniors, carers, women, young people, people from culturally and linguistically diverse backgrounds to participate in their communities, and people impacted by domestic and family violence to access services. Community Services is responsible for community recovery and leading initiatives to rebuild the Queensland community services sector following disasters.

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

- Various Corporate Services functions provided to the Department of Aboriginal and Torres Strait Islander Partnerships (DATSIP) and the Department of Justice and Attorney-General (DJAG) via memorandum of understanding agreement.
- Adoption services.

Department of Communities, Child Safety and Disability Services
Notes to the Financial Statements
for the year ended 30 June 2016

B1 Revenue

B1-1 Appropriation Revenue	2016	2015
	\$'000	\$'000
Reconciliation of Payments from Consolidated Fund to Appropriation Revenue Recognised in Operating Result		
Budgeted appropriation revenue	2,670,584	2,574,827
Transfers from/to other departments - redistribution of public business	-	1,950
Transfers to administered services	-	(1,492)
Lapsed appropriation revenue	-	(158,722)
Unforeseen expenditure	46,742	-
Total Appropriation Receipts (cash)	2,717,326	2,416,563
Less: Opening balance of appropriation revenue receivable	(95,947)	(23,952)
Plus: Closing balance of appropriation revenue receivable	-	95,947
Plus: Opening balance of departmental services revenue payable	76	-
Less: Closing balance of departmental services revenue payable	(6,346)	(76)
Net Appropriation Revenue	2,615,109	2,488,482
Appropriation Revenue Recognised in Statement of Comprehensive Income	2,615,109	2,488,482

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

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

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

B1-2 Other Revenue	2016	2015
	\$'000	\$'000
Insurance recoveries	-	309
Expenditure recoveries	170	46
Grant and service procurement refunds ^	16,452	5,223
Reversal of revaluation decrement	1,900	12,243
Other	432	202
Total	18,954	18,023

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

B2 Expenses

B2-1 Employee Expenses	2016	2015
	\$'000	\$'000
Employee Benefits		
Wages and salaries	439,039	410,808
Employer superannuation contributions	55,680	53,449
Annual leave levy	46,646	42,787
Long service leave levy	9,946	9,551
Other employee benefits	4,709	4,694
	556,020	521,289
Employee Related Expenses		
Workers' compensation premium	8,338	8,129
Other employee related expenses	2,628	2,816
	10,966	10,945
Total	566,986	532,234

B2 Expenses (continued)

B2-1 Employee Expenses (continued)

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

	2016	2015
	No.	No.
Number of full-time equivalent employees	5,978	5,934

Key management personnel and remuneration disclosures are detailed in Note E1.

Employee Benefits

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

(i) Wages, Salaries and Sick Leave

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

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

(ii) Annual Leave and Long Service Leave

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

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

(iii) Superannuation

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

The department's obligation is limited to its contribution to QSuper. The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits is held on a whole-of-government basis and reported in those financial statements pursuant to AASB1049 *Whole of Government and General Government Sector Financial Reporting*.

(iv) Workers' Compensation Premiums

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

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

Department of Communities, Child Safety and Disability Services
Notes to the Financial Statements
for the year ended 30 June 2016

B2 Expenses (continued)

B2-2 Supplies and Services	2016	2015
	\$'000	\$'000
Service procurement		
Disability Services	1,015,805	979,767
Community Care	147,674	144,462
Child and Family Services	486,840	443,933
Communities, Women and Youth	78,331	78,747
Multicultural Affairs ^	2,170	514
Domestic and Family Violence	24,570	23,251
Seniors	7,426	7,288
Operating lease rentals	51,946	50,308
Professional and technical fees	27,332	20,058
Computer operating costs	16,438	16,139
Outsourced corporate services	13,410	14,863
Repairs and maintenance	9,631	9,534
Property operational costs	9,142	8,957
Administration costs	3,927	5,864
Minor plant and equipment	3,873	5,194
Travel	5,677	5,139
Telecommunications	5,151	5,136
Consultancies	996	47
Other	4,401	3,274
Total	1,914,740	1,822,475

^ 2014-15 figure represents part year expense as a result of Machinery-of-government changes.

B2-3 Grants and Subsidies	2016	2015
	\$'000	\$'000
Disability Services	20,335	39,589
Community Care	350	2,370
Child and Family Services	131,768	123,845
Communities, Women and Youth	6,775	6,379
Multicultural Affairs Queensland ^	1,364	444
Domestic and Family Violence	1,091	824
Seniors	342	149
Donations and gifts *	14	217
Total	162,039	173,817

^ 2014-15 figure represents part year expense as a result of Machinery-of-government changes.

* Reclassified from other expense - other

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

B2-4 Other Expenses	2016	2015
	\$'000	\$'000
Net losses on disposal of property, plant and equipment	1,962	1,958
Insurance premiums — Queensland Government Insurance Fund	1,809	1,845
External audit fees *	393	358
Special payments - ex gratia payments ^	190	208
Special payments - State Government Entities Certified Agreement 2015 #	187	-
Other	47	59
Total	4,588	4,428

* The Auditor-General of Queensland is the department's external auditor. Total external audit fees relating to the 2015-16 financial year are estimated to be \$405,000 (2014-15 \$420,000). There are no non-audit services included in this amount.

