

**Department of Seniors, Disability Services and  
Aboriginal and Torres Strait Islander  
Partnerships  
Annual Financial Statements  
2021–2022**

**Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships  
Financial Statements  
for the year ended 30 June 2022**

**CONTENTS**

<b>Financial Statements</b>	2
Statement of Comprehensive Income - Controlled	4
Statement of Comprehensive Income by Major Departmental Services - Controlled	5
Statement of Financial Position - Controlled	6
Statement of Assets and Liabilities by Major Departmental Services - Controlled	7
Statement of Changes in Equity - Controlled	8
Statement of Cash Flows - Controlled	9
Notes to the Statement of Cash Flows - Controlled	10
<b>Notes to the Financial Statements</b>	11
A1 Departmental Objectives	11
A2 Basis of Financial Statement Preparation	11
A3 National Disability Insurance Scheme	13
A4 Machinery-of-Government (MoG) Changes	13
<b>Our Performance</b>	14
B1 Revenue	14
B2 Expenses	17
<b>Our Financial Position</b>	20
C1 Cash and Cash Equivalents	20
C2 Receivables	20
C3 Non-Current Assets Held for Sale	21
C4 Property, Plant and Equipment and Depreciation Expenses	21
C5 Intangibles	27
C6 Payables	29
C7 Accrued Employee Benefits	29
C8 Equity	29
<b>Risks and Other Accounting Uncertainties</b>	30
D1 Financial Risk Disclosures	30
D2 Contingencies	31
D3 Commitments	31
<b>Performance compared to Budget</b>	32
E1 Budgetary Reporting Disclosures	32
<b>Other Key Information</b>	35
F1 Key Management Personnel Disclosures	35
F2 Related Party Transactions	37
F3 First Year Application of New Accounting Standards or Change in Accounting Policy	38
F4 Climate Risk Assessment	39
F5 Impact of COVID-19 Pandemic	39
<b>What We Look After On Behalf of Whole-of-Government</b>	40
G1-1 Schedule of Administered Income and Expenses	40
G1-2 Schedule of Administered Assets and Liabilities	40
G1-3 Appropriation Revenue	41
G1-4 Grants and Other Contributions	42
G1-5 Supplies and Services	42

G1-6 Grants and Subsidies	43
G1-7 Receivables	43
G1-8 Payables	43
G1-9 Financial Instruments	43
G1-10 Administered Budgetary Reporting Disclosures	44
<b>Management Certificate</b>	<b>45</b>

Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships  
Statement of Comprehensive Income - Controlled  
for the year ended 30 June 2022

	Note	Actual 2022 \$'000	Original Budget^ 2022 \$'000	Budget Variance* 2022 \$'000	Actual 2021 \$'000
<b>Income from Continuing Operations</b>					
Appropriation revenue	B1-1	282,968	297,144	(14,176)	320,736
User charges and fees	B1-2	10,412	1,149	9,263	10,178
Grants and other contributions	B1-3	11,209	12,373	(1,164)	13,489
Interest		-	-	-	3
Reversal of revaluation decrement	C4-1	28,569	-	28,569	1,229
Other revenue	B1-4	2,969	864	2,105	4,188
<b>Total Income from Continuing Operations</b>		<b>336,127</b>	<b>311,530</b>	<b>24,597</b>	<b>349,823</b>
<b>Expenses from Continuing Operations</b>					
Employee expenses	B2-1	214,908	203,793	(11,115)	205,688
Supplies and services	B2-2	67,636	90,085	22,449	116,539
Grants and subsidies	B2-3	15,863	9,112	(6,751)	16,763
Depreciation and amortisation	B2-4	3,784	6,960	3,176	5,051
Impairment losses on financial assets		531	400	(131)	(57)
Other expenses	B2-5	2,214	1,105	(1,109)	2,944
Revaluation decrement		-	-	-	112
<b>Total Expenses from Continuing Operations</b>		<b>304,936</b>	<b>311,455</b>	<b>6,519</b>	<b>347,040</b>
Operating Result from Continuing Operations		31,191	75	31,116	2,783
<b>Operating Result for the Year</b>		<b>31,191</b>	<b>75</b>	<b>31,116</b>	<b>2,783</b>
<b>Total Comprehensive Income</b>		<b>31,191</b>	<b>75</b>	<b>31,116</b>	<b>2,783</b>

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

^These figures represent budgeted figures as published in the 2021-22 Service Delivery Statement tabled in Parliament.

The accompanying notes form part of these financial statements.

**Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships**  
**Statement of Comprehensive Income by Major Departmental Services - Controlled**  
**for the year ended 30 June 2022**

	Disability Services	Disability Services	Seniors Services	Seniors Services	Community Services^	Economic Participation Services	Economic Participation Services *	Community Participation Services	Community Participation Services *	Total	Total
	2022	2021	2022	2021	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income from Continuing Operations</b>											
Appropriation revenue	209,529	211,125	11,244	11,701	64,832	28,031	16,236	34,164	16,842	282,968	320,736
User Charges and fees	10,280	7,826	-	-	2,341	17	5	115	6	10,412	10,178
Grants and Other Contributions	10,206	11,469	-	-	1,460	320	93	683	467	11,209	13,489
Interest	-	3	-	-	-	-	-	-	-	-	3
Reversal of revaluation decrement	25,852	1,220	248	-	-	242	1	2,227	8	28,569	1,229
Other revenue	756	2,781	1,174	6	742	100	26	939	633	2,969	4,188
<b>Total Income from Continuing Operations</b>	<b>256,623</b>	<b>234,424</b>	<b>12,666</b>	<b>11,707</b>	<b>69,375</b>	<b>28,710</b>	<b>16,361</b>	<b>38,128</b>	<b>17,956</b>	<b>336,127</b>	<b>349,823</b>
<b>Expenses from Continuing Operations</b>											
Employee expenses	176,439	177,589	1,024	739	5,743	17,271	10,473	20,174	11,414	214,908	205,688
Supplies and services	42,908	45,983	10,387	10,402	51,827	6,804	4,419	7,537	3,908	67,636	116,539
Grants and Subsidies	4,541	4,099	223	520	9,221	4,070	1,202	7,029	1,721	15,863	16,763
Depreciation and amortisation	2,852	3,368	28	-	980	55	39	849	664	3,784	5,051
Impairment losses on financial assets	(227)	(57)	755	-	-	2	-	1	-	531	(57)
Other Expenses	1,636	716	1	36	1,874	266	146	311	172	2,214	2,944
Revaluation Decrement	-	112	-	-	-	-	-	-	-	-	112
<b>Total Expenses from Continuing Operations</b>	<b>228,149</b>	<b>231,810</b>	<b>12,418</b>	<b>11,697</b>	<b>69,375</b>	<b>28,468</b>	<b>16,279</b>	<b>35,901</b>	<b>17,879</b>	<b>304,936</b>	<b>347,040</b>
Operating Result from Continuing Operations	28,474	2,614	248	10	-	242	82	2,227	77	31,191	2,783
<b>Operating Result for the Year</b>	<b>28,474</b>	<b>2,614</b>	<b>248</b>	<b>10</b>	<b>-</b>	<b>242</b>	<b>82</b>	<b>2,227</b>	<b>77</b>	<b>31,191</b>	<b>2,783</b>
<b>Total Comprehensive Income</b>	<b>28,474</b>	<b>2,614</b>	<b>248</b>	<b>10</b>	<b>-</b>	<b>242</b>	<b>82</b>	<b>2,227</b>	<b>77</b>	<b>31,191</b>	<b>2,783</b>

\* Economic and Community Participation Services comparative amounts are from 13 November 2020 to 30 June 2021 due to the 2020 Machinery-of-Government changes.

^ Comparative amounts for Community Services are from 1 July 2020 to 30 November 2020. Community Services were transferred to Department of Communities, Housing and Digital Economy due to the 2020 Machinery-of-Government changes.

Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships  
Statement of Financial Position - Controlled  
for the year ended 30 June 2022

	Notes	Actual 2022 \$'000	Original Budget^ 2022 \$'000	Budget Variance* 2022 \$'000	Actual 2021 \$'000
<b>Current Assets</b>					
Cash and cash equivalents	C1	51,005	24,251	26,754	54,840
Receivables	C2	7,510	4,544	2,966	6,009
Other current assets		982	2,452	(1,470)	1,774
		<b>59,497</b>	<b>31,247</b>	<b>28,250</b>	<b>62,623</b>
Non-current assets classified as held for sale	C3	880	-	880	-
<b>Total Current Assets</b>		<b>60,377</b>	<b>31,247</b>	<b>29,130</b>	<b>62,623</b>
<b>Non-Current Asset</b>					
Property, plant and equipment	C4	205,173	183,788	21,385	181,296
Intangible assets	C5	438	1,261	(823)	609
<b>Total Non-Current Assets</b>		<b>205,611</b>	<b>185,049</b>	<b>20,562</b>	<b>181,905</b>
<b>Total Assets</b>		<b>265,988</b>	<b>216,296</b>	<b>49,692</b>	<b>244,528</b>
<b>Current Liabilities</b>					
Payables	C6	26,482	4,390	(22,092)	37,926
Accrued employee benefits	C7	9,261	8,875	(386)	8,811
Interest bearing liabilities		-	51	51	-
Provisions		-	2,356	2,356	119
Other current liabilities		1,062	344	(718)	571
<b>Total Current Liabilities</b>		<b>36,805</b>	<b>16,016</b>	<b>(20,789)</b>	<b>47,427</b>
<b>Net Assets</b>		<b>229,183</b>	<b>200,280</b>	<b>28,903</b>	<b>197,101</b>
<b>Equity</b>					
Contributed equity		174,972	-	-	174,080
Asset revaluation surplus		-	-	-	-
Accumulated surplus (deficit)		54,211	-	-	23,021
<b>Total Equity</b>		<b>229,183</b>	<b>-</b>	<b>-</b>	<b>197,101</b>

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

^These figures represent budgeted figures as published in the 2021-22 Service Delivery Statement tabled in Parliament.

The accompanying notes form part of these financial statements.

**Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships**  
**Statement of Assets and Liabilities by Major Departmental Services - Controlled**  
**for the year ended 30 June 2022**

	Disability Services	Disability Services	Seniors Services	Seniors Services	Community Services^	Economic Participation Services	Economic Participation Services *	Community Participation Services	Community Participation Services *	Total	Total
	2022	2021	2022	2021	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Current Assets</b>											
Cash and cash equivalents	29,767	30,241	855	2,374	-	6,613	7,280	13,770	14,945	51,005	54,840
Receivables	5,654	4,765	155	19	-	821	590	880	636	7,510	6,009
Other current assets	689	1,173	8	10	-	105	252	180	339	982	1,774
Non-current assets classified as held for sale	880	-	-	-	-	-	-	-	-	880	-
<b>Total Current Assets</b>	<b>36,990</b>	<b>36,178</b>	<b>1,018</b>	<b>2,403</b>	<b>-</b>	<b>7,539</b>	<b>8,122</b>	<b>14,830</b>	<b>15,920</b>	<b>60,377</b>	<b>62,622</b>
<b>Non-Current Assets</b>											
Property, plant and equipment	187,039	165,545	2,208	-	-	1,170	708	14,756	15,042	205,173	181,296
Intangible assets	438	521	-	-	-	-	-	-	88	438	609
<b>Total Non-Current Assets</b>	<b>187,477</b>	<b>166,066</b>	<b>2,208</b>	<b>-</b>	<b>-</b>	<b>1,170</b>	<b>708</b>	<b>14,756</b>	<b>15,130</b>	<b>205,611</b>	<b>181,905</b>
<b>Total Assets</b>	<b>224,467</b>	<b>202,244</b>	<b>3,226</b>	<b>2,403</b>	<b>-</b>	<b>8,709</b>	<b>8,830</b>	<b>29,586</b>	<b>31,050</b>	<b>265,988</b>	<b>244,527</b>
<b>Current Liabilities</b>											
Payables	13,337	21,627	990	2,344	-	4,688	5,226	7,467	8,729	26,482	37,926
Accrued employee benefits	7,867	7,511	28	59	-	550	596	816	645	9,261	8,811
Provisions	-	104	-	-	-	-	7	-	7	-	119
Other current liabilities	1,062	571	-	-	-	-	-	-	-	1,062	571
<b>Total Current Liabilities</b>	<b>22,266</b>	<b>29,814</b>	<b>1,018</b>	<b>2,403</b>	<b>-</b>	<b>5,238</b>	<b>5,829</b>	<b>8,283</b>	<b>9,381</b>	<b>36,805</b>	<b>47,428</b>
<b>Total Liabilities</b>	<b>22,266</b>	<b>29,814</b>	<b>1,018</b>	<b>2,403</b>	<b>-</b>	<b>5,238</b>	<b>5,829</b>	<b>8,283</b>	<b>9,381</b>	<b>36,805</b>	<b>47,428</b>

\* Economic and Community Participation Services comparative amounts are from 13 November 2020 to 30 June 2021 due to the 2020 Machinery-of-Government changes.

^ Comparative amounts for Community Services are from 1 July 2020 to 30 November 2020. Community Services were transferred to Department of Communities, Housing and Digital Economy due to the 2020 Machinery-of-Government changes.

Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships  
Statement of Changes in Equity - Controlled  
for the year ended 30 June 2022

	Note	Contributed Equity \$'000	Accumulated Surplus \$'000	Total \$'000
<b>Balance as at 1 July 2020</b>		<b>303,051</b>	<b>20,133</b>	<b>323,184</b>
<b>Operating Result</b>				
Operating result from continuing operations		-	2,783	2,783
<b>Total Comprehensive Income for the Year</b>		<b>-</b>	<b>2,783</b>	<b>2,783</b>
<b>Transactions with Owners as Owners</b>				
Net equity adjustments	<b>C8</b>	4,501	-	4,501
Net transfers in/(out) - Queensland Government entities - MoG		(133,472)	105	(133,367)
<b>Net Transactions with Owners as Owners</b>		<b>(128,971)</b>	<b>105</b>	<b>(128,866)</b>
<b>Balance as at 30 June 2021</b>		<b>174,080</b>	<b>23,021</b>	<b>197,101</b>
<b>Operating Result</b>				
Operating result from continuing operations		-	31,191	31,191
<b>Total Comprehensive Income for the Year</b>		<b>-</b>	<b>31,191</b>	<b>31,191</b>
<b>Transactions with Owners as Owners</b>				
Net equity adjustments	<b>C8</b>	2,510	-	2,510
Net transfers in/(out) - Queensland Government entities - MoG ^	<b>A4</b>	(13)	-	(13)
Net transfer out to Administered *		(1,605)	-	(1,605)
<b>Net Transactions with Owners as Owners</b>		<b>892</b>	<b>-</b>	<b>892</b>
<b>Balance as at 30 June 2022</b>		<b>174,972</b>	<b>54,211</b>	<b>229,183</b>

^ Final transfer of assets to the Department of Communities, Housing and Digital Economy. Refer to note A4 Machinery-of-Government (MoG) Changes.

\*On 6 September 2021, the Minister approved the transfer of Olandi Hall (land net book value of \$0.495 million and building net book value of \$1.109 million) to the Torres Shire Council for nil consideration. The transfer of this asset to Council Trusteeship is consistent with Queensland Government policy. The land title transferred on 1 October 2021. As per Section 4F.5 of the Treasury Financial Reporting Requirements for Government Agencies 2021-2022, the transaction has been recognised as a reduction in Controlled Equity and recognition of the asset transfer as an Administered Grant.

The accompanying notes form part of these financial statements.



Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships  
Statement of Cash Flows - Controlled  
for the year ended 30 June 2022

	Note	Actual 2022 \$'000	Original Budget^ 2022 \$'000	Budget Variance* 2022 \$'000	Actual 2021 \$'000
<b>Cash Flows from Operating Activities</b>					
<i>Inflows:</i>					
Service appropriation receipts		274,541	295,216	(20,675)	316,892
User charges and fees		9,949	1,149	8,800	10,672
Grants and other contributions		10,897	12,048	(1,151)	11,748
GST input tax credits received from ATO		10,768	72,072	(61,304)	6,603
GST collected from customers		254	1,213	(959)	1,996
Interest receipts		-	-	-	3
Other inflows		3,864	827	3,037	4,762
<i>Outflows:</i>					
Employee expenses		(214,614)	(203,793)	(10,821)	(206,337)
Supplies and services		(70,895)	(90,385)	19,490	(112,378)
Grants and subsidies		(15,562)	(9,112)	(6,450)	(21,339)
GST paid to suppliers		(10,996)	(72,072)	61,076	(5,931)
GST remitted to ATO		(254)	(1,213)	959	(1,996)
Other outflows		(1,631)	(1,050)	(581)	(3,679)
<b>Net cash provided by (used in) operating activities</b>	<b>CF-1</b>	<b>(3,680)</b>	<b>4,900</b>	<b>(8,580)</b>	<b>1,016</b>
<b>Cash Flows from Investing Activities</b>					
<i>Inflows:</i>					
Sales of property, plant and equipment		-	-	-	1,895
<i>Outflows:</i>					
Payments for property, plant and equipment		(2,216)	(7,572)	5,356	(16,334)
<b>Net cash used in investing activities</b>		<b>(2,216)</b>	<b>(7,572)</b>	<b>5,356</b>	<b>(14,439)</b>
<b>Cash flows from Financing Activities</b>					
<i>Inflows:</i>					
Equity withdrawals		(183)	-	(183)	(183)
Equity injection		2,244	6,670	(4,426)	4,501
<b>Net cash provided by (used in) financing activities</b>		<b>2,061</b>	<b>6,670</b>	<b>(4,609)</b>	<b>4,318</b>
Net (decrease) increase in cash and cash equivalents		(3,835)	3,998	(7,833)	(9,105)
<b>Cash and Cash Equivalents - Opening balance</b>		<b>54,840</b>	<b>20,253</b>	<b>34,587</b>	<b>72,041</b>
<b>Cash transfers from restructure</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,097)</b>
<b>Cash and Cash Equivalents - Closing balance</b>	<b>C1</b>	<b>51,005</b>	<b>24,251</b>	<b>26,754</b>	<b>54,840</b>

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

^These figures represent budgeted figures as published in the 2021-22 Service Delivery Statements tabled in Parliament.

The accompanying notes form part of these financial statements.

Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships  
Notes to the Statement of Cash Flows - Controlled  
for the year ended 30 June 2022

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

	Note	Actual 2022 \$'000	Actual 2021 \$'000
<b>Operating Result for the Year</b>		<b>31,191</b>	<b>2,783</b>
<b>Non-cash items included in operating result</b>			
Reversal of revaluation increment		(28,569)	112
Reversal of revaluation decrement		-	(1,229)
Depreciation and amortisation expense		3,784	5,051
Loss (gain) on disposal of non-current assets		3	209
Impairment losses		-	(52)
Write off of assets	B2-5	814	-
<b>Changes in assets and liabilities</b>			
(Increase) decrease in GST input tax credits receivable		(228)	672
(Increase) decrease in trade receivables		(1,025)	494
(Increase) decrease in other current receivables		-	182
(Increase) decrease in other assets		791	572
Increase (decrease) in payables		(11,263)	4,235
Increase (decrease) in accrued employee benefits		450	(647)
Increase (decrease) in provisions		(119)	(2,382)
Increase (decrease) in other liabilities		491	(8,984)
<b>Net Cash Provided by (Used in) Operating Activities</b>		<b>(3,680)</b>	<b>1,016</b>

**CF-2 Non-cash investing and financing activities**

Assets and liabilities received or donated/transferred by the department are recognised as revenues (refer Note B1-3) or expenses (refer Note B2-3) as applicable. In 2021-22 there were nil assets and liabilities received or donated/transferred recognised through the Controlled accounts. The department transferred land and property to the Torres Shire Council recognised through the Administered accounts (refer Statement of Changes in Equity).

The accompanying notes form part of these financial statements.

## **A1 Departmental Objectives**

The Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships' vision is to partner with people of all ages, abilities and backgrounds so that they can thrive culturally, socially and economically. The department's purpose is to improve the social and economic wellbeing of Queensland seniors and people of all abilities by delivering quality targeted support, and to lead change through enhanced relationships and improved decision-making across government, to enable Aboriginal and Torres Strait Islander Queenslanders to truly thrive.

The Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships delivers its services through the following major service areas:

- **Seniors Services:** develop programs and services for seniors that reduce the cost of living, enhance wellbeing, support community participation and prevent and address elder abuse. Age-friendly communities assist seniors to contribute economically, socially and culturally to their communities.
- **Disability Services:** enable people to access disability services that assist them with the core activities of daily living and achieving their goals, as part of inclusive communities, and to contribute to systems that safeguard and protect the rights of people with disability.
- **Economic Participation:** increase the economic participation of Aboriginal peoples and Torres Strait Islander peoples.
- **Community Participation:** increase the community participation of Aboriginal peoples and Torres Strait Islander peoples.

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:

- Application fees for an assessment of persons seeking engagement to work in disability services delivered or funded by the department.

## **A2 Basis of Financial Statement Preparation**

### **A2-1 General Information**

The Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships (the department) is a State Government department established under the *Public Service Act 2008* and controlled by the State of Queensland, which is the ultimate parent. The department was formed from the former Department of Communities, Disability Services and Seniors and the former Department of Aboriginal and Torres Strait Islander Partnerships.

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

### **A2-2 Compliance with Prescribed Requirements**

The department has prepared these financial statements in compliance with section 38 of the *Financial and Performance Management Standard 2019*. The financial statements comply with Queensland Treasury's Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2021.

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.

