

**Department of Seniors, Disability Services and
Aboriginal and Torres Strait Islander
Partnerships
Annual Financial Statements
2020-21**

**Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships
Financial Statements
for the year ended 30 June 2021**

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Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships
Income Statement - Controlled
for the year ended 30 June 2021

	Note	Actual 2021 \$'000	Original Budget^ 2021 \$'000	Budget Variance* 2021 \$'000	Actual 2020 \$'000
Income from Continuing Operations					
Appropriation revenue	B1-1	320,736	353,897	(33,161)	358,744
User charges and fees	B1-2	10,178	3,512	6,666	7,424
Grants and other contributions	B1-3	13,489	12,217	1,272	14,920
Interest		3	-	3	15
Reversal of revaluation decrement	C4-1	1,229	-	1,229	6,410
Other revenue	B1-4	4,188	2,448	1,740	18,474
Other gains/(losses) – net		-	-	-	21
Total Income from Continuing Operations		349,823	372,074	(22,251)	406,008
Expenses from Continuing Operations					
Employee expenses	B2-1	205,688	207,150	(1,462)	193,782
Supplies and services	B2-2	116,539	137,584	(21,045)	163,852
Grants and subsidies	B2-3	16,763	21,530	(4,767)	31,112
Depreciation and amortisation	B2-4	5,117	7,306	(2,189)	5,907
Impairment losses		(57)	500	(557)	1,498
Other expenses	B2-5	2,944	1,479	1,465	2,410
Revaluation decrement	C4-1	112	-	112	-
Total Expenses from Continuing Operations		347,106	375,549	(28,443)	398,561
Operating Result from Continuing Operations		2,717	(3,475)	6,192	7,447
Operating Result for the Year		2,717	(3,475)	6,192	7,447
Total Comprehensive Income		2,717	(3,475)	6,192	7,447

*^ An explanation of major variances is included at Note E1-1.
These figures represent budgeted figures as published in the 2020-21 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
Income Statement by Major Departmental Services - Controlled
for the year ended 30 June 2021

	Disability Services 2021 \$'000	Disability Services 2020 \$'000	Community Services [^] 2021 \$'000	Seniors Services [^] 2021 \$'000	Community & Seniors Services [^] 2020 \$'000	Economic Participation Services* 2021 \$'000	Community Participation Services* 2021 \$'000	Total 2021 \$'000	2020 \$'000
Income from Operations									
Appropriation revenue	211,125	183,298	64,832	11,701	175,446	16,236	16,842	320,736	358,744
User charges and fees	7,826	2,363	2,341	-	5,061	5	6	10,178	7,424
Grants and other contributions	11,469	12,780	1,460	-	2,140	93	467	13,489	14,920
Interest	3	15	-	-	-	-	-	3	15
Reversal of revaluation decrement	1,220	4,842	-	-	1,568	1	8	1,229	6,410
Other revenue	2,781	15,516	742	6	2,958	26	633	4,188	18,474
Other gains/(losses) - net	-	21	-	-	-	-	-	-	21
Total Income from Operations	234,424	218,835	69,375	11,707	187,173	16,361	17,956	349,823	406,008
Expenses from Operations									
Employee expenses	177,589	163,942	5,743	739	29,840	10,473	11,414	205,688	193,782
Supplies and services	45,983	34,064	51,827	10,402	129,788	4,419	3,908	116,539	163,852
Grants and subsidies	4,099	13,707	9,221	520	17,405	1,202	1,721	16,763	31,112
Depreciation and amortisation	3,434	3,282	980	-	2,625	39	664	5,117	5,907
Impairment losses	(57)	1,491	-	-	7	-	-	(57)	1,498
Other expenses	716	316	1,874	36	2,094	146	172	2,944	2,410
Revaluation Decrement	112	-	-	-	-	-	-	112	-
Total Expenses from Operations	231,876	216,802	69,375	11,697	181,759	16,279	17,879	347,106	398,561
Operating Result from Operations	2,548	2,033	-	10	5,414	82	77	2,717	7,447
Operating Result for the Year	2,548	2,033	-	10	5,414	82	77	2,717	7,447
Total Comprehensive Income	2,548	2,033	-	10	5,414	82	77	2,717	7,447

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

[^] Community Services transactions are from 1 July 2020 to 30 November 2020 due to the Machinery-of-Government changes. Seniors Services transactions are for the full year.

Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships
Balance Sheet - Controlled
as at 30 June 2021

	Note	Actual ^ 2021 \$'000	Actual 2020 \$'000
Current Assets			
Cash and cash equivalents	C1	54,840	72,041
Receivables	C2	6,009	4,841
Other current assets		1,774	2,377
		62,623	79,259
Total Current Assets			
		62,623	79,259
Property, plant and equipment	C4	181,296	283,925
Intangibles	C5	1,050	3,226
Right-of-use assets		-	51
Total Non-Current Assets		182,346	287,202
Total Assets		244,969	366,461
Current Liabilities			
Payables	C6	37,926	32,599
Accrued employee benefits	C7	8,811	7,619
Provisions		119	2,501
Other current liabilities		571	-
Lease liabilities		-	51
Total Current Liabilities		47,427	42,770
Total Non-Current Liabilities		-	-
Total Liabilities		47,427	42,770
Net Assets		197,542	323,691
Equity			
Contributed equity		174,080	303,051
Accumulated surplus		23,462	20,640
Total Equity		197,542	323,691

^ Individual agencies budgeted Balance Sheets were not published in the 2020-21 Service Delivery Statements.

Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships
Statement of Assets and Liabilities by Major Departmental Services - Controlled
as at 30 June 2021

	Disability Services		Community Services [^]		Seniors Services [^]		Community & Seniors Services [^]		Economic Participation Services*		Community Participation Services*		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current Assets														
Cash and cash equivalents	30,241	43,301	-	-	2,374	28,740	7,280	14,945	54,840	72,041				
Receivables	4,765	4,547	-	-	19	294	590	636	6,009	4,841				
Other current assets	1,173	2,219	-	-	10	158	252	339	1,774	2,377				
Total Current Assets	36,178	50,067	-	-	2,403	29,192	8,122	15,920	62,623	79,259				
Non-Current Assets														
Property, plant and equipment	165,545	169,948	-	-	-	113,977	708	15,042	181,296	283,925				
Intangibles	962	1,086	-	-	-	2,140	-	88	1,050	3,226				
Right-of-use assets	-	-	-	-	-	51	-	-	-	51				
Total Non-Current Assets	166,507	171,034	-	-	-	116,168	708	15,130	182,346	287,202				
Total Assets	202,685	221,101	-	-	2,403	145,360	8,830	31,050	244,969	366,461				
Current Liabilities														
Payables	21,627	14,252	-	-	2,344	18,347	5,226	8,729	37,926	32,599				
Accrued employee benefits	7,511	6,896	-	-	59	723	596	645	8,811	7,619				
Provisions	104	343	-	-	0	2,158	7	7	119	2,501				
Other current liabilities	571	-	-	-	-	-	-	-	571	-				
Lease liabilities	-	-	-	-	-	51	-	-	-	51				
Total Current Liabilities	29,814	21,491	-	-	2,403	21,279	5,829	9,381	47,427	42,770				
Total Liabilities	29,814	21,491	-	-	2,403	21,279	5,829	9,381	47,427	42,770				

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

[^] Community Services assets and liabilities were transferred to Department of Communities, Housing and Digital Economy due to the Machinery-of-Government changes. Seniors Services transactions are for the full year.

Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships
Statement of Changes in Equity - Controlled
for the year ended 30 June 2021

	Contributed Equity \$'000	Accumulated Surplus \$'000	Total \$'000
Balance as at 1 July 2019	302,252	13,191	315,443
Operating Result			
Operating result from continuing operations	-	7,447	7,447
Total Comprehensive Income for the Year	-	7,447	7,447
Net transfers in/(out) from other Queensland Government entities - other	(2,458)	-	(2,458)
Net appropriated equity injections	3,259	-	3,259
Net Transactions with Owners as Owners	801	-	801
Balance as at 30 June 2020	303,051	20,640	323,691
	Contributed Equity \$'000	Accumulated Surplus \$'000	Total \$'000
Operating Result			
Operating result from continuing operations	-	2,717	2,717
Total Comprehensive Income for the Year	-	2,717	2,717
Transactions with owners as owners:			
Net transfers in/(out) from other Queensland Government entities - MoG*	(133,472)	105	(133,367)
Net appropriated equity injections	4,501	-	4,501
Net Transactions with Owners as Owners	(128,971)	-	(128,866)
Balance as at 30 June 2021	174,080	23,462	197,542

* Refer to Note A3 for further information.