^ Payments represent ex gratia expenditure and other expenditure that the department is not contractually or legally obligated to make to other parties. Special payments during 2015-16 include six payments above \$5,000 totalling \$70,668 relating to reimbursing carers for damage caused by children in departmental care.

As part of the settlement offer to finalise negotiations for the State Government Entities Certified Agreement 2015, an undertaking was made that a Section 831 one-off payment of \$1,300 (or pro-rata) would be extended to those employees who resigned, retired or otherwise moved to other employment arrangements after 1 April 2016, but before the agreement was certified on 1 June 2016.

C1 Cash and Cash Equivalents	2016	2015
	\$'000	\$'000
Cash on hand	39	40
Cash at bank	136,615	124,464
Total	136,654	124,504

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

Departmental bank accounts grouped within the whole-of-Government set-off arrangement with the Queensland Treasury Corporation do not earn interest on surplus funds. Interest earned on the aggregate set-off arrangement balance accrues to the Consolidated Fund.

Budget Variance Note: Actual cash and cash equivalents balance at year end was \$43,124,000 (46.1%) higher than budget (\$93,530,000) mainly due to an adjustment of \$23,646,000 to reflect 2014-15 actual closing balances. Other contributors were increased cash reserves of \$7,035,000 for future capital expenditure and funding receipts of \$1,318,000 in June from the Australian Government and Public Trustee for Domestic and Family Violence Programs.

C2 Loans and Receivables	2016	2015
	\$'000	\$'000
<i>Current</i>		
Trade and other debtors	2,014	84,743
Less: Allowance for impairment loss	(409)	(422)
	1,605	84,321
GST input tax credits receivable	5,368	7,635
Annual leave reimbursements	9,973	9,489
Long service leave reimbursements	2,885	2,175
Equity injection receivable	-	1,077
Loans receivable	9	231
Appropriation revenue receivable	-	95,870
Total	19,840	200,798

C2 Loans and Receivables (continued)

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

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

Budget Variance Note: The actual balance of loans and receivables at year end was \$105,558,000 (84.2%) less than budget (\$125,398,000) mainly due to the clearance in 2015-16 of the net receivable of \$94,617,000 relating to 2015-16 transactions under the Australian Government for the National Partnership Agreement on Transitioning Responsibilities for Aged Care and Disability Services cross-billing arrangements.

C3 Property, Plant and Equipment

C3-1 Recognition and Acquisition

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

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

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

Land improvements undertaken by the department are included in the building class.

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

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

C3-2 Measurement

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

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

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

Land and buildings are measured at fair value in accordance with NCAPs. These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and impairment losses (Refer to note C3-6).

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

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

C3 Property, Plant and Equipment (continued)

C3-2 Measurement (continued)

A revaluation of the department's land and building assets was undertaken by independent professional valuers, Australian Pacific Valuers (APV) in 2015-16 (refer to note C3-6).

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

The department recognised a \$201 million revaluation decrement in the 2011-12 financial statements. The decrement was due to the revaluation of rental housing stock at fair value prior to the asset transfer to the Department of Housing and Public Works (DHPW). The fair value of the housing stock was significantly lower than the book value due to economic factors impacting on the property market at that time. Consequently, the revaluation increment on the department's land and building in 2015-16 will be recognised as a reversal of the revaluation decrement as the earlier decrement has not yet been fully reversed.

Non-current physical assets are assessed for indicators of impairment on an annual basis.

C3-3 Depreciation of Property, Plant and Equipment

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

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

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

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

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

Asset	Range of Useful Life	Average Useful Life
Buildings	5 - 99 years	57.88 years
Plant and equipment	1 - 24 years	9.86 years

In 2015-16, the useful lives of relevant departmental assets were reassessed to recognise the impact of the planned transition to the National Disability Insurance Scheme.

Department of Communities, Child Safety and Disability Services
Notes to the Financial Statements
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C3 Property, Plant and Equipment (continued)

C3-4 Closing Balances and Reconciliations of Carrying Amount

Property, plant and equipment Reconciliation at 30 June 2016	2016	2015
	\$'000	\$'000
Land		
At fair value	94,824	95,940
Buildings		
At fair value	224,381	220,376
Less accumulated depreciation	(50,338)	(54,404)
	<u>174,043</u>	<u>165,972</u>
Plant and equipment		
At cost	130,082	131,926
Less accumulated depreciation	(100,604)	(93,959)
	<u>29,478</u>	<u>37,967</u>
Capital works in progress		
At cost	9,508	4,117
Total	<u><u>307,853</u></u>	<u><u>303,996</u></u>

Represented by Movements in Carrying Amount:	Land	Buildings	Plant and equipment	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2014	94,784	155,002	38,800	3,455	292,041
Acquisitions (including upgrades)	-	-	9,433	14,200	23,633
Transfers in from other Queensland Government entities	-	-	13	-	13
Disposals	(699)	(195)	(1,180)	(94)	(2,168)
Transfers out to other Queensland Government entities	(160)	(3,212)	-	-	(3,372)
Assets reclassified as held for sale	(1,886)	(1,193)	-	-	(3,079)
Transfers between asset classes	566	10,662	2,216	(13,444)	-
Gains recognised in other comprehensive income	3,335	8,908	-	-	12,243
Depreciation	-	(4,000)	(11,315)	-	(15,315)
Carrying amount at 30 June 2015	<u>95,940</u>	<u>165,972</u>	<u>37,967</u>	<u>4,117</u>	<u>303,996</u>
Carrying amount at 1 July 2015	95,940	165,972	37,967	4,117	303,996
Acquisitions (including upgrades)	-	-	2,892	17,648	20,540
Disposals	(46)	(1,549)	(668)	(221)	(2,484)
Assets reclassified as held for sale	(276)	(207)	-	-	(483)
Transfers between asset classes	11	11,756	269	(12,036)	-
Net revaluation increments/ (decrements) in operating surplus	(805)	1,900	-	-	1,095
Depreciation	-	(3,829)	(10,982)	-	(14,811)
Carrying amount at 30 June 2016	<u><u>94,824</u></u>	<u><u>174,043</u></u>	<u><u>29,478</u></u>	<u><u>9,508</u></u>	<u><u>307,853</u></u>