### **A2-3 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.

## **A2 Basis of financial Statements Preparation (Continued)**

### **A2-3 Presentation (Continued)**

#### **Comparatives**

Comparative information reflects the audited 2020-21 financial statements except where restated for a change in accounting policy as detailed at Note F3.

#### **Current/Non-Current Classification**

Assets and liabilities are classified as either 'current' or 'non-current' in the statement of financial performance and associated notes.

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

### **A2-4 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.

### **A2-5 The Reporting Entity**

The reporting entity is the Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships. The financial statements include all income, expenses, assets, liabilities and equity of the department. 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.

### **A2-6 Basis of Measurement**

Historical cost is used as the measurement basis in this financial report except for land and buildings which are measured at fair value.

#### **Historical Cost**

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

#### **Fair Value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique. Where fair value is used, the fair value approach is disclosed. Refer to Note C4-7 for further information about fair value measurement by the department.

### **A2-7 Controlled and Administered Transactions and Balances**

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

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

The department has elected to report the administered transactions and balances as notes within the agency's overall financial statements. Accounting policies applicable to administered items are consistent with the equivalent policies for controlled items, unless stated otherwise.

## A2 Basis of financial Statements Preparation (Continued)

### A2-7 Controlled and Administered Transactions and Balances (continued)

The department's administered ledger is used for the following purposes:

- The payment to the National Disability Insurance Agency under the National Disability Insurance Scheme.
- The payment of concessions, such as rebates on household expenses, to eligible recipients.
- The payment to the Western Cape Community Trust to provide and benefit the general welfare of the communities described under the Western Cape Co-Existence Agreement, including the Aboriginal communities and Traditional Owners of Western Cape York Peninsula.
- The payment to the Family Responsibilities Commission to support welfare reform and responsible standards of behaviour, local authority and wellbeing.

### A2-8 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 Australian Taxation Office (ATO) are recognised (refer to Note C2).

## A3 National Disability Insurance Scheme

Full scheme arrangements under the Bilateral Agreement between the Commonwealth and State of Queensland on the National Disability Insurance Scheme (Full Scheme Agreement) commenced from 1 October 2020. Under the Full Scheme Agreement, Queensland has committed to paying its fixed and capped full scheme annual contribution of \$2.128 Billion, indexed at 4% per annum.

## A4 Machinery-of-Government (MoG) Changes

Community Services activities were transferred to the Department of Communities, Housing and Digital Economy as part of Machinery-of-Government changes effective from 1 December 2020.

On 24 June 2022 a final transfer of assets to the Department of Communities, Housing and Digital Economy totalling \$0.013M was completed (refer to Statement of Changes in Equity and Note C4-1).

The Community Services activities continued to operate within the Department's financial and human resource systems during 2021-22 until the Department of Communities, Housing and Digital Economy (DCHDE) established its own systems. DCHDE reimbursed the department for those Community Services costs incurred: (\$17.645M) for 2021-22 (\$52.029M in 2020-21). Those transactions are not incorporated into the department's financial results.

## Our Performance

### B1 Revenue

#### B1-1 Appropriation Revenue

	2022	2021
	\$'000	\$'000
<b>Reconciliation of Payments from Consolidated Fund to Appropriation Revenue Recognised in Operating Result</b>		
Budgeted appropriation revenue	295,216	328,408
Treasurer's transfers	-	(5,520)
Lapsed appropriation revenue	(20,675)	(6,262)
<b>Total Appropriation Receipts (cash)</b>	<b>274,541</b>	<b>316,626</b>
Plus: Opening balance of departmental services revenue payable	28,263	21,652
Adjustment for Machinery-of-Government transfer	-	10,721
Less: Closing balance of departmental services revenue payable	(19,836)	(28,263)
<b>Net Appropriation Revenue</b>	<b>282,968</b>	<b>320,736</b>
<b>Appropriation Revenue Recognised in Statement of Comprehensive Income</b>	<b>282,968</b>	<b>320,736</b>

Appropriations provided under the *Appropriation Act 2021* are recognised as revenue when received. Where the department has an obligation to return unspent (or unapplied) appropriation receipts to Consolidated Fund at year end (a deferred appropriation repayable to Consolidated Fund), a liability is recognised with a corresponding reduction to appropriation revenue, reflecting the net appropriation revenue position with Consolidated Fund for the reporting period. Capital appropriations are recognised as adjustments to equity - refer to Note G1-3.

**Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2022**

**B1-2 User Charges and Fees**

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>The department received the following revenue for user charges and fees during the financial year</b>		
Disability Worker Screening application fees	8,604	4,037
Funds from National Disability Support Agency to provide specialist disability client support	919	2,860
Gambling Help counselling services and hotline*	-	2,202
Rent received from clients in specialist disability accommodation	889	676
Other fees and charges	-	403
<b>Total User Charges and Fees</b>	<b>10,412</b>	<b>10,178</b>

\* This service has transitioned to the Department of Communities, Housing and Digital Economy in the 2020 Machinery-of-Government restructure.

**B1-3 Grants and Other Contributions**

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue from contracts with customers</b>		
Commonwealth grants - specific obligations	9,789	11,374
<b>Other grants and contributions</b>		
Queensland Government grants	906	362
Commonwealth grants - non-specific obligations	-	95
Other grants and contributions	113	-
Services received below fair value *	401	1,658
<b>Total</b>	<b>11,209</b>	<b>13,489</b>

\* Services received below fair value includes archiving services provided by Queensland State Archives (2021-22 \$327K, 2020-21 \$198K) and COVID 19 test kits supplied by Queensland Health (2021-22 \$74K, 2020-21 Nil). Services received below fair value in 2020-21 included \$1.4 million relating to volunteer services for Community Recovery. The Community Recovery program was transferred to Department of Communities, Housing and Digital Economy in the 2020 Machinery-of-Government changes

**Accounting policy - Grants, contributions and donations**

Grants, contributions and donations revenue arise from non-exchange transactions where the department does not directly give approximately equal value to the grantor.

Where the grant agreement is enforceable and contains sufficiently specific performance obligations for the department to transfer goods or services to a third-party on the grantor's behalf, the transaction is accounted for under AASB 15 *Revenue from Contracts with Customers*. In this case, revenue is initially deferred (as a contract liability) and recognised as or when the performance obligations are satisfied.

Otherwise, the grant is accounted for under AASB 1058 *Income of Not-for-Profit Entities*, whereby revenue is recognised upon receipt of the grant funding, except for special purpose capital grants received to construct non-financial assets to be controlled by the department. Special purpose capital grants are recognised as unearned revenue when received, and subsequently recognised progressively as revenue as the department satisfies its obligations under the grant through construction of the asset.

**Disclosure – Grants and contributions**

The department has a number of grant arrangements with the Commonwealth that relate to funding of activity-based services. One of these arrangements is for the Disability Services for Older Australians (DSOA) program and has been identified as having sufficiently specific performance obligations under enforceable grant agreements.

The remaining Commonwealth grants, although under enforceable agreements, do not contain sufficiently specific performance obligations, these grants are recognised upon receipt.

**Accounting policy - Services received below fair value**

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

**B1-4 Other Revenue**

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Expenditure recoveries	431	5
Grant and service procurement refunds <sup>^</sup>	1,484	2,283
Other	1,054	1,900
<b>Total</b>	<b>2,969</b>	<b>4,188</b>

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



## B2 Expenses

### B2-1 Employee Expenses

	2022	2021
	\$'000	\$'000
<b>Employee Benefits</b>		
Wages and salaries	167,242	162,067
Employer superannuation contributions	20,089	18,792
Annual leave levy	16,878	15,303
Long service leave levy	4,182	3,826
Other employee benefits	1,588	1,345
	<b>209,979</b>	<b>201,333</b>
<b>Employee Related Expenses</b>		
Workers' compensation premium	3,718	2,941
Other employee related expenses	1,211	1,414
	<b>4,929</b>	<b>4,355</b>
<b>Total</b>	<b>214,908</b>	<b>205,688</b>
	<b>2022</b>	<b>2021</b>
Number of full-time equivalent employees	1,796	1,888

### Accounting policy – Wages and salaries

Wages and salaries due, but unpaid at reporting date, are recognised in the statement of financial performance 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. Wages and salaries include any non-vesting sick leave that has been paid by the department during the financial year.

### Accounting policy - Annual leave

Under the Queensland Government's Annual Leave Central Scheme, a levy is made on the department to cover the cost of employees' annual leave (including leave loading and on-costs). The levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave are claimed from the scheme quarterly in arrears.

### Accounting policy - Long service leave

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

### Accounting policy - Superannuation

Post-employment benefits for superannuation are provided through defined contribution (accumulation) plans or the Queensland Government's defined benefit plan (the former QSuper defined benefit categories now administered by the Government Division of the Australian Retirement Trust) as determined by the employee's conditions of employment.

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

## B2 – Expenses (continued)

### B2-1 Employee Expenses (continued)

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

#### Accounting policy - Workers compensation premiums

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

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

### B2-2 Supplies and Services

	2022	2021
	\$'000	\$'000
<b>Service Procurement</b>		
Disability Services	7,520	10,048
Seniors Services	9,988	9,946
Aboriginal and Torres Strait Islander Partnerships Services *	372	1,172
Community Services*	-	48,789
Services provided by other State Agencies under MOU ^	14,549	14,554
Property and motor vehicle expenses	11,078	10,067
Property support, repairs and maintenance costs	8,880	8,584
Professional and technical fees	8,872	9,205
Other Supplies and Services	6,377	4,174
<b>Total</b>	<b>67,636</b>	<b>116,539</b>

\*Aboriginal and Torres Strait Islander Partnerships (ATSIP) services comparative amounts are from 13 November 2020 to 30 June 2021 due to the 2020 Machinery-of-Government changes. Community Services transactions are from 1 July 2020 to 30 November 2020 due to the Machinery-of-Government changes.

^ Services provided by other State Agencies under MOU (refer to Note F2).

#### Accounting policy - Property and Motor Vehicle Expenses

The majority of the property and motor vehicle expenses relate to arrangements where the Department of Energy and Public Works provides the department with access to office accommodation and motor vehicles under government-wide frameworks. These arrangements are categorised as procurement of services rather than as leases because the Department of Energy and Public Works has substantive substitution rights over the assets.

#### Accounting policy - Distinction between Service Procurement and Grants

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

## B2 – Expenses (continued)

### B2-3 Grants and Subsidies <sup>^</sup>

	2022	2021
	\$'000	\$'000
Disability Services	4,541	4,099
Seniors Services	223	520
Aboriginal and Torres Strait Islander Partnership Services *	11,099	2,922
Community Services *	-	9,221
Donations and gifts	-	1
<b>Total</b>	<b>15,863</b>	<b>16,763</b>

<sup>^</sup> Refer to B2-2 for the accounting policy on the distinction between service procurement and grants.

\* ATSIP services comparative amounts are from 13 November 2020 to 30 June 2021 due to the 2020 Machinery-of-Government changes. Community Services transactions are from 1 July 2020 to 30 November 2020 due to the Machinery-of-Government changes.