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 2021

	Note	Actual [^] 2021 \$'000	Actual 2020 \$'000
Cash Flows from Operating Activities			
<i>Inflows:</i>			
Service appropriation receipts		316,892	363,347
User charges and fees		10,672	7,181
Grants and other contributions		11,748	13,311
GST input tax credits received from ATO		6,603	20,625
GST collected from customers		1,996	1,934
Interest receipts		3	15
Other inflows		4,762	18,038
<i>Outflows:</i>			
Employee expenses		(206,337)	(205,861)
Supplies and services		(112,378)	(171,440)
Grants and subsidies		(21,339)	(28,024)
GST paid to suppliers		(5,931)	(20,772)
GST remitted to ATO		(1,996)	(1,934)
Other outflows		(3,679)	(1,048)
Net Cash Provided by Operating Activities[#]		1,016	(4,628)
Cash Flows from Investing Activities			
<i>Inflows:</i>			
Sales of property, plant and equipment		1,895	1,089
<i>Outflows:</i>			
Payments for property, plant and equipment		(16,334)	(12,115)
Payments for intangible assets		-	(1,078)
Net Cash Used in Investing Activities		(14,439)	(12,104)
Cash Flows from Financing Activities			
<i>Inflows:</i>			
Equity withdrawals		(183)	-
Equity injections		4,501	5,565
Net Cash Provided by Financing Activities		4,318	5,565
Net (decrease) increase in cash and cash equivalents		(9,105)	(11,167)
Cash and Cash Equivalents - Opening balance		72,041	83,208
Cash transfers from restructure		(8,097)	-
Cash and Cash Equivalents - Closing balance	C1	54,840	72,041

[^] Individual agencies budgeted Statement of Cash Flows were not published in the 2020-21 Service Delivery Statements.

[#] Reconciliation is shown on the following page.

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 2021

Notes to the Statement of Cash Flows

Reconciliation of Operating Result to Net Cash Provided by Operating Activities

	Note	2021 \$'000	2020 \$'000
Operating Result for the Year		2,717	7,447
<i>Non-cash items included in operating result</i>			
Reversal of revaluation increment		112	-
Reversal of revaluation decrement		(1,229)	(6,410)
Depreciation and amortisation expense		5,117	5,907
Loss (gain) on disposal of non-current assets		209	1,308
Impairment losses		(52)	1,477
<i>Changes in assets and liabilities</i>			
(Increase) decrease in GST input tax credits receivable		672	(148)
(Increase) decrease in trade receivables		494	11,293
(Increase) decrease in other current receivables		182	6,389
(Increase) decrease in other assets		572	(2,364)
(Increase) decrease in non-current receivables		-	4,202
(Increase) decrease in right-of-use assets		-	(51)
Increase (decrease) in payables		4,235	(2,998)
Increase (decrease) in accrued employee benefits		(647)	(16,078)
Increase (decrease) in provisions		(2,382)	(1,644)
Increase (decrease) in other liabilities		(8,983)	(13,009)
Increase (decrease) in lease liabilities		-	51
Net Cash Provided by (Used in) Operating Activities		1,016	(4,628)

The accompanying notes form part of these financial statements.

Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships
Income Statement - Administered
for the year ended 30 June 2021

		Actual	Original	Budget	
	Note	2021	Budget [^]	Variance*	2020
		\$'000	\$'000	\$'000	\$'000
Income from Continuing Operations					
Administered appropriation revenue	G1-1	2,393,476	2,430,653	(37,177)	2,313,108
Grants and other contributions	G1-2	2,853	13,605	(10,752)	71,949
Total Income from Continuing Operations		2,396,329	2,444,258	(47,929)	2,385,057
Expenses from Continuing Operations					
Employee expenses		206	-	206	2,940
Supplies and services	G1-3	1,002	-	1,002	8,612
Grants and subsidies	G1-4	2,406,599	2,444,258	(37,659)	2,328,217
Total Expenses from Continuing Operations		2,407,807	2,444,258	(36,451)	2,339,769
Operating Result from Continuing Operations		(11,478)	-	(11,478)	45,288
Operating Result for the Year		(11,478)	-	(11,478)	45,288
Total Comprehensive Income		(11,478)	-	(11,478)	45,288

[^] These figures represent budgeted figures as published in the 2020-21 Service Delivery Statement tabled in Parliament.

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

The accompanying notes form part of these financial statements.

Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships
Balance Sheet - Administered
as at 30 June 2021

	Note	Actual ^ 2021 \$'000	Actual 2020 \$'000
Current Assets			
Cash and cash equivalents		44,315	190,692
Receivables	G1-5	1,959	16,964
Total Current Assets		<u>46,274</u>	<u>207,656</u>
Total Assets		<u>46,274</u>	<u>207,656</u>
Current Liabilities			
Payables	G1-6	47,733	235,774
Total Current Liabilities		<u>47,733</u>	<u>235,774</u>
Total Non-Current Liabilities		-	-
Total Liabilities		<u>47,733</u>	<u>235,774</u>
Net Assets		<u>(1,459)</u>	<u>(28,118)</u>

^ Individual agencies budgeted Balance Sheets were not published in the 2020-21 Service Delivery Statements.

Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships
Statement of Cash Flows - Administered
for the year ended 30 June 2021

	Actual 2021 \$'000	Actual 2020 \$'000
Cash Flows from Operating Activities		
<i>Inflows:</i>		
Administered appropriation revenue	2,429,198	2,142,690
User charges and fees	-	-
Grants and other contributions	2,853	71,949
GST input tax credits received from ATO	9	19,559
GST collected from customers	7,195	7,195
Other inflows	-	-
<i>Outflows:</i>		
Employee expenses	(206)	(5,328)
Supplies and services	(1,009)	(10,610)
Grants and subsidies	(2,615,554)	(2,264,348)
GST paid to suppliers	195	(19,520)
GST remitted to ATO	(7,195)	(7,195)
Net Cash Used in Operating Activities	(184,514)	(65,608)
Net (decrease) in cash and cash equivalents	(184,514)	(65,608)
Cash and Cash Equivalents - Opening balance	190,692	256,300
Cash transfers from restructure	38,137	-
Cash and Cash Equivalents - Closing balance	44,315	190,692

Notes to the Statement of Cash Flows

Reconciliation of Operating Result to Net Cash Provided by Operating Activities

	2021 \$'000	2020 \$'000
Operating Result for the Year	(11,478)	45,288
<i>Changes in assets and liabilities</i>		
(Increase) decrease in GST input tax credits receivable	204	39
(Increase) decrease in trade receivables	-	(14,801)
(Increase) decrease in other current receivables	14,944	-
Increase (decrease) in payables	(7)	(93,745)
Increase (decrease) in accrued employee benefits	-	(2,389)
Increase (decrease) in other liabilities	(188,177)	-
Net Cash Used in Operating Activities	(184,514)	(65,608)

The accompanying notes form part of these financial statements.

A1 Departmental Objectives

As part of the Machinery-of-Government changes, effective 12 November 2020:

- The former Department of Communities, Disability Services and Seniors was renamed the Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships.
- The functions of the former Department of Aboriginal and Torres Strait Islander Partnerships were transferred to the Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships effective from 13 November 2020. Refer to Note A3-1 and Note A2-7 for further information.
- Community Services activities were transferred to the Department of Communities, Housing and Digital Economy effective from 1 December 2020. Refer to Note A3-2 and Note A2-7 for further information.

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.

The major departmental services undertaken by the department are disclosed in the Income Statement by Major Departmental Services - Controlled, and are further detailed in Note A1 Departmental Objectives.