Budget Variance Note: Actual cash inflows for sales of property, plant and equipment was \$869,000 (as per disclosure in the Cashflow Statement) - this was \$812,000 (48.3%) below budget (\$1,681,000) due to a change in estimated proceeds from assets identified for disposal as a result of changing market conditions. The actual cash inflow of \$869,000 is included in the \$2,484,000 property, plant and equipment disposals.

C3 Property, Plant and Equipment (continued)

C3-5 Fair Value Measurement

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

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

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

Fair values relating to seven land assets to the value of \$61,000 transferred from level 2 to level 3 during the reporting period. The assets have been identified as reserved land with Native Title restrictions.

Fair values relating to six building assets to the value of \$5,197,000 transferred from level 2 to level 3 during the reporting period. APV identified the assets as specialised buildings with no discernible market.

Fair values relating to four assets to the value of \$535,000 transferred from level 3 to level 2 during the reporting period. APV identified the assets as residences (or attached to residences) and exchangeable on the market.

Categorisation of Assets Measured at Fair Value

	Level 2 \$'000		Level 3 \$'000		Total Carrying Amount \$'000	
	2016	2015	2016	2015	2016	2015
Land	94,763	95,940	61	-	94,824	95,940
Buildings	26,518	31,636	147,525	134,336	174,043	165,972

Level 3 Fair Value Measurement - Reconciliation

	Land		Buildings	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Carrying amount at 1 July	-	-	134,336	125,061
Disposals	-	-	(1,410)	(195)
Transfers out to other Queensland Government entities	-	-	-	(1,412)
Assets reclassified as held for sale	-	-	(28)	(841)
Transfers between asset classes	-	-	10,761	7,955
Transfers into level 3 from level 2	61	-	5,197	-
Transfers out of level 3 to level 2	-	-	(535)	-
Net revaluation increments/ (decrements) in operating surplus/ (deficit)	-	-	2,330	7,081
Depreciation	-	-	(3,126)	(3,313)
Carrying amount at 30 June	61	-	147,525	134,336

C3 Property, Plant and Equipment (continued)

C3-6 Valuation including Key Estimates and Judgements

Land and Buildings

The department's land and buildings for southern regions have been revalued in 2015-16 based on specific appraisals by APV. The northern regions have been contractually scheduled for revaluation in 2016-17.

The intended revaluation cycle is summarised below:

Region	2014-15	2015-16	2016-17
Far North Qld	Indexed	Indexed	Revalued
North Qld	Indexed	Indexed	Revalued
Central Qld	Indexed	Indexed	Revalued
North Coast	Indexed	Revalued	Indexed
Brisbane	Indexed	Revalued	Indexed
South East	Indexed	Revalued	Indexed
South West	Indexed	Revalued	Indexed

The fair value of the department's land assets was determined using a market-based valuation approach. The fair value was based on comparative, recent sales of land with similar characteristics. This was then adjusted to reflect condition and comparability. Land values have remained static in 2015-16, resulting in a small overall movement in valuation.

Land assets with restrictions or otherwise non-saleable reserve land was valued using the cost approach.

Fair values of residential buildings was determined using a market-based valuation approach. Fair value has been derived from sales prices of comparable properties after adjusting for differences in key attributes such as property size.

Fair value of the department's specialised buildings was based on a depreciated replacement cost approach. APV disaggregated the building into different components and for each component, determined a value based on a range of factors (including asset condition, legal and commercial obsolescence). Inputs to the valuation included design, construction, average cost of construction and condition assessment.

As part of the comprehensive revaluation in 2015-16, the department split its revalued specialised buildings into components to calculate depreciation. The level of remaining service potential of the depreciable amount of each component was assessed, considering its holistic factors (functionality, capacity, utilisation, obsolescence) and component specific factors (such as physical condition and maintenance history). The unobservable inputs used to assess the level of remaining service potential required professional judgement and impacted on the final fair value. APV's assessment found the substantive long-lived components are in good condition and provided a high level of remaining service potential. This condition assessment accounts for an increase in fair value and a decrease in accumulated depreciation. The department intends to apply the same componentisation methodology to its specialised buildings in the Northern regions in the 2016-17 comprehensive revaluation.

For buildings that were not comprehensively revalued, fair values were updated using indices supplied by APV. Indexation for land assets were not applied as the change in value for land was considered immaterial.

C4 Intangibles

C4-1 Recognition and Measurement

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

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

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

C4-2 Amortisation Expense

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

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

Asset	Range of Useful Life	Average Useful Life
Software Purchased	7 - 11 years	7.29 years
Software Internally Generated	5 - 24 years	9.44 years

C4-3 Impairment

All intangible assets are assessed for indicators of impairment on an annual basis.