### B2-4 Depreciation and Amortisation

	2022	2021
	\$'000	\$'000
Depreciation - property, plant and equipment (refer C4-1)	3,701	4,756
Depreciation - right-of-use assets	-	22
Amortisation - intangible assets (refer C5-1)	83	273
<b>Total</b>	<b>3,784</b>	<b>5,051</b>

Refer to Notes C4-5 and C5-3 for the accounting policies for depreciation and amortisation expense.

### B2-5 Other Expenses

	2022	2021
	\$'000	\$'000
Net losses on disposal of property, plant and equipment	3	209
Insurance premiums - QGIF	686	758
Queensland Audit Office - external audit fees <sup>^</sup>	285	285
Losses of Public Property #	814	-
Special payments - ex gratia payments	2	3
Other *	424	1,689
<b>Total</b>	<b>2,214</b>	<b>2,944</b>

<sup>^</sup> Total audit fees quoted by the Queensland Audit Office relating to the 2021-22 financial statements are \$0.285M (2020-21: \$0.285M). There are no non-audit services included in this amount.

# As a result of property damage caused by a client in care, a loss of public property has been recognised. Certain losses of public property are insured with the Queensland Government Insurance Fund (QGIF). The claim made in respect of this loss has yet to be assessed by QGIF and the amount recoverable cannot be estimated reliably at reporting date. Upon notification by QGIF of the acceptance of the claim, revenue will be recognised for the agreed settlement amount and disclosed as 'Other revenue - Insurance compensation from loss of property'.

\* Other expenses include services received below fair value, including archiving services provided by Queensland State Archives (2021-22 \$327K, 2020-21 \$198K) and COVID 19 test kits supplied by Queensland Health (2021-22 \$74K, 2020-21 Nil). Services received below fair value in 2020-21 included \$1.4 million relating to volunteer services for Community Recovery. The Community Recovery program was transferred to Department of Communities, Housing and Digital Economy in the 2020 Machinery-of-Government changes.

### Special Payments

Special payments represent ex gratia expenditure and other expenditure that the department is not contractually or legally obligated to make to other parties. No individual special payments over \$5,000 were made during 2021-22. No individual special payments over \$5,000 were made during 2020-21.

## Our Financial Position

### C1 Cash and Cash Equivalents

	2022	2021
	\$'000	\$'000
Cash on hand	2	5
Cash at Bank	51,003	54,835
<b>Total</b>	<b>51,005</b>	<b>54,840</b>

#### Accounting policy - Cash and Cash equivalents

For the purposes of the statement of financial performance and the statement of cash flows, cash assets include all cash and cheques received but not banked on 30 June 2022.

The department's cash at bank as at 30 June 2022 is held with the Commonwealth Bank of Australia. The department held cash with the Queensland Treasury Corporation (QTC) to support the Elderly Parent Carer Innovation Initiative with that bank account closed in November 2021 following the conclusion of the Initiative.

### C2 Receivables

	2022	2021
	\$'000	\$'000
<b>Current</b>		
Trade and other debtors	1,785	1,934
Less: Allowance for impairment loss	(1,060)	(1,671)
	<b>725</b>	<b>263</b>
GST input tax credits receivable	865	637
Annual leave reimbursements	4,652	4,175
Long service leave reimbursements	1,268	934
<b>Total</b>	<b>7,510</b>	<b>6,009</b>

#### Accounting policy – Receivables

Receivables are measured at amortised cost which approximates their fair value at reporting date. Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e., the agreed purchase/contract price. Settlement of these amounts is required within 30 days from invoice date

#### Accounting policy - Impairment of receivables

The collectability of receivables is assessed periodically with provision being made for impairment. Where the department has no reasonable expectation of recovering an amount owed by a debtor, the debt is written-off by directly reducing the receivable against the loss allowance. If the amount of the debt written off exceeds the loss allowance, the excess is recognised as an impairment loss.

#### Disclosure - Impairment of receivables

The balance of allowance for impairment loss of \$1.060M is due to trade debtors being deemed to be likely to be uncollectable in the current and future financial years. The debts are mainly related to the transition of disability services to the National Disability Insurance Scheme (NDIS) with the department no longer holding related funding agreements.

## C2 Receivables (continued)

### Disclosure - COVID-19 pandemic impact

The department recognises receivables from non-government organisations when required to repay excess funds from prior years, based on the terms and conditions of their funding arrangements. To date there has been minimal impact upon related receivables beyond that which existed prior to the pandemic.

The department continues to monitor the financial viability of non-government organisations holding funding agreements to identify risks in service delivery and debt recovery.

### Disclosure - Credit risk of receivables

The majority of the department's receivables are from the State Government or Commonwealth agencies who are expected to have an insignificant, and therefore immaterial, level of credit risk exposure. No loss allowance is recorded for these receivables on the basis of materiality.

## C3 Non-Current Assets Held for Sale

The department has placed a property which is not suitable to support service delivery up for sale. The current carrying value of the property is \$0.880M (land \$0.500M and building \$0.380M). Refer to Note C4-1 for further details of the department's land and building assets.

## C4 Property, Plant and Equipment and Depreciation Expense

### C4-1 Closing Balances and Reconciliations of Carrying Amount

	2022 \$'000	2021 \$'000
<b>Property, Plant and Equipment Reconciliation at 30 June 2022</b>		
<b>Land</b>		
At fair value	55,964	50,663
	<b>55,964</b>	<b>50,663</b>
<b>Buildings</b>		
At fair value	204,012	178,759
Less accumulated depreciation	(57,626)	(50,541)
	<b>146,386</b>	<b>128,218</b>
<b>Plant and equipment</b>		
At cost	5,896	6,846
Less accumulated depreciation	(4,423)	(4,900)
	<b>1,473</b>	<b>1,946</b>
<b>Capital works in progress</b>		
At cost	1,350	469
	<b>1,350</b>	<b>469</b>
<b>Total</b>	<b>205,173</b>	<b>181,296</b>

## C4 Property, Plant and Equipment (continued)

### C4-1 Closing Balances and Reconciliations of Carrying Amount (continued)

	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Capital works in progress \$'000	Total \$'000
<b>Represented by Movements in Carrying Amount:</b>					
<b>Carrying amount at 1 July 2020</b>	<b>82,986</b>	<b>189,745</b>	<b>2,017</b>	<b>9,177</b>	<b>283,925</b>
Acquisition	-	119	48	14,020	14,187
Disposals	(1,037)	(3,786)	(6)	-	(4,829)
Transfers in from other Queensland Government entities MoG	1,410	14,316	491	-	16,217
Transfers out to other Queensland Government entities MoG	(32,840)	(76,683)	(195)	(14,952)	(124,670)
Transfers between asset classes	-	7,663	113	(7,776)	-
Net revaluation increments recognised in Operating Result	144	1,078	-	-	1,222
Depreciation charge	-	(4,234)	(522)	-	(4,756)
<b>Carrying amount at 30 June 2021</b>	<b>50,663</b>	<b>128,218</b>	<b>1,946</b>	<b>469</b>	<b>181,296</b>
<b>Carrying amount at 1 July 2021</b>	<b>50,663</b>	<b>128,218</b>	<b>1,946</b>	<b>469</b>	<b>181,296</b>
Acquisition	-	-	-	2,323	2,323
Disposals #	-	(814)	(3)	-	(817)
Transfers out to other Queensland Government entities MoG ^	-	-	(13)	-	(13)
Assets reclassified as held for sale	(500)	(380)	-	-	(880)
Transfers between asset classes	-	1,420	22	(1,442)	-
Net revaluation increments recognised in Operating Result	6,296	22,273	-	-	28,569
Transfer of assets to other entities *	(495)	(1,109)	-	-	(1,604)
Depreciation charge	-	(3,222)	(479)	-	(3,701)
<b>Carrying amount at 30 June 2022</b>	<b>55,964</b>	<b>146,386</b>	<b>1,473</b>	<b>1,350</b>	<b>205,173</b>

# Refer to Note B2-5 for further information.

^ Final transfer of assets to the Department of Communities, Housing and Digital Economy. Refer to note A4 Machinery-of-Government (MoG) Changes.

\*The department transferred land and building, Olandi Hall, to the Torres Shire Council. The transaction has been recognised as a reduction in Controlled Equity and recognition of the asset transfer as an Administered Grant. Refer to the Statement of Changes in Equity and Note G1-6 for further information.

## C4 Property, Plant and Equipment (continued)

### C4-2 Recognition and Acquisition

#### Accounting policy – Recognition

##### Basis of Capitalisation and Recognition Thresholds

Items of property, plant and equipment with a historical 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 (including land improvements)	\$10,000
Land	\$1
Plant and equipment	\$5,000

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

Expenditure on property, plant and equipment is capitalised where it is probable that it will increase 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.

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

#### Accounting policy - Cost of Acquisition

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

Where assets are received free of charge from another State Government entity, whether as a result of a Machinery-of-Government change, or other involuntary transfer, the acquisition is recognised as the carrying amount in the books of the other entity immediately prior to the transfer.

### C4-3 Measurement Using Historical Cost

#### Accounting policy

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

### C4-4 Measurement Using Fair Value

#### Accounting policy

Land, buildings, infrastructure, major plant and equipment and heritage and cultural assets are measured at fair value as required by Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector. These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation (refer to Note C4-1).

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.

Comprehensive revaluations using independent professional valuers are undertaken at least once every five years, with the application of appropriate and relevant asset market indices in interceding years. However, if a particular asset class experiences significant and volatile changes in fair value, the class is subject to specific appraisal in the reporting period, where practicable, regardless of the timing of the last specific appraisal.

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

## **C4 Property, Plant and Equipment (continued)**

### **C4-4 Measurement Using Fair Value (continued)**

#### **Use of Specific Appraisals**

The department's land and buildings were revalued by independent professional valuers, APV Valuers & Asset Management (APV) valuers certificates 2962 and 4079, in the current financial year. The effective date of the revaluation is 30 June 2022. Management have confirmed there has been no significant shift in the values since then.

#### **Use of Indices**

APV undertook specific appraisals of land and building assets supporting the Aboriginal and Torres Strait Islander Partnerships Service Area and undertook a desktop revaluation of land and building supporting the Disability Services and Seniors Services Service Areas. Both revaluation processes included the application of relevant land and building industry indices in the assessment of the asset values (refer to Note C4-7).

APV provides assurance of the robustness, validity and appropriateness of the indices 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.

#### **Accounting for Changes in Fair Value**

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

The department depleted its asset revaluation reserve in the 2011-12 financial year and a \$201.000M revaluation decrement was recognised. The decrement was due to the revaluation of rental housing stock at fair value prior to the asset transfer to the former Department of Housing and Public Works. The fair value of the housing stock was significantly lower than the book value due to economic factors impacting on the property market at that time.