A2 Basis of Financial Statement Preparation (continued)

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 2020.

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.

Comparatives

Comparative information reflects the audited 2019-20 financial statements. The current year is not comparable to the previous year due to the Machinery-of-Government changes. Refer to Note A3.

Current/Non-Current Classification

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

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

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

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.

A2 Basis of Financial Statement Preparation (continued)

A2-6 Basis of Measurement (continued)

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

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

The department's administered ledger is used 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.
- To administer Community Recovery disaster costs and the subsequent reimbursement of those costs from the Queensland Reconstruction Authority (QRA) under commonwealth-state Disaster Recovery Funding Arrangements (DRFA) guidelines and associated State Government programs.

The department processed \$48.830M in the controlled ledger and \$23.716M in the administered ledger in 2020-21 on behalf of the Department of Communities, Housing and Digital Economy following the Machinery-of-Government restructure. These amounts are not included in these Annual Financial Statements.

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).

A2 Basis of Financial Statement Preparation (continued)

A2-9 Current Year Impact of New or Amended Accounting Standards Changes

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

AASB 1059 Service Concession Arrangements: Grantors

AASB 1059 will first apply to the department's financial statements in 2020-21. This standard defines service concession arrangements and applies a new control concept to the recognition of service concession assets and related liabilities.

As the department does not have any service concession arrangements in operation now, or plans to have them in the future, the impact of adoption of the standard is expected to be immaterial.

A3 Machinery-of-Government (MoG) Changes

A3-1 Transfers in - Controlled and Administered Activities

Details of transfer: The Department of Aboriginal and Torres Strait Islander Partnerships was abolished with its assets and liabilities transferring to the Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships.

Basis of transfer: Public Service Departmental Arrangements Notice (No. 4) 2020.

Date of transfer: Effective from the 13th November 2020.

The assets and liabilities transferred as a result of the changes were as follows:

	2021 Controlled \$'000	2021 Administered \$'000
Current assets		
Cash and Cash equivalents	27,437	154
Receivables	1,293	-
Appropriation revenue receivable	-	143
Other current assets	705	-
Total current assets	29,435	297
Non-current assets		
Non-current assets	16,217	-
Intangibles	139	-
Total non-current assets	16,356	-
Current liabilities		
Payables	(20,468)	-
Appropriation payable equity withdrawal	-	(194)
Accrued employee benefits	(1,025)	-
Other current liabilities	(79)	-
Total current liabilities	(21,572)	(194)
Net assets transferred in	24,219	103

The increase in net assets of \$24.219M (controlled) has been accounted for as an increase in contributed equity as disclosed in the Statement of Changes in Equity.

Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships
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A3 Machinery-of-Government (MoG) Changes (continued)

A3-1 Transfers in - Controlled and Administered Activities (continued)

Budgeted appropriation revenue of \$51.383M (controlled) and nil (administered) was reallocated from the former Department of Aboriginal and Torres Strait Islander Partnerships to the Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships as part of the Machinery-of-Government changes.

A3-2 Transfers out - Controlled and Administered Activities

Details of transfer: Community Services activities were transferred to the Department of Communities, Housing and Digital Economy as part of Machinery-of-Government changes.

Basis of transfer: Public Service Departmental Arrangements Notice (No. 4) 2020.

Date of transfer: Effective from the 1st December 2020.

	2021 Controlled \$'000	2021 Administered \$'000
Current assets		
Cash and cash equivalents	35,534	(38,008)
Receivables	14,166	-
Other current assets	191	-
Total current assets	49,891	(38,008)
Total non-current assets		
Property, plant and equipment	124,670	-
Intangibles	1,989	-
Other non-current assets	30	-
Total non-current assets	126,689	-
Current liabilities		
Payables	16,238	129
Accrued employee benefits	630	-
Provisions	1,995	-
Other current liabilities	30	-
Total current liabilities	18,893	129
Net assets transferred/(received)	157,687	(38,137)

The decrease in net assets of \$157.687M (controlled) has been accounted for as a decrease in contributed equity as disclosed in the Statement of Changes in Equity.