Impairment Event

The department has two information and communication technology Software - internally generated work in progress assets (subsequently capitalised) identified as impaired due to changes in strategic direction and designed solutions not fully meeting business capability. These capital project costs related to the following initiatives with a total impaired value of \$323,000.

- Document Management System - \$106,000 (fully impaired)
- Provider Portal for BIS - \$217,000 (partly impaired) with a revised value of \$338,000

C4-4 Closing Balances and Reconciliations of Carrying Amount

	2016 \$'000	2015 \$'000
Intangible Assets Reconciliation at 30 June 2016		
Software - internally generated (at cost)	154,267	151,384
Less accumulated amortisation	(119,758)	(106,656)
Less impairment losses	(323)	-
	34,186	44,728
Software - purchased (at cost)	4,125	4,125
Less accumulated amortisation	(2,988)	(2,483)
	1,137	1,642
Software work in progress (at cost)	5,358	5,011
Total	40,681	51,381

C4 Intangibles (continued)

C4-4 Closing Balances and Reconciliations of Carrying Amount (continued)

Represented by Movements in Carrying Amount:	Software internally generated \$'000	Software - purchased \$'000	Software work in progress \$'000	Total \$'000
Carrying amount at 1 July 2014	54,809	1,790	4,226	60,825
Acquisitions	-	310	3,919	4,229
Transfers between classes	3,134	-	(3,134)	-
Amortisation	(13,215)	(458)	-	(13,673)
Carrying amount at 30 June 2015	44,728	1,642	5,011	51,381
Carrying amount at 1 July 2015	44,728	1,642	5,011	51,381
Acquisitions	-	-	3,230	3,230
Transfers between classes	2,883	-	(2,883)	-
Impairment losses recognised in operating surplus	(323)	-	-	(323)
Amortisation	(13,102)	(505)	-	(13,607)
Carrying amount at 30 June 2016	34,186	1,137	5,358	40,681

Budget Variance Note: Actual cash outflows for payments for intangible assets was \$3,231,000 (as per disclosure in the Cashflow Statement) - this was \$434,000 (11.8%) less than budget (\$3,665,000) mainly due to the rescheduling of the capital program across financial years.

C5 Payables and Accruals

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

Current	2016 \$'000	2015 \$'000
National Partnership Agreement on Transitioning Responsibilities for Aged Care and Disability Services	-	179,744
Trade creditors and accruals	16,894	19,638
Grants and subsidies	1,977	1,082
Deferred appropriation payable to Consolidated Fund	6,347	-
Other	813	870
Total	26,031	201,334

Budget Variance Note: The actual payables balance at year end was \$85,323,000 (77.3%) lower than budget (\$110,408,000) mainly due to the clearance in 2015-16 of the net payable of \$94,617,000 relating to 2015-16 transactions under the Australian Government for the National Partnership Agreement on Transitioning Responsibilities for Aged Care and Disability Services cross-billing arrangements.

C6 Accrued Employee Benefits

	2016 \$'000	2015 \$'000
Annual leave levy payable	12,926	12,802
Salaries and wages payable	8,907	5,803
Long service leave levy payable	2,497	2,699
Total	24,330	21,304

Budget Variance Note: The actual accrued employee benefits balance at year end was \$3,186,000 (15.1%) higher than budget (\$21,144,000) mainly due to additional liabilities resulting from increased enterprise bargaining funding and wages supplementation.

C7 Equity

Budget Variance Note: The actual balance of total equity at year end was \$36,276,000 (8.6%) above budget (\$422,693,000) mainly due to an increased 2014-15 operating result of \$28,630,000, combined with an increased 2015-16 operating result of \$19,239,000. This is offset by equity transfers for two 72-hour domestic and family violence crisis shelters of \$5,897,000 and Mornington Island NGO staff housing of \$1,391,000 to Department of Housing and Public Works in 2015-16.

Budget Variance Note: Cash inflows for equity injections was \$899,000 (26.0%) less than budget (\$3,454,000) due to equity swaps to fund procurement project payments at Moorhouse Road, Woombye of \$155,000 and contracting of departmental printing services of \$300,000; and the transfer of funding for staff housing at Mornington Island to the Department of Housing and Public Works of \$1,521,000. This is offset by the clearance of the 2014-15 equity injection receivable of \$1,077,000 for the Elderly Parent Carer Innovation initiative.

C7-1 Contributed Equity

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

- Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland State Public Sector entities as a result of machinery-of-Government changes; and
- Appropriations for equity adjustments (refer to Statement of Changes in Equity - Controlled).

C7-2 Appropriations Recognised in Equity

Reconciliation of Payments from Consolidated Fund to Equity Adjustment	2016	2015
	\$'000	\$'000
Budgeted equity adjustment appropriation	(13,264)	(5,694)
Transfers from/to other departments - Redistribution of public business	-	-
Lapsed equity adjustment	(1,284)	(4,046)
Equity Adjustment Receipts (Payments)	(14,548)	(9,740)
Less: Opening balance of equity adjustment receivable	(1,077)	-
Plus: Closing balance of equity adjustment receivable	431	1,077
Equity Adjustment Recognised in Contributed Equity	(15,194)	(8,663)

D1 Financial Risk Disclosures

D1-1 Financial Instruments

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

Classification

Financial instruments are classified as follows:

- Cash and cash equivalents.
- Receivables.
- Payables.