In accordance with Australian Accounting Standards, the revaluation increment on the department's land and buildings in 2021-22 has been recognised as revenue in the statement of comprehensive income, as a reversal of the revaluation decrement.

As at 30 June 2022, the carrying amount of the asset revaluation decrements were \$64.892M (2020-21: \$71.187M) for land and \$53.1201M (2020-21: \$75.394M) for buildings.

### **C4-5 Depreciation Expense**

#### **Accounting policy**

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

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

Straight line depreciation is used as that is consistent with the even consumption of service potential of these assets over their useful life to the department.

Assets under construction (work-in-progress) are not depreciated until construction is complete and the asset is put to use or is ready for its intended use, whichever is the earlier. These assets are then reclassified to the relevant class within property, plant and equipment.

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 the department's depreciable assets, the estimated amount to be received on the disposal at the end of their useful life (residual value) is determined to be zero.



## C4 Property, Plant and Equipment (continued)

### C4-5 Depreciation Expense (continued)

#### Depreciation Rates

Key Estimates: Depreciation rates for each class of depreciable asset (including significant identifiable components):

Asset	Range of Useful Life	Average Useful Life
Buildings	23 – 97 years	58
Plant and Equipment	2 – 19 years	12

### C4-6 Impairment

#### Accounting policy - Property, Plant and Equipment

Indicators of Impairment and Determining Recoverable Amount

All property, plant and equipment assets are assessed for indicators of impairment on an annual basis or, where the asset is measured at fair value, for indicators of a change in fair value/service potential since the last valuation was completed.

Where indicators of a material change in fair value or service potential since the last valuation arise, the asset is revalued at the reporting date under AASB 13 *Fair Value Measurement*. If an indicator of possible impairment exists, the department determines the asset's recoverable amount under AASB 136 *Impairment of Assets*. Recoverable amount is equal to the higher of the fair value less costs of disposal.

### C4-7 Fair Value Measurement

#### Fair Value Measurement Hierarchy

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 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.

#### Categorisation of Assets Measured at Fair Value

	Level 2		Level 3		Total Carrying Amount	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Land *	55,964	50,663	-	-	55,964	50,663
Buildings ^	9,052	8,728	137,334	119,490	146,386	128,218

\* Level 2 Land assets primarily reflect land under buildings supporting disability services.

^ Level 2 Building assets primarily reflect houses to support disability services that are assessed as having a market value within the general real estate market due to their limited specific design features compared to more special purpose facilities (which are assessed as Level 3 buildings).

\* Level 3 The department is the trustee of various reserve lands which are valued at a nominal value of \$1 per parcel as land is held in trust for the local community – refer Note C4-7.

^ Level 3 Buildings include special purpose designed houses and facilities to support disability services, and special purpose buildings to support Retail Stores operations in remote discrete communities

## C4 Property, Plant and Equipment (continued)

### C4-7 Fair Value Measurement (continued)

	Land		Buildings	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Level 3 Fair Value Measurement - Reconciliation</b>				
<b>Carrying amount at 1 July 2021</b>	-	170	119,490	181,610
Acquisitions		-	-	119
Disposals		-	(814)	(2,928)
Transfers in from other Queensland Government entities MoG		-		12,082
Transfers out to other Queensland Government entities MoG		(170)		(75,733)
Transfers between asset classes		-	1,193	7,637
Net revaluation increments in operating surplus		-	20,512	714
Depreciation		-	(3,047)	(4,011)
<b>Carrying amount at 30 June 2022</b>	-	-	137,334	119,490

#### Basis for Fair Values of Assets

APV undertook specific appraisals of land and building assets supporting the Aboriginal and Torres Strait Islander Partnerships Service Area and undertook a desktop revaluation of land and building assets supporting the Disability Services and Seniors Services Service Areas.

The valuation approach for the department's land assets is a market-based assessment where a commercial market exists. Inputs for this assessment include publicly available data on recently sold properties which are of a similar type. This comparison is adjusted to take into consideration the characteristics of the land, such as size, zoning, topography and configuration etc.

The department's general-purpose buildings (level 2 category) also reflect a market-based assessment as their valuation approach. This included residential properties where the relevant inputs were able to be observed from current market evidence. The residential properties fair value has been derived from sales prices of comparable properties after adjusting for differences in key attributes such as property size.

The department's special purpose buildings (level 3 category) as well as buildings where due to external circumstances there was no evidence to support a market-based approach, are valued using current replacement cost as their valuation approach. Under this approach the cost to replace the asset is calculated and then adjusted to take account of any obsolescence. Key inputs used in this approach include the condition of the building assets, legal and commercial obsolescence. Current replacement cost is estimated based on data from construction guides including Rawlinson's Construction Guide and the Cordell Construction Cost Index, data from the Australian Bureau of Statistics, and APV Valuers internal research.

The department is the trustee of various reserve lands which are valued at a nominal value of \$1 per parcel as land is held in trust for the local community - Deed of Grant in Trust (DOGIT) Land. The department controls buildings on those reserve lands, including Retail Stores and other buildings (refer Note C4-8). As there is no active market for departmentally owned buildings on DOGIT land, the current replacement cost approach is used.

## C4 Property, Plant and Equipment (continued)

### C4-8 Retail Stores and Community Facilities Divestment Program

The department is the trustee of various reserve lands located within discrete indigenous communities, urban communities and islands in the Torres Strait, some of which have community facilities attached used by the local communities. The department is assessing options to transfer these assets to Traditional Owners or local councils, and there is no certainty as to likely outcomes over the foreseeable future. Until agreement is reached with the Traditional Owners and relevant local councils for these prospective transfers, the department will continue to control these assets.

These assets include:

- Mona Mona (land held in trust and a meeting shed) - value \$0.892M
- Residential dwellings and land held in trust, Irvinebank - value \$0.245M
- A number of reserves in remote locations in the Torres Strait and on the mainland. The majority of these reserves are valued at \$1 in accordance with The Land Act 1994 which enables unallocated state land held in trust for the local community to be valued at a nominal amount.

The department transferred Olandi Hall (land net book value of \$0.495 million and a building net book value of \$1.109 million) to the Torres Shire Council during 2021-22. The transaction has been recognised as a reduction in Controlled Equity and recognition of the asset transfer as an Administered Grant (\$1.604 million). Refer to the Statement of Changes in Equity and Note G1-6 for further information.

The department currently controls a number of Retail Stores and associated housing assets in remote communities. These assets are valued at \$10.302M. Community Enterprise Queensland currently operates the Retail Stores on behalf of the department under memorandum of understanding arrangements whereby Community Enterprise Queensland reimburses the department's depreciation expenses. The department also controls the Lockhart River Multi-Tenant Service Centre \$1.997M.

## C5 Intangibles

### C5-1 Closing Balances and Reconciliations of Carrying Amount

	2022 \$'000	2021 \$'000
<b>Intangible Assets Reconciliation at 30 June 2022</b>		
Internally Generated		
Software - internally generated (at cost)	871	1,215
Less accumulated amortisation	(433)	(606)
<b>Total</b>	<b>438</b>	<b>609</b>

## Intangibles (continued)

### C5-1 Closing Balances and Reconciliations of Carrying Amount (continued)

#### Represented by Movements in Carrying Amount:

	Software internally generated	Software works in progress	Total
	\$'000	\$'000	\$'000
<b>Carrying amount at 1 July 2020</b>	<b>2,148</b>	<b>571</b>	<b>2,719</b>
Additions	-	13	13
Transfer in from other Queensland Government Entities MoG	142	-	142
Adjustments MoG	(3)	-	(3)
Transfers between classes	584	(584)	-
Transfers out to other Queensland Government entities MoG	(1,989)	-	(1,989)
Amortisation	(273)	-	(273)
<b>Carrying amount at 30 June 2021</b>	<b>609</b>	<b>-</b>	<b>609</b>
<b>Carrying amount at 1 July 2021</b>	<b>609</b>	<b>-</b>	<b>609</b>
Disposals	(88)	-	(88)
Amortisation	(83)	-	(83)
<b>Carrying amount at 30 June 2022</b>	<b>438</b>	<b>-</b>	<b>438</b>

### C5-2 – Recognition and Measurement

#### Accounting policy

Intangible assets of the department comprise internally developed software and software works in progress. 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.

Refer to Note F3-1 for accounting policy on Cloud Computing Arrangements.

### C5-3 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 nil. For each class of intangible asset, the following amortisation useful lives are used:

Asset	Useful Life
Software Internally Generated	7 years

### C5-4 Impairment

#### Accounting policy – Intangibles

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

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

## C6 Payables

	2022	2021
	\$'000	\$'000
<b>Current</b>		
Trade creditors and accruals	4,943	8,074
Grants and subsidies payable	1,619	1,359
Deferred appropriation payable to Consolidated Fund	19,836	28,263
Other	84	230
<b>Total</b>	<b>26,482</b>	<b>37,926</b>

### Accounting policy – Payables

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

### Disclosure - COVID-19 pandemic impact

In response to COVID-19 the State Government announced a new payment policy to assist suppliers with the financial impact of the pandemic. The department now pays suppliers as soon as possible after the goods or services are received and following receipt of a tax invoice. There is no cash risk to the department. The department continues to monitor the financial viability of major non-government suppliers annually to identify risks to provision of government services.

## C7 Accrued Employee Benefits

	2022	2021
	\$'000	\$'000
Salaries and wages payable	3,160	2,943
Annual leave levy payable	4,862	4,759
Long service leave levy payable	1,239	1,109
<b>Total</b>	<b>9,261</b>	<b>8,811</b>

### Accounting policy - Accrued Employee Benefits

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

## C8 Equity

### C8-1 Contributed Equity

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

- Appropriations for equity adjustments (refer Note C8-2); and
- Non-reciprocal transfers of assets and liabilities between Wholly-Owned Queensland State Public Sector entities as a result of Machinery-of-Government changes (refer Note A4).

## C8 Equity (continued)

### C8-2 Appropriations Recognised in Equity

	2022 \$'000	2021 \$'000
<b>Reconciliation of Payments from Consolidated Fund to Equity Adjustment</b>		
Budgeted equity adjustment appropriation	6,670	9,470
Lapsed Appropriation s29	(4,609)	(4,520)
<b>Equity Adjustment Receipts (Payments)</b>	<b>2,061</b>	<b>4,950</b>
Plus: Opening balance of equity adjustment payable	449	-
Less: Closing balance of equity adjustment payable	-	(449)
<b>Equity Adjustment Recognised in Contributed Equity</b>	<b>2,510</b>	<b>4,501</b>

## Risks and Other Accounting Uncertainties

### D1 Financial Risk Disclosures

#### D1-1 Financial Instrument Categories

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

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

	Note	2022 \$'000	2021 \$'000
<b>Financial Assets</b>			
Cash and cash equivalents	C1	51,005	54,840
Financial assets at amortised cost:			
Current Receivables	C2	7,510	6,009
<b>Total financial assets</b>		<b>58,515</b>	<b>60,849</b>
<b>Financial Liabilities</b>			
Financial liabilities at amortised cost:			
Payables	C6	26,482	37,926
<b>Total financial liabilities at amortised cost</b>		<b>26,482</b>	<b>37,926</b>

#### D1-2 Risks Arising from Financial Instruments

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 by the accounting and reporting division 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:

<b>Risk Exposure</b>	<b>Measurement Method</b>
Credit risk	Ageing analysis, earnings at risk
Liquidity risk	Sensitivity analysis, where material
Market risk	Interest rate sensitivity analysis, where material

## D1-3 Credit Risk Disclosures

### Credit risk management practices

The department typically considers a financial asset to be in default when it becomes 90 days past due. However, a financial asset can be in default before that point if information indicates that the department is unlikely to receive the outstanding amounts in full. The department's assessment of default does not take into account any collateral or other credit enhancements

### Credit risk exposure

Credit risk exposure relating to receivables is disclosed in Note C2.