Budgeted appropriation revenue of \$79.760M (controlled) and nil (administered) was reallocated from the Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships to the Department of Communities, Housing and Digital Economy as part of the Machinery-of-Government changes.

A4 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 \$2.128B, escalated at 4% per annum. Full scheme contributions commenced in Queensland from 1 October 2020 and were pro-rated for the 2020-21 financial year.

B1 Revenue

B1-1 Appropriation Revenue

	2021 \$'000	2020 \$'000
Reconciliation of Payments from Consolidated Fund to Appropriation Revenue Recognised in Operating Result		
Budgeted appropriation revenue	328,408	361,571
Lapsed appropriation revenue	(6,262)	-
Additional appropriation revenue for unforeseen expenditure	-	1,776
Treasurers transfers	(5,520)	-
Total Appropriation Receipts (cash)	316,626	363,347
Less: Opening balance of appropriation revenue receivable	-	(4,202)
Plus: Effect of adoption of new accounting standards *	-	4,202
Plus: Opening balance of departmental services revenue payable	21,652	17,049
Adjustment for Machinery-of-Government transfer	10,721	-
Less: Closing balance of departmental services revenue payable	(28,263)	(21,652)
Net Appropriation Revenue	320,736	358,744
Appropriation Revenue Recognised in Income Statement	320,736	358,744

Accounting Policy - Appropriation Revenue

Appropriations provided under the *Appropriation Act 2019* are recognised as revenue when received.

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

* There was a change in Australian Accounting Standards for leasing expenses in 2019-20, with the 2018-19 appropriation revenue receivable being held with Queensland Treasury under AASB 117, along with a corresponding non-current liability being eliminated at the start of the 2019-20 financial year through an opening balancing adjustment.

B1-2 User Charges and Fees

The department received the following revenue for user charges and fees during the financial year.

- \$4.037M in Yellow Card application fees for screening of workers within the disability services industry.
- \$2.860M from the National Disability Support Agency to provide specialist disability accommodation and client support.
- \$2.202M in funding to operate Gambling Help counselling services and hotline. This service has transitioned to the Department of Communities, Housing and Digital Economy in the Machinery-of-Government restructure. For further information on the restructure refer to Note A3.
- \$0.676M in rent received from clients in specialist disability accommodation.
- \$0.403M in other fees and charges.

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B1 Revenue (continued)

B1-3 Grants and Other Contributions

	2021	2020
	\$'000	\$'000
Revenue from contracts with customers		
Commonwealth grants - specific obligations	11,374	11,590
Other grants and contributions		
Commonwealth grants - non-specific obligations	95	1,190
Grants from Queensland Reconstruction Authority*	-	131
Queensland Government grants	362	-
Services received below fair value	1,658	2,009
Total	13,489	14,920

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

Accounting Policy - Grants, contributions and donations

Grants, contributions and donations are non-reciprocal transactions where the department does not directly provide the grantor with value approximately equal to the revenue received.

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 revenue is accounted for under AASB15 *Revenue from Contracts with Customers*. In this case revenue is initially deferred (as unearned revenue) and recognised as or when the performance obligations are satisfied.

In all other cases the revenue is accounted for in accordance with AASB 1058 *Income of Not-for-Profit Entities*. Revenue is recognised upon receipt unless it is related to special purpose capital grants for construction of non-financial assets that will be controlled by the department. Under the latter circumstances the grant is recognised as unearned revenue initially, and subsequently recognised as revenue progressively as obligations are met through construction of the related 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 Continuity of Support (CoS) 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.

Disclosure - Services received below fair value

Services received below fair value include \$1.460M for community recovery volunteer services (2019-20: \$2.009M) and \$0.198 (2019-20: nil) for state archiving services. All services were provided by other State Government entities. The community recovery program transferred to the Department of Communities, Housing and Digital Economy in the Machinery-of-Government changes. Refer to Note A3 for further information.

Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships
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B1 Revenue (continued)

B1-4 Other Revenue

	2021 \$'000	2020 \$'000
Expenditure recoveries	5	3
Grant and service procurement refunds [^]	2,283	15,197
Other	1,900	3,274
Total	4,188	18,474

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

B2 Expenses

B2-1 Employee Expenses

	2021 \$'000	2020 \$'000
Employee Benefits		
Wages and salaries	162,067	151,552
Employer superannuation contributions	18,792	17,479
Annual leave levy	15,303	14,697
Long service leave levy	3,826	3,497
Other employee benefits	1,345	3,150
	201,333	190,375
Employee Related Expenses		
Workers' compensation premium	2,941	2,113
Other employee related expenses	1,414	1,294
	4,355	3,407
Total	205,688	193,782

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

	2021	2020
Number of full-time equivalent employees:	<u>1,888</u>	<u>1,767</u>

Accounting Policies - Employee Benefits

Accounting Policy - Wages and Salaries

Wages and salaries due, but unpaid at reporting date, are recognised in the balance sheet at the current salary rates. As the department expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts. Wages and salaries includes any non-vesting sick leave that has been paid by the department during the financial year.

B2 Expenses (continued)

B2-1 Employee Expenses (continued)

Accounting Policies - Employee Benefits (continued)

Accounting Policy - Annual Leave

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

Accounting Policy - Long Service Leave

Under the State Government's Long Service Leave Scheme, a levy is made on the department to cover the cost of employee's 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 State Government's QSuper defined benefit plan as determined by the employee's conditions of employment.

Defined Contribution Plans - Contributions are made to eligible complying superannuation funds based on the rates specified in the relevant 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.

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.

Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships
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B2 Expenses (continued)

B2-2 Supplies and Services

	2021 \$'000	2020 \$'000
Service Procurement		
Disability Services+	10,048	48,707
Seniors Services	9,946	10,339
Aboriginal and Torres Strait Islander Partnerships Services	1,172	-
Community Services*	48,789	55,433
Outsourced corporate services	14,554	15,599
Property and motor vehicle expenses	10,067	11,461
Property support, repairs and maintenance costs	8,584	8,904
Professional and technical fees	9,205	9,256
Other	4,174	4,028
Consultancies	-	125
Total	116,539	163,852

* Community Services transactions are from 1 July 2020 to 30 November 2020 due to the Machinery-of-Government changes

+ The decrease in Disability Services expenses between years relates to the reclassification of the Queensland Community Support Services program and the Meals on Wheels program to Community Services programs in 2020-21. This reclassification reflects the change of focus of these programs because of the transition to the National Disability Insurance Scheme and their stronger alignment to community services.

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).

B2-3 Grants and Subsidies^

	2021 \$'000	2020 \$'000
Disability Services+	4,099	13,707
Seniors Services	520	1,394
Aboriginal and Torres Strait Islander Partnership Services	2,922	-
Community Services *	9,221	15,843
Donations and gifts	1	168
Total	16,763	31,112

* Community Services transactions are from 1 July 2020 to 30 November 2020 due to the Machinery-of-Government changes.

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

+ Refer to B2-2 for explanation of variance on Disability Services expenditure between years.

Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships
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B2 Expenses (continued)

B2-4 Depreciation and Amortisation

	2021 \$'000	2020 \$'000
Depreciation - property, plant and equipment (refer C4-1)	4,756	5,448
Depreciation - right-of-use assets	22	51
Amortisation - intangible assets (refer C5-1)	339	408
Total	5,117	5,907

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

B2-5 Other Expenses

	2021 \$'000	2020 \$'000
Net losses on disposal of property, plant and equipment	209	1,328
Insurance premiums	758	750
External audit fees	285	285
Special payments - ex gratia payments	3	36
Other	1,689	11
Total	2,944	2,410

Audit Fees

The Queensland Audit Office is the department's external auditor. Total external audit fees relating to the 2020-21 financial year are estimated to be \$0.285M (2019-20: \$0.285M). There are no non-audit services included in this amount.

Special Payments

Special payments represent ex gratia expenditure and other expenditure that the department is not contractually or legally obligated to make to other parties. Special payments during 2020-21 and 2019-20 include the following payments over \$5,000:

- No special payments over \$5,000 were made during 2020-21. Special payments during 2019-20 include \$0.028M paid on behalf of a community services provider that experienced financial difficulties to ensure continuity of service to the department's clients and \$0.008M paid to cover the funeral expenses of a client in the care of the department.