D1 Financial Risk Disclosures (continued)

D1-1 Financial Instruments (continued)

Categorisation of Financial Instruments

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

	Note	2016 \$'000	2015 \$'000
Financial Assets			
Cash and cash equivalents		136,654	124,504
Loans and receivables	C2	19,840	200,798
Total		<u>156,494</u>	<u>325,302</u>
Financial Liabilities			
Payables	C5	26,031	201,334
Total		<u>26,031</u>	<u>201,334</u>

D1-2 Financial Risk Management

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

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

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

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

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

There are no material liquidity, market and credit risks for the department. A sensitivity analysis has not been undertaken for the interest rate risk of the department as it has been determined that the possible impact on income from fluctuations in interest rates is immaterial.

Cash and cash equivalents includes a cash fund held with the Queensland Treasury Corporation for the Elderly Parent Carer Innovation Trial established in February 2013. The weighted average effective interest rate is 2.91% per annum.

D2 Commitments

D2-1 Non-Cancellable Operating Lease Commitments

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

Payable	No later than one year		Later than one year and not later than five years		Longer than five year		Total	
	2016	2015*	2016	2015*	2016	2015*	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating Lease - Office Accommodation	35,826	33,450	103,410	81,605	169,639	120,761	308,875	235,816
Operating Lease - Print & Imaging Service	1,075	-	4,951	-	-	-	6,026	-
Total	36,901	33,450	108,361	81,605	169,639	120,761	314,901	235,816

* 2014-15 figures have been restated to reflect commitments inclusive of non-recoverable GST input tax credits.

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

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

The department has lease agreements where, upon cessation of the tenancy, it is required to return the office space to the condition it was in before it was leased (this is referred to as 'make good'). These obligations are recognised as provisions in current and non-current liabilities.

The department has entered into a third party contract for Managed Print Services for the supply, maintenance and support of printers and multi-function-devices (MFDs), shifting from device ownership to a lease arrangement.

The increase in lease commitments reflects the change in office tenancy from a government owned building (Neville Bonner) to privately leased buildings (at 1 William Street and the Queens Wharf project).

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

Department of Communities, Child Safety and Disability Services
Notes to the Financial Statements
for the year ended 30 June 2016

D2 Commitments (continued)

D2-2 Capital Expenditure Commitments

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

Payable	No later than one year		Later than one year and not later than five years		Longer than five year		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land and buildings	2,548	8,999	-	-	-	-	2,548	8,999
Plant and equipment	1,016	133	-	-	-	-	1,016	133
Intangibles	217	692	-	-	-	-	217	692
Total	3,781	9,824	-	-	-	-	3,781	9,824

D2-3 Grants and Subsidies Expenditure Commitments

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

Payable	No later than one year		Later than one year and not later than five years		Longer than five year		Total	
	2016	2015*	2016	2015*	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Disability Services	20,333	16,859	8,898	20,007	-	-	29,231	36,866
Community Care	-	318	-	-	-	-	-	318
Child Safety	90	444	-	-	-	-	90	444
Communities, Women and Youth	1,692	1,557	6,274	62	-	-	7,966	1,619
Multicultural Affairs	-	-	-	-	-	-	-	-
Seniors	161	63	242	-	-	-	403	63
Total	22,276	19,241	15,414	20,069	-	-	37,690	39,310

* 2014-15 figures have been restated to reflect commitments inclusive of non-recoverable GST input tax credits.

Department of Communities, Child Safety and Disability Services
Notes to the Financial Statements
for the year ended 30 June 2016

D2 Commitments (continued)

D2-4 Service Procurement Commitments

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

Payable	No later than one year		Later than one year and not later than five years		Longer than five year		Total	
	2016	2015*	2016	2015*	2016	2015*	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Disability Services	875,486	865,252	1,622,567	2,485,406	-	-	2,498,053	3,350,658
Community Care	151,243	147,810	205,691	443,429	-	-	356,934	591,239
Child Safety	346,829	356,362	305,472	284,767	-	-	652,301	641,129
Communities, Women and Youth	95,866	73,394	151,778	59,528	5,553	-	253,197	132,922
Multicultural Affairs	1,771	1,481	1,771	2,962	-	-	3,542	4,443
Seniors	7,569	4,308	10,824	1,745	-	-	18,393	6,053
Total	1,478,764	1,448,607	2,298,103	3,277,837	5,553	-	3,782,420	4,726,444

* 2014-15 figures have been restated to reflect commitments inclusive of non-recoverable GST input tax credits.

The Service Procurement and Grant Commitments for Disability Services and Community Care reflect current contracts and agreements with Non Government Organisations and individuals for the provision of services. These commitments will reduce as services transition under the NDIS rollout.

D3 Events After the Balance Date

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

The department will progressively withdraw from the delivery of specialist disability services over the next three years as most of its disability service clients will be transferred to the National Disability Insurance Agency (NDIA). As clients transition, existing service providers of the department will no longer be funded by the department to deliver services to eligible NDIS clients.

The department will make payments to the NDIA for the NDIS pursuant to Section 179 *National Disability Insurance Act 2013* and in accordance with the Bilateral Agreement between the Commonwealth and Queensland transition to a national Disability Insurance Scheme which requires Queensland to pay money to the NDIA for the purpose of funding reasonable and necessary support for participants in the NDIS.