### D1-4 Liquidity Risk

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.

Management review and follow up aged receivables monthly to minimise the credit risk exposure of the department.

## D2 Contingencies

### D2-1 Contingent Asset

Prior to the introduction of the NDIS, the department provided capital grant funds to some Non-Government Organisations (NGOs) for the purpose of provisioning property and facilities to support the delivery of disability services. Under these capital grant funding agreements, the Department retains a mortgage over the property to secure the payment of any money that may become owing to the Department should the conditions of the funding agreement not be met. The likelihood of these Agreements being breached is considered low and cannot be reliably measured.

### D2-2 Native Title Claims over Departmental Assets

As at reporting date native title claims exist that covers departmental land with buildings and site improvements totalling \$0.160M. At the reporting date it is not possible to make an estimate of any probable outcome of these claims, or any financial effects.

## D3 Commitments

### D3-1 Capital Commitments

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

	No later than one year		Later than one year and not later than five years		Longer than five years		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Payable</b>								
Land and buildings	257	1,287	-	-	-	-	257	1,287
Plant and equipment	83	-	-	-	-	-	83	-
<b>Total</b>	<b>340</b>	<b>1,287</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>340</b>	<b>1,287</b>

## Performance compared to Budget

### E1 Budgetary Reporting Disclosures

#### E1-1 Explanation of Major Variances – Statement of comprehensive income

##### ***Appropriation Revenue***

Appropriation revenue is \$14.176M lower than the budget of \$297.144M principally reflecting a reduction of \$9M in Appropriation revenue to offset user charges revenue retained to fund the costs associated with the processing of Disability Worker Screening applications for individuals seeking to be engaged in roles that require either a NDIS or state based worker screening clearance; and reflecting a range of timing adjustments for initiatives including splash parks in remote communities and the alcohol management program.

##### ***User charges and fees***

User charges and fees is \$9.263M higher than the budget of \$1.149M reflecting the retention of revenues to offset costs associated with the processing of Disability Worker Screening applications. The revenue was originally budgeted as Appropriation revenue.

##### ***Grants and other contributions***

Grants and other contributions for 2021-22 includes revenue for the delivery of a range of disability support services for older Australians funded by the Commonwealth government. Revenue is \$1.164M below the budget of \$12.373M principally due to the number of clients supported by the department declining as they exit the department's care.

##### ***Reversal of revaluation decrement***

The balance of \$28.569M represents the increment of the annual revaluation of land and building assets which reverses historical revaluation decrements. These asset movements are not budgeted for due to the uncertain outcomes of asset values across financial years.

##### ***Other revenue***

Other revenue is \$2.105M higher than the budget of \$0.864M principally reflecting the return of grant funds unspent from prior years of \$1.484M and general expenditure recoveries of \$0.431M which are not budgeted for due to the variable nature of these events.

##### ***Employee Expenses***

Employee expenses are \$11.115M higher than the budget of \$203.793M principally reflecting Enterprise Bargaining increases which were approved post the publication of the 2021-22 Budget, and the provision of disability support services by employees for older Australians which was originally budgeted for as service procurement.

##### ***Supplies and services***

Supplies and services expenses were \$22.449M lower than the budget of \$90.085M. The original budget included estimated service procurement expenses of \$10M for the delivery of disability support services for older Australians that were ultimately delivered by employees. Actual expenses are also lower, reflecting a range of timing adjustments for initiatives including land planning programs, with the ability to engage fully with local community and stakeholders impacted due to the ongoing effects of the COVID-19 pandemic. The reclassification of several programs from supplies and services to grants and subsidies in accordance with accounting policy also reduced actual expenses in this category.

##### ***Grants and subsidies***

Grants and subsidies expenses were \$6.751M higher than the budget of \$9.112M reflecting initiatives rescheduled from 2020-21. The associated funding was deferred from 2020-21, post the publication of the 2021-22 Budget. These programs were rescheduled because of the COVID-19 pandemic where the ability to engage fully with local communities and operationalise initiatives was affected. Expenses were also higher reflecting the reclassification of several programs from supplies and services to grants and subsidies in accordance with accounting policy.



## **E1 Budgetary Reporting Disclosures (continued)**

### **E1-1 Explanation of Major Variances – Statement of comprehensive income (continued)**

#### ***Depreciation and amortisation***

Depreciation and amortisation expenses were \$3.176M lower than the budget of \$6.960M, reflecting the recalibration of the asset portfolio and commensurate depreciation budget following the December 2020 Machinery-of-Government changes, and the relieving of non-current assets in the current year.

#### ***Other expenses***

Other expenses are \$1.109M higher than the budget of \$1.105M principally due to the recognition of a property loss as disclosed in Note B2-5.

### **E1-2 Explanation of Major Variances – Statement of financial performance**

#### ***Cash***

The Cash balance is \$26.754M higher than the budget of \$24.251M principally reflecting cash held of \$19.836M which represents the Appropriation payable to be returned to the Consolidated Fund.

#### ***Receivables***

Receivables are \$2.966M higher than the budget of \$4.544M principally reflecting a higher level of annual and long service leave claims receivable under the Queensland Government's Annual Leave Central Scheme than forecast.

#### ***Property, Plant and Equipment***

Property, Plant and equipment is \$21.385M higher than the budget of \$183.788M reflecting asset revaluation increases as summarised in Note C4-1.

#### ***Payables***

Payables are \$22.092M higher than the budget of \$4.390M principally reflecting the \$19.836M Appropriation payable to be returned to the Consolidated Fund.

### **E1-3 Explanation of Major Variances – Statement of Cash Flows**

#### ***Service appropriation receipts***

Appropriation receipts are \$20.675M lower than budget of \$295.216M principally reflecting a reduction of \$9M in Appropriation revenue to offset user charges revenue retained to fund the costs associated with the processing of Disability Worker Screening applications for individuals seeking to be engaged in roles that require either a NDIS or state based worker screening clearance, and reflecting a range of timing adjustments for initiatives including splash parks in remote communities and the alcohol management program.

## **E1 Budgetary Reporting Disclosures (continued)**

### **E1-3 Explanation of Major Variances – Statement of Cash Flows (continued)**

#### ***User charges and fees***

User charges and fees are \$8.800M higher than budget of \$1.149M reflecting the retention of revenues to offset costs associated with the processing of Disability Worker Screening applications. The revenue was originally budgeted as Appropriation receipts.

#### ***Grants and other contributions***

Grants and other contributions for 2021-22 includes revenue for the delivery of a range of disability support services for older Australians funded by the Commonwealth government. Revenue is \$1.151M below the budget of \$12.048M principally due to the number of clients supported by the department is declining as they exit the department's care.

#### ***GST Input tax credits received from ATO***

GST input tax credits are lower than budget due to service procurement expenditure reducing because of the introduction of the NDIS. Disability services non-government organisations now receive funding directly from the NDIS.

#### ***Other inflows***

Other cash inflows are \$3.037M higher than the budget of \$0.827M principally reflecting the return of grant funds unspent from prior years and general expenditure recoveries which are not budgeted for due to the variable nature of these events.

#### ***Employee expenses***

Employee expenses are \$10.821M higher than the budget of \$203.793M principally reflecting Enterprise Bargaining increases which were approved post the publication of the 2021-22 Budget, and the provision of disability support services by employees for older Australians which was originally budgeted for as service procurement.

#### ***Supplies and services***

Supplies and services expenses were \$19.490M lower than the budget of \$90.385M. The original budget included estimated service procurement expenses of \$10M for the delivery of disability support services for older Australians that were ultimately delivered by employees. Actual expenses are also lower reflecting a range of timing adjustments for initiatives including land planning programs, with the ability to engage fully with local community and stakeholders impacted due to the ongoing effects of the COVID-19 pandemic. The reclassification of several programs from supplies and services to grants and subsidies in accordance with accounting policy also reduced actual expenses in this category.

#### ***Grants and subsidies***

Grants and subsidies expenses were \$6.450M higher than the budget of \$9.112M reflecting initiatives rescheduled from 2020-21. The associated funding was deferred from 2020-21, post the publication of the 2021-22 Budget. These programs were rescheduled because of the COVID-19 pandemic where the ability to engage fully with local communities and operationalise initiatives was affected. Expenses were also higher reflecting the reclassification of several programs from supplies and services to grants and subsidies in accordance with accounting policy.

#### ***GST paid to suppliers***

GST paid to suppliers is lower than budget due service procurement expenditure reducing because of the introduction of the NDIS. Disability services non-government organisations now receive funding directly from the NDIS.

#### ***Payments for property, plant and equipment***

Payments for property, plant and equipment are \$5.356M below the budget of \$7.572M principally reflecting the rescheduling of expenditure as complex land and environmental planning requirements were required to be met before works could commence at the Wacol disability services precinct, and the project further affected by inclement weather conditions which delayed construction.

#### ***Equity Injection***

Equity injections are \$4.426M below the budget of \$6.670M principally reflecting the rescheduling of expenditure as complex land and environmental planning requirements were required to be met before works could commence at the Wacol disability services precinct, and the project further affected by inclement weather conditions which delayed construction.

## Other Key Information

### F1 Key Management Personnel Disclosures

#### F1-1 Details of Key Management Personnel and Remuneration Expense

The department's responsible Minister is identified as part of the department's Key Management Personnel (KMP), consistent with additional guidance included in AASB 124 *Related Party Disclosures*. The department operated under the Honourable Craig Crawford MP, Minister for Seniors and Disability Services and Minister for Aboriginal and Torres Strait Islander Partnerships from 1 July 2021 to 30 June 2022. The following details for non-ministerial KMP reflect those departmental positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2021-22 and 2020-21. Further information about these positions can be found in the body of the Annual Report under the section relating to Executive Management.

The following disclosures focus on the expenses incurred by the department attributable to non-Ministerial KMP during the respective reporting periods. The amounts disclosed are determined on the same basis as expenses recognised in the Statement of Comprehensive Income. The remuneration expenses disclosed include the substantive KMP's remuneration expenses as well as remuneration earned while he/she has acted in another KMP position throughout the financial year on a short-term basis. It does not include non-KMPs acting in the position less than three months.