Payments will be recognised as administered grants.

In response to Recommendation 85(a) of the Not Now, Not Ever Report of the Queensland Domestic and Family Violence Taskforce, responsibility for Specialist Homelessness Services for women and children escaping domestic violence (accommodation and non-accommodation services), excluding policy and planning, will be transferred from the Department of Housing and Public Works (DHPW) to the department from 1 July 2016. As part of this agreement, the department will transfer its Women's Shelters and associated land assets to DHPW.

D4 Future Impact of Accounting Standards Not Yet Effective

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

AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

From reporting periods beginning on or after 1 July 2017, this Standard amends AASB 107 Statement of Cash Flows and requires entities to provide additional disclosure that enable users of financial statements to evaluate changes in liabilities arising from financing activities. As the nature of the department's financing activities are equity based, it has assessed the expected impact of this standard on future disclosure requirements as minimal.

AASB 124 - Related Party Disclosures

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

The department already discloses detailed information about remuneration of its KMP (refer to note E1), based on Queensland Treasury's Financial Reporting Requirements for Queensland Government Agencies. Due to the additional guidance about the KMP definition in the revised AASB 124, the department will disclose its responsible Minister(s) as part of its KMP from 2016-17. The department does not provide remuneration to Ministers, so figures for Ministerial remuneration will not be disclosed by the department. Comparative information will continue to be disclosed in respect of KMP remuneration.

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

AASB 15 Revenue from Contracts with Customers

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

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

These Standards will become effective from reporting periods beginning on or after 1 January 2018. The main impacts of these standards on the department are that they will change the requirements for the classification, measurement, impairment and disclosures associated with the department's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

AASB 16 Leases

This Standard will become effective for reporting periods beginning on or after 1 January 2019. When applied, the Standard supersedes AASB 117 *Leases* and a range of supporting pronouncements.

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

Impact for Lessees

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

In effect, the majority of operating leases (as defined by the current AASB 117) will be reported on the Balance Sheet under AASB 16.

The right-of-use asset will be initially recognised at cost and will give rise to a depreciation expense.

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

AASB 16 allows a 'cumulative approach' rather than full retrospective application to recognising existing operating leases. The department will await further guidance from Queensland Treasury on the transitional accounting method to be applied.

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

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.

E1 Key Management Personnel Disclosures

E1-1 Remuneration Policies

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

Remuneration expenses for key management personnel comprise the following components:

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

Department of Communities, Child Safety and Disability Services
Notes to the Financial Statements
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E1 Key Management Personnel Disclosures (continued)

E1-1 Remuneration Policies (continued)

Effective from 1 September 2015, remuneration packages of key management personnel increased by 2.5% in accordance with government policy.

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

E1-2 Details of Key Management Personnel and Remuneration Expense

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

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

1 July 2015 - 30 June 2016		Short Term Employee Expenses		Other Employee Benefits			Total Expenses \$'000
		Monetary Expenses \$'000	Non-Monetary Benefits \$'000	Long Term Employee Expenses \$'000	Post-Employment Expenses \$'000	Termination Benefits \$'000	
Position Title							
Position Responsibilities							
Contract Classification, Date of Initial Appointment/(Resignation/Cessation)							
Director-General		433	-	9	55	-	497
Responsible for the efficient, effective and economic administration of the department. <i>Current</i> : Contract/CEO s.92 <i>Public Service Act 2008</i> , 4 June 2015							
Deputy Director-General (Strategy, Engagement and Innovation)		220	-	5	24	-	249
Responsible for setting the strategic and policy directions for an integrated human and social service system in Queensland; collecting and analysing the evidence-base to support and inform decision making and investment planning; and monitoring the progress of reform across the department through a portfolio management role and provide a centre of excellence in project and program management, innovation, business improvement and <i>Current</i> : Contract/SES 4 s.110 <i>Public Service Act 2008</i> , 11 July 2015 <i>Former</i> : Contract/SES 4 s.122 <i>Public Service Act 2008</i> , 1 July - 10 July 2015		9	-	-	1	-	10
Deputy Director-General (Disability Services and Seniors, and Northern Cluster Operations)							
Responsible for providing strategic leadership and direction of policy, programs, practices, performance for Disability Services and Senior and the three Northern Cluster Regions of Far North Queensland, North Queensland and Central Queensland. <i>Current</i> : Contract/CEO s.92 <i>Public Service Act 2008</i> , 2 March 2015		279	-	5	31	-	315
Deputy Director-General (Child, Family and Community Services and Southern Cluster Operations)							
Responsible for providing strategic leadership and direction of policy, programs, practice, performance for Child, Family and Community Services and the four Southern Cluster Regions of North Coast Region, Brisbane Region, South East Region and South West Region. <i>Current</i> : Contract/SES 4 s.110 <i>Public Service Act 2008</i> , 2 March 2015		239	-	5	25	-	269

Department of Communities, Child Safety and Disability Services
Notes to the Financial Statements
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E1 Key Management Personnel Disclosures (continued)

E1-2 Details of Key Management Personnel and Remuneration Expense (continued)

1 July 2015 - 30 June 2016 Position Title Position Responsibilities Contract Classification, Date of Initial Appointment/(Resignation/Cessation)	Short Term Employee Expenses		Other Employee Benefits				Total Expenses \$'000
	Monetary Expenses \$'000	Non-Monetary Benefits \$'000	Long Term Employee Expenses \$'000	Post-Employment Expenses \$'000	Termination Benefits \$'000		
Deputy Director-General (Corporate and Executive Services) Responsible for providing strategic leadership and direction for the department's corporate systems, policies and practices. <i>Current: Contract/SES 3 s.110 Public Service Act 2008, 6 September 2011</i>	221	-	5	24	-	250	
Chief Finance Officer Responsible for providing strategic leadership and direction for the financial administration of the department. <i>Current: Contract/SES 3 s.110 Public Service Act 2008, 6 February 2012</i>	209	-	4	22	-	235	
Chief Information Officer Responsible for providing strategic leadership and management of the department's information, communication and technology systems. <i>Current: Contract/SES 3 s.110 Public Service Act 2008, 17 February 2012</i>	209	-	4	22	-	235	
Chief Human Resources Officer Responsible for providing high level of strategic leadership and direction and advice on strategic human resource management initiatives, policy, organisational capability, workforce planning and systems, employees relations and ethical standards. <i>Current: Contract/SES 2 s.110 Public Service Act 2008, 15 April 2010</i>	181	-	4	19	-	204	
Regional Executive Director Responsible for leadership of the department's service delivery across the following regional area in Queensland. Far North Queensland - <i>Current: Contract/SES 3 s.110 Public Service Act 2008, 30 March 2012</i> North Queensland - <i>Current: Contract/SES 3 s.110 Public Service Act 2008, 19 January 2015</i> Central Queensland - <i>Current: Contract/SES 3 s.110 Public Service Act 2008, 30 March 2012</i> North Coast Queensland - <i>Current: Contract/SES 3 s.110 Public Service Act 2008, 11 February 2013</i> Brisbane Region - <i>Current: Contract/SES 3 s.110 Public Service Act 2008, 10 December 2014</i> South East Queensland - <i>Current: Contract/SES 3 s.110 Public Service Act 2008, 17 December 2012</i> South West Queensland - <i>Current: Contract/SES 3 s.110 Public Service Act 2008, 30 March 2012</i>	202 197 203 201 218 203 201	- - - - - - -	4 4 4 4 4 4 4	22 21 22 22 24 22 22	- - - - - - -	228 222 229 227 246 229 227	

Department of Communities, Child Safety and Disability Services
Notes to the Financial Statements
for the year ended 30 June 2016

E1 Key Management Personnel Disclosures (continued)

E1-2 Details of Key Management Personnel and Remuneration Expense (continued)

Position Title	Short Term Employee Expenses		Other Employee Benefits				Total Expenses \$'000
	Monetary Expenses \$'000	Non-Monetary Benefits \$'000	Long Term Employee Expenses \$'000	Post-Employment Expenses \$'000	Termination Benefits \$'000		
1 July 2014 - 30 June 2015							
Director-General	445	-	9	49	-	503	
Acting Deputy Director-General (Strategy, Engagement and Innovation)	24	-	1	3	-	28	
Deputy Director-General (Disability Services and Seniors, and Northern Cluster Operations)	89	-	2	10	-	101	
Deputy Director-General Disability Services Portfolio Renewal *	167	17	4	21	-	209	
Deputy Director-General (Child, Family and Community Services and Southern Cluster Operations)	77	-	2	7	-	86	
Deputy Director-General Child, Family and Community Services	91	-	2	8	-	101	
Acting Deputy Director-General Strategic, Policy and Programs	56	-	1	6	-	63	
Deputy Director-General (Corporate and Executive Services)	209	-	4	22	-	235	
Acting Deputy Director-General (Corporate and Executive Services)	18	-	-	2	-	20	
Chief Finance Officer	186	-	4	21	-	211	
Chief Information Officer	205	-	4	23	-	232	
Regional Executive Director							
Far North Queensland	198	-	4	22	-	224	
North Queensland	84	-	2	9	-	95	
North Queensland	86	-	2	10	-	98	
Central Queensland	199	-	4	21	-	224	
North Coast Queensland	199	-	4	22	-	225	
Brisbane Region	105	-	2	13	-	120	
Acting Brisbane Region	101	-	2	9	-	112	
Acting Brisbane Region	17	-	-	2	-	19	
South East Queensland	198	-	4	23	-	225	
South West Queensland	194	4	4	21	-	223	
Acting South West Queensland	29	-	1	3	-	33	

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

E1-3 Performance Payments

Position	Basis for payment	Expensed in 2015-16		Expensed in 2014-15	
		Date paid	Amount	Date paid	Amount
Director-General	The remuneration package for the current Director-General does not provide for any performance (At Risk Component) or bonus payments. The Director General received a performance payment in 2014-15 in respect of the 2013-14 year following authorisation by the former Premier.	N/A	N/A	02-Nov-14	10,724

Department of Communities, Child Safety and Disability Services
Notes to the Financial Statements
for the year ended 30 June 2016