1 July 2021 - 30 June 2022	Short Term Employee Expenses		Other Employee Benefits			Total Expenses
	Monetary Expenses	Non Monetary Benefits	Long Term Employee Expenses	Post Employment Expenses	Termination Benefits	
Position	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Director-General	465	6	11	54	-	536
Associate Director-General, Seniors and Disability Services (01/07/2021 to 01/10/2021)	89	1	2	11	-	103
Deputy Director-General, Corporate Services (commenced 07/03/2022) *	79	2	2	8	-	91
Deputy Director-General, Corporate Services (acting 05/10/2021 to 06/03/2022) ^	102	2	2	8	-	114
Deputy Director-General, Culture and Economic Policy	264	6	6	27	-	303
Deputy Director-General, Strategic Policy, Legislation and Program Reform	258	6	6	27	-	297
Deputy Director-General, Disability Connect Queensland	260	5	6	24	-	295
Deputy Director-General, Disability Accommodation, Respite and Forensic Services	274	5	6	26	-	311
Chief Human Resources Officer	235	5	5	22	-	267
Chief Finance Officer	137	3	3	15	-	158
Chief Finance Officer (acting 29/09/2021 to 06/03/2022) #	106	1	2	8	-	117

\* The Deputy Director General, Corporate Services position took effect from 5 October 2021. The duties of the position were previously encompassed within the role of Deputy Director-General Policy & Corporate Services.

^ The Chief Finance Officer was acting Deputy Director-General, Corporate Services from 5 October 2021 to 6 March 2022.

# The Director Financial Management, which is a non KMP position, was acting as Chief Finance Officer from 29 September 2021 to 6 March 2022.

## F1 Key Management Personnel Disclosures (continued)

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

1 December 2020 - 30 June 2021	Short Term Employee Expenses		Other Employee Benefits			Total Expenses
	Monetary Expenses	Non Monetary Benefits	Long Term Employee Expenses	Post Employment Expenses	Termination Benefits	
	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Position</b>						
Director-General	279	2	7	34	-	322
Associate Director-General Seniors and Disability Services	200	2	4	25	-	231
Deputy Director-General Culture and Economic Participation	148	2	3	16	-	169
Deputy Director-General Policy & Corporate Services	122	2	3	14	-	141
Assistant Director-General, Disability and Seniors Connect	120	2	3	14	-	139
Assistant Director-General, Disability Accommodation, Respite and Forensic Services	143	2	3	15	-	163
Chief Human Resources Officer	125	2	3	13	-	143
Chief Finance Officer	120	2	3	13	-	138

1 July 2020 - 30 November 2020	Short Term Employee Expenses		Other Employee Benefits			Total Expenses
	Monetary Expenses	Non Monetary Benefits	Long Term Employee Expenses	Post Employment Expenses	Termination Benefits	
	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Position</b>						
Director-General	143	2	3	18	-	166
Assistant Director-General (Community Services and Seniors)	95	1	2	11	-	109
Assistant Director-General (Disability, Accommodation and Respite Services)	104	1	2	11	-	118
Assistant Director-General (Disability Connect Queensland)	88	1	2	10	-	101
Assistant Director-General (Corporate Services)	91	1	2	10	-	104
Executive Director (Strategic Policy and Legislation)	74	1	2	9	-	86
Chief Human Resources Officer	89	1	2	9	-	101
Chief Finance Officer	84	1	2	9	-	96

## F1 Key Management Personnel Disclosures (continued)

### F1-2 Remuneration Policies

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

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

Remuneration expenses for those KMP comprise the following components:

Short-term employee expenses, including:

- salaries, allowances and leave entitlements earned and expensed for the entire year, or for that part of the year during which the employee occupied a KMP position;
- 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 include payments in lieu of notice on termination and other lump sum separation entitlements (excluding annual and long service leave entitlements) payable on termination of employment or acceptance of an offer of termination of employment.

### F1-3 Performance Payments

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

## F2 Related Party Transactions

### F2-1 Transactions with other Queensland Government-controlled entities

The department's primary ongoing sources of funding from State Government for its services are appropriation revenue (refer Note B1-1) and equity injections (refer Note C8-2), both of which are provided in cash via Queensland Treasury.

The department's primary source of accommodation, motor vehicles and asset works and repairs are managed through the Department of Energy and Public Works.

The department purchases a range of services provided by other State Agencies under Memorandum of Understanding arrangements (MOU). These includes Information, Communication and Technology services from the Department of Children, Youth Justice and Multicultural Affairs, and transactional payroll and financial processing services from the Department of Communities, Housing and Digital Economy.

The department also purchases services from Queensland Police and the Department of Transport and Main Roads to support Disability Worker Screening processes (refer Note B2-2).

### F2-2 Transactions with people/entities related to KMP

Based upon KMP declarations, there have been no transactions with related parties that have materially affected the agency's operating result and/or financial position.

## **F3 First Year Application of New Accounting Standards or Change in Accounting Policy**

### **Accounting standards applied for the first time**

No new accounting standards or interpretations that apply to the department for the first time in 2021-22 had any material impact on the financial statements.

Following the issuance of IFRIC's agenda decision on Configuration or Customisation Costs in a Cloud Computing Arrangement in April 2021, the department has changed its accounting policy for certain cloud computing and software-as-a-service (SaaS) costs. The effect of this change is detailed in Note F3-1 below.

### **Accounting standards early adopted**

No Australian Accounting Standards have been early adopted for 2021-22.

### **F3-1 Configuration or Customisation Costs in a Cloud Computing Arrangement**

#### **Summary of change in accounting policy**

The department changed its accounting policies in 2021-22 after completing a full analysis of the department's previously capitalised software in response to the IFRIC agenda decision released in March 2021.

The department's new accounting policy now considers where the software code resides, whether it is identifiable and whether the department has the power to both obtain economic benefits from the software and restrict the access of others to those benefits. Configuration or customisation costs that do not qualify for recognition as an intangible asset are further assessed as to the appropriate timing of expense recognition, using the following criteria:

- (a) Where the configuration or customisation is considered a distinct (i.e. separately identifiable) service from the subsequent access to the cloud software, the costs are expensed when the configuration or customisation services are received. This is typically the case when the vendor providing the services is different from the vendor providing access to the software.
- (b) Where the configuration or customisation is not a distinct service from the department's right to access the software, the costs are expensed over the period of access on a straight-line basis. A prepayment asset is recognised when the payment is made upfront. This is usually the case when the same vendor is providing both the configuration or customisation services and the access to the cloud software.

Any software that qualifies as an intangible asset is recognised and accounted for in accordance with the department's existing accounting policies on software assets in Note C5, which have not changed.

The changes have been applied retrospectively with an adjustment of comparative opening balances at 1 July 2020. However, a separate statement of financial position as at 1 July 2020 is not provided because the overall impact of these changes is not considered material.

#### **Impact of changes**

As a result of the change in accounting policy, \$0.507M of capitalised software intangible assets as at 1 July 2020 have been expensed through opening accumulated surplus, with a \$0.066M reduction in 2020-21's reported amortisation expense.

#### **F4 Climate Risk Assessment**

The department has not identified any material climate related risks relevant to the financial report at the reporting date. The department continues to monitor the emergence of such risks under the Queensland Government's Climate Transition Strategy, and Climate Action Plan 2030.

#### **F5 Impact of COVID-19 Pandemic**

The department provided the financial assistance below during the financial year as a result of the pandemic. The assistance has a limited life and expenditure between years is not comparable.

Expenditure recognised in the statement of comprehensive income - administered includes the following items under the heading of grants and subsidies.

- \$0.316M in electricity relief payments provided under the State Government Power Bill Relief Package for small and medium business enterprises with consumption less than 100,000 kilowatt hours (kWh), with a \$500 rebate being automatically applied to electricity accounts. \$6.708M provided in 2020-21.
- \$0.317M in electricity relief payments provided under the State Government Household Utility Assistance Package to Queensland residential households, with a \$50 rebate being automatically applied to their electricity accounts. \$11.447M provided in 2020-21.

Further information on the impact of the COVID-19 pandemic is provided within Note C2, Receivables and Note C6 Payables.

## What we Look After on Behalf of Whole-of-Government

### G1-1 Schedule of Administered Income and Expenses

	Note	Actual 2022 \$'000	Original Budget^ 2022 \$'000	Budget Variance* 2022 \$'000	Actual 2021 \$'000
<b>Administered income</b>					
Appropriation revenue *	G1-3	2,403,611	2,434,745	(31,134)	2,393,476
Grants and other contributions	G1-4	1,800	-	1,800	2,853
Other revenue		23	-	23	-
<b>Total administered income</b>		<b>2,405,434</b>	<b>2,434,745</b>	<b>(29,311)</b>	<b>2,396,329</b>
<b>Administered expenses</b>					
Employee expenses		-	-	-	206
Supplies and services	G1-5	-	-	-	1,002
Grants and subsidies	G1-6	2,405,434	2,434,745	29,311	2,406,599
<b>Total administered expenses</b>		<b>2,405,434</b>	<b>2,434,745</b>	<b>29,311</b>	<b>2,407,807</b>
<b>Operating surplus/(deficit)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(11,478)</b>

^ These figures represent budgeted figures as published in the 2021-22 Service Delivery Statement tabled in Parliament.

\* An explanation of major variances is included at Note G1-8.

### G1-2 Schedule of Administered Assets and Liabilities

	Note	Actual 2022 \$'000	Original Budget^ 2022 \$'000	Budget Variance* 2022 \$'000	Actual 2021 \$'000
<b>Administered assets</b>					
<b>Current</b>					
Cash and cash equivalents		54,365	210,531	(156,166)	44,315
Receivables	G1-7	1,770	23,888	(22,118)	1,959
<b>Total current assets</b>		<b>56,135</b>	<b>234,419</b>	<b>(178,284)</b>	<b>46,274</b>
<b>Total assets</b>		<b>56,135</b>	<b>234,419</b>	<b>(178,284)</b>	<b>46,274</b>
<b>Administered liabilities</b>					
<b>Current</b>					
Payables	G1-8	57,493	235,773	178,280	47,733
<b>Total current liabilities</b>		<b>57,493</b>	<b>235,773</b>	<b>178,280</b>	<b>47,733</b>
<b>Net administered assets/liabilities</b>		<b>(1,358)</b>	<b>(1,354)</b>	<b>(4)</b>	<b>(1,459)</b>

^ These figures represent budgeted figures as published in the 2021-22 Service Delivery Statement tabled in Parliament.

\* An explanation of major variances is included at Note G1-10.

The accompanying notes form part of these financial statements.