F1 Administered

F1-1 Appropriation Revenue

	2016	2015
	\$'000	\$'000
Reconciliation of Payments from Consolidated Fund to Administered Appropriation Revenue Recognised in Operating Result		
Budgeted appropriation revenue	242,826	236,838
Lapsed administered appropriation revenue	(4,982)	-
Transfers from departmental services	-	1,492
Total Appropriation Receipts (cash)	237,844	238,330
Less: Opening balance of appropriation revenue receivable	-	(1,380)
Plus: Closing balance of appropriation revenue receivable	1,353	-
Plus: Opening balance of appropriation revenue payable	3,229	-
Less: Closing balance of appropriation revenue payable	-	(3,229)
Net Appropriation Revenue	242,426	233,721
Administered Appropriation Revenue recognised in Statement of Comprehensive Income	242,426	233,721

F1-2 Supplies and Services

	2016	2015
	\$'000	\$'000
Disaster recovery	673	7,106
Other	209	85
Total	882	7,191

F1-3 Grants and Subsidies

	2016	2015
	\$'000	\$'000
Disaster recovery – Personal hardship assistance scheme	117	15,787
Disaster recovery – Grants	2,014	2,642
Concession – Electricity	159,108	149,271
Concession – Rates	51,859	51,570
Concession – Water	18,449	18,714
Concession – Home energy emergency assistance	6,094	5,523
Concession – Natural gas	2,156	2,264
Concession – Life support	2,243	2,177
Concession – Medical cooling and heating electricity	1,167	1,067
Total	243,207	249,015

F1-4 Other Expenses

	2016	2015
	\$'000	\$'000
Legal settlements	1,133	3,135
Total	1,133	3,135

The department is settling racial discrimination claims made to the Australian Human Rights Commission (AHRC) alleging there was indirect racial discrimination against indigenous children who were placed under Aboriginal Protection laws. Each settlement will include an amount comparable with amounts paid on similar cases through the Redress Scheme. Expenses settled in the current financial year have been offset against a provision raised in 2014/15 financial year for known claims. Refer to note F1-8.

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

Department of Communities, Child Safety and Disability Services
Notes to the Financial Statements
for the year ended 30 June 2016

F1-5 Cash and Cash Equivalents

	2016	2015
	\$'000	\$'000
Cash at bank	7,568	-
Total	7,568	-

Budget Variance Note: The actual cash and cash equivalents balance at year end was \$2,131,000 (39.2%) greater than budget (\$5,436,000) was contributed to by a higher operating cash retained balance of \$5,127,000 as a result of lower payments made for grants and subsidies and concessions. This was offset by a lower opening cash balance as at 1 July 2015 of \$2,996,000 as a result of net appropriation receivables for lower payments made for grants and subsidies and concessions and provisions for claims alleging there was indirect racial discrimination against indigenous children who were placed under Aboriginal Protection Laws recognised at the end of 2014-15.

F1-6 Receivables

	2016	2015
	\$'000	\$'000
<i>Current</i>		
Trade and other debtors	-	107
GST input tax credits receivable	1,351	1,358
Appropriation revenue receivable	1,353	-
Total	2,704	1,465

Budget Variance Note: The actual balance of receivables at year end was \$1,079,000 (66.4%) greater than budget (\$1,625,000) mainly due to the recognition of State appropriation receivable of \$1,349,000 as a result of an estimate of claims alleging there was indirect racial discrimination against indigenous children who were placed under Aboriginal Protection Laws.

F1-7 Payables

	2016	2015
	\$'000	\$'000
Services concession payable	19,161	13,506
Appropriation revenue payable	-	3,229
Trade creditors and accruals	-	2,909
Employee expenses payable	-	477
Grants and subsidies payable	-	3
Total	19,161	20,124

F1-8 Provisions

Provision - legal settlements	2,238	2,344
Total	2,238	2,344

The provision recognised is for known racial discrimination claims expected to be settled. Refer to note F1-4.

The department is aware there may be other claims made to the Australian Human Rights Commission. However, the department has not recognised a provision in relation to these cases as it is unable to reliably estimate the total number of potential claimants or the potential outcome of these claims.

Movements in Provisions	2016	2015
	\$'000	\$'000
<i>Current</i>		
Carrying amount at 1 July	2,344	112
Additions due to recognition	1,197	3,135
Reductions arising from payments	(1,303)	(903)
Carrying amount at 30 June	2,238	2,344

F1-9 Financial Instruments

Categorisation of Financial Instruments

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

Category	Note	2016 \$'000	2015 \$'000
Financial Assets			
Cash and cash equivalents		7,568	-
Receivables		2,704	1,465
Total		10,272	1,465
Financial Liabilities			
Bank overdraft		-	14,410
Payables	F1-7	19,161	20,124
Total		19,161	34,534

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

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

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

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



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

25 August 2016



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

25 August 2016

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Report

I have audited the accompanying financial report of the Department of Communities, Child Safety and Disability Services, which comprises the controlled and administered balance sheets and controlled statement of assets and liabilities by major departmental services as at 30 June 2016, the controlled and administered statements of comprehensive income, statements of changes in equity, and statements of cash flows and controlled statement of comprehensive income by major departmental services for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificates given by the Director-General and Chief Finance Officer.

The Accountable Officer's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

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

Opinion

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

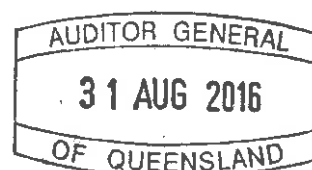
- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and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

Other Matters - Electronic Presentation of the Audited Financial Report

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



A M GREAVES FCA FCPA
Auditor-General of Queensland



Queensland Audit Office
Brisbane