## G1-3 Appropriation Revenue

### Appropriation Revenue

	2022 \$'000	2021 \$'000
<b>Reconciliation of Payments from Consolidated Fund to Administered Income</b>		
Budgeted appropriation	2,434,745	2,423,678
Transfers from Administered services	-	5,520
Lapsed administered appropriation	(17,514)	-
<b>Total administered receipts</b>	<b>2,417,231</b>	<b>2,429,198</b>
Less: Opening balance of administered revenue receivable	-	-
Plus: Closing balance of administered revenue receivable	-	(14,801)
Plus: Opening balance of departmental services revenue payable	20,972	-
Less: Closing balance of departmental services revenue payable	(34,592)	(20,921)
<b>Administered income recognised in Note G1-1</b>	<b>2,403,611</b>	<b>2,393,476</b>
<b>Reconciliation of Payments from Consolidated Fund to administered equity adjustment</b>		
Lapsed appropriation	(1,605)	-
<b>Administered equity adjustment</b>	<b>(1,605)</b>	<b>-</b>
<b>Administered equity adjustment recognised in contributed equity</b>	<b>(1,605)</b>	<b>-</b>

This appropriation revenue is provided in cash by Queensland Treasury and funds activities and expenses that the department administers on behalf of the State Government (refer to Note A2-7).

## G1 Administered (continued)

### G1-4 Grants and Other Contributions

	2022	2021
	\$'000	\$'000
Commonwealth grants - Family Responsibilities Commission	1,800	900
Grants from Queensland Reconstruction Authority*	-	1,953
<b>Total</b>	<b>1,800</b>	<b>2,853</b>

\* Queensland Reconstruction Authority grants are from 1 July 2020 to 30 November 2020 due to the Machinery-of-Government changes.

### G1-5 Supplies and Services

	2022	2021
	\$'000	\$'000
Service procurement	-	725
Disaster recovery	-	277
<b>Total</b>	<b>-</b>	<b>1,002</b>

### G1-6 Grants and Subsidies

	2022	2021
	\$'000	\$'000
Grants - National Disability Insurance Agency	1,992,273	1,976,912
Grants - Electricity - COVID-19 - Small Medium Business Relief	316	6,708
Grants - Family Responsibilities Commission	4,218	2,079
Grants - Transfer Ownership of Olandi Hall to Torres Shire Council *	1,605	-
Grants - Western Cape Communities	16,373	7,025
Grants - Disaster Recovery Personal Hardship Assistance Scheme	-	1,065
Grants - Disaster Recovery	-	11,157
<b>Total grants and subsidies</b>	<b>2,014,784</b>	<b>2,004,946</b>
Concession - Asset ownership electricity dividend	106,332	104,780
Concession - Electricity	195,617	198,835
Concession - Electricity - COVID-19 - Residential Household Relief	327	11,447
Concession - Rates	53,652	54,340
Concession - Water	19,836	18,271
Concession - Home Energy Emergency Assistance	8,555	7,696
Concession - Natural gas	2,608	2,497
Concession - Life Support	1,973	2,071
Concession - Medical cooling and heating electricity	1,750	1,716
<b>Total concession payments</b>	<b>390,650</b>	<b>401,653</b>
<b>Total</b>	<b>2,405,434</b>	<b>2,406,599</b>

\* Transfer of land and building, Olandi Hall, to the Torres Shire Council. Refer to the Statement of Changes in Equity for further information.

## G1 Administered (continued)

### G1-7 Receivables

	2022	2021
	\$'000	\$'000
<b>Current</b>		
Trade and other debtors	23	-
	<b>23</b>	<b>-</b>
GST input tax credits receivable	1,748	1,959
<b>Total</b>	<b>1,771</b>	<b>1,959</b>

### G1-8 Payables

	2022	2021
	\$'000	\$'000
<b>Current</b>		
Trade creditors and accruals	7	3
Service Concessions payable	22,894	26,808
Deferred appropriation payable to Consolidated Fund	34,592	20,921
Other	-	1
<b>Total</b>	<b>57,493</b>	<b>47,733</b>

### G1-9 Financial Instruments

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

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

	2022	2021
Note	\$'000	\$'000
<b>Financial Assets</b>		
Cash and cash equivalents	54,365	44,315
Financial assets at amortised cost:		
Current Receivables	1,771	1,959
<b>Total financial assets</b>	<b>56,136</b>	<b>46,274</b>
<b>Financial Liabilities</b>		
Financial liabilities at amortised cost:		
Payables	57,493	47,733
<b>Total financial liabilities at amortised cost</b>	<b>57,493</b>	<b>47,733</b>

## **G1 Administered (continued)**

### **G1-10 Administered Budgetary Reporting Disclosures**

#### **Explanation of Major Variances - Statement of comprehensive income**

##### ***Appropriation revenue***

Administered Appropriation revenue is \$31.134M lower than the budget of \$2.434B principally due to the timing of concessions payments for electricity rebates for households and small or medium businesses. The variance is influenced by timing of application of rebates to quarterly consumer bills.

##### ***Grants and other contributions revenue***

Grants and other contributions are \$1.800M higher than budget reflecting the recognition of Commonwealth funding received for the Family Responsibility Commission. The MOU with the Commonwealth formalising this funding arrangement was agreed post the publication of the 2021-22 State Budget.

##### ***Grants and subsidies expenses***

Grants and subsidies were \$29.311M lower than the budget of \$2.434B. The key contributor to the variance relates to electricity concessions and rebates for households and small or medium businesses with expenditure outlays influenced by the timing of application for the rebates.

#### **Explanation of Major Variances – Statement of financial performance**

##### ***Cash***

The Cash balance is \$156.166M lower than the budget of \$210.531M reflecting revised timings to the payment of the State's contribution to the National Disability Insurance Agency (NDIA), transitioning from a monthly in arrears to a quarterly in advance payment schedule which has resulted in lower cash balance than forecast and a commensurate offset of a lower budgeted payables position.

##### ***Receivables***

Receivables are \$22.118M lower than the budget principally reflecting a lower Appropriation receivable position than forecast. The Administrative expenditure is below budget, and the department is in a net Appropriation payable position rather than an Appropriation receivable position.

##### ***Payables***

Payables are \$178.280M lower than the budget of \$235.773M, principally reflecting revised timings for the payment of the State's contribution to the NDIA, transitioning from a monthly in arrears to a quarterly in advance payment schedule.

**CERTIFICATE OF THE DEPARTMENT OF SENIORS, DISABILITY SERVICES AND ABORIGINAL AND TORRES STRAIT ISLANDER PARTNERSHIPS**

These general-purpose financial statements have been prepared pursuant to s.62(1) of the *Financial Accountability Act 2009* (the Act), section 38 of the *Financial and Performance Management Standard 2019* 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 Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships for the financial year ended 30 June 2022 and of the financial position of the department at the end of that year.

The Director-General, as the Accountable Officer of the department, acknowledges responsibility under s.7 and s.11 of the *Financial and Performance Management Standard 2019* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.

Narinder Singh ACMA CGMA CPA Bsc (Hons)  
Chief Finance Officer



29 August 2022

Dr Chris Sarra, PhD  
Director-General



29 August 2022

## INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of the Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships

### Report on the audit of the financial report

#### Opinion

I have audited the accompanying financial report of the Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships.

In my opinion, the financial report:

a) gives a true and fair view of the department's financial position as at 30 June 2022, and its financial performance and cash flows for the year then ended

b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards.

The financial report comprises the statement of financial position and statement of assets and liabilities by major departmental services as at 30 June 2022, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comprehensive income by major departmental services for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

#### Basis for opinion

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

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

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

#### Key audit matters

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

**Valuation of specialised buildings (\$137.334 million)**

Refer to notes C4-4 and C4-7 in the financial report.

Key audit matter	How my audit addressed the key audit matter
<p>The Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships (DSDSATSIP) specialised building assets were valued at balance date using the current replacement cost method that comprises:</p> <ul style="list-style-type: none"> <li>Gross replacement cost, less</li> <li>Accumulated depreciation.</li> </ul> <p>Specialised buildings represented 94 per cent of the total building assets as at balance date.</p> <p>The department performs comprehensive revaluations of all of its buildings at least every five years, with desktop valuations conducted in the intervening period.</p> <p>In making these judgements, the department engaged an external valuation expert to perform a comprehensive revaluation of Aboriginal and Torres Strait Islander Partnerships Service Area land and buildings and perform a desktop revaluation of Disability Services and Seniors Services Service Areas land and buildings in 2021-22.</p> <p>The Department derived the gross replacement cost of its buildings at balance date using unit prices that required significant judgements for:</p> <ul style="list-style-type: none"> <li>identifying the components of buildings with separately identifiable replacement costs (known as unit rate categories)</li> <li>developing a unit rate for each of these components, including: <ul style="list-style-type: none"> <li>estimating the current cost for a modern substitute (including locality factors and oncosts), expressed as a rate per unit (e.g. \$/square metre)</li> <li>identifying whether the existing building contains obsolescence or less utility compared to the modern substitute, and if so, estimating the adjustment to the unit rate required to reflect this difference</li> </ul> </li> <li>indexing unit rates for subsequent increases in input costs.</li> </ul> <p>The measurement of accumulated depreciation involved significant judgements for forecasting the remaining useful lives of asset components.</p> <p>The significant judgements required for gross replacement cost and useful lives are also significant for calculating annual depreciation expense.</p>	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>Assessing the competence, capability, and objectivity of the valuation specialist.</li> <li>Assessing the adequacy of management's review of the valuation process.</li> <li>Obtaining an understanding of the methodology used and assessing its design, integrity and appropriateness using common industry practices.</li> <li>Assessing the appropriateness of the building components used for measuring gross replacement cost with reference to the department's asset management plans and common industry practices.</li> <li>On a sample basis, evaluating the relevance, completeness and accuracy of source data used to derive the unit rates for the: <ul style="list-style-type: none"> <li>modern substitute</li> <li>adjustment for excess quality or obsolescence.</li> </ul> </li> <li>Evaluating the reasonableness of the indices used against other publicly available information about movements in values for replacement costs of similar assets.</li> <li>Evaluating useful life estimates for reasonableness by reviewing management's annual assessment of useful lives.</li> <li>Performing reasonableness tests to confirm depreciation is calculated in accordance with the department's accounting policies and industry standards.</li> </ul>

### **Responsibilities of the department for the financial report**

The Accountable Officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial report**

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. This is not done for the purpose of expressing an opinion on the effectiveness of the department's internal controls, but allows me to express an opinion on compliance with prescribed requirements.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the department.
- Conclude on the appropriateness of the department's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the department's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the department to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

From the matters communicated with the Accountable Officer, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on other legal and regulatory requirements**

#### **Statement**

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2022:

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

#### **Prescribed requirements scope**

The prescribed requirements for the establishment and keeping of accounts are contained in the *Financial Accountability Act 2009*, any other Act and the Financial and Performance Management Standard 2019. The applicable requirements include those for keeping financial records that correctly record and explain the department's transactions and account balances to enable the preparation of a true and fair financial report.



Michelle Reardon  
as delegate of the Auditor-General

31 August 2022

Queensland Audit Office  
Brisbane