C1 Cash and Cash Equivalents

	2021 \$'000	2020 \$'000
Cash on hand	5	4
Cash at bank	54,835	72,037
Total	54,840	72,041

C1 Cash and Cash Equivalents (continued)

Accounting Policy - Cash and Cash equivalents

For the purposes of the balance sheet and the statement of cash flows, cash assets include all cash and cheques received but not banked at 30 June 2021.

The department's cash at bank is held with the Commonwealth Bank of Australia except for a cash fund held with the Queensland Treasury Corporation (QTC) for the Elderly Parent Carer Innovation Initiative established in February 2013. The weighted average effective interest rate for the QTC cash fund is 0.52% per annum.

C2 Receivables

	2021 \$'000	2020 \$'000
Current		
Trade and other debtors	1,934	2,177
Less: Allowance for impairment loss	(1,671)	(1,780)
	<u>263</u>	<u>397</u>
GST input tax credits receivable	637	1,302
Annual leave reimbursements	4,175	2,481
Long service leave reimbursements	934	661
Total	<u>6,009</u>	<u>4,841</u>

Accounting Policy - Receivables

Trade and other debtors are recognised at the amounts due at the time of sale or service delivery. Settlement of these amounts is required within 30 days from invoice date. The collectability of receivables is assessed periodically with provision being made for impairment.

Accounting Policy - Impairment of receivables

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 \$1.674M 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 NDIS with the department no longer holding related funding agreements.

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 ability of non-government organisations to repay excess funds held from prior years could however manifest over a period of time, as the full impact of the pandemic hits the economy. The department continues to monitor the financial viability of non-government organisations holding funding agreements to identify risks in service delivery and debt recovery.

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C2 Receivables (continued)

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 sold land and buildings at the Gold Coast in 2020-21 due to the properties no longer being suitable for the department's needs. The total market value of the land and buildings was \$1.895M. Refer to Note C4-1 for further details of the department's land and building assets.

C4 Property, Plant and Equipment

C4-1 Closing Balances and Reconciliations of Carrying Amount

	2021 \$'000	2020 \$'000
Property, Plant and Equipment Reconciliation at 30 June 2021 Land		
At fair value	<u>50,663</u>	82,986
	50,663	82,986
Buildings		
At fair value	178,759	242,084
Less accumulated depreciation	<u>(50,541)</u>	(52,339)
	128,218	189,745
Plant and equipment		
At cost	6,846	7,204
Less accumulated depreciation	<u>(4,900)</u>	(5,187)
	1,946	2,017
Capital works in progress		
At cost	<u>469</u>	9,177
	469	9,177
Total	<u>181,296</u>	<u>283,925</u>

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C4 Property, Plant and Equipment (continued)

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

Represented by Movements in Carrying Amount:	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Capital works in progress \$'000	Total \$'000
Carrying amount at 1 July 2019	81,998	180,144	2,657	11,646	276,445
Acquisition	-	-	-	11,005	11,005
Disposals	(741)	(588)	-	-	(1,329)
Transfers out to other Queensland Government entities	(1,258)	(1,200)	-	-	(2,458)
Assets classified as held for sale and other disposals	(500)	(200)	-	-	(700)
Transfers between asset classes	33	13,304	137	(13,474)	-
Revaluation surplus	3,454	2,956	-	-	6,410
Depreciation charge	-	(4,671)	(777)	-	(5,448)
Carrying amount at 30 June 2020	82,986	189,745	2,017	9,177	283,925
Carrying amount at 1 July 2020	82,986	189,745	2,017	9,177	283,925
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)
Adjustments MoG	-	-	-	-	-
Transfers between asset classes	-	7,663	113	(7,776)	-
Net revaluation increments/ (decrements) in asset revaluation surplus	144	1,078	-	-	1,222
Revaluation surplus	-	-	-	-	-
Depreciation charge	-	(4,234)	(522)	-	(4,756)
Carrying amount at 30 June 2021	50,663	128,218	1,946	469	181,296

* Refer to Note A3 for further information.

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.

C4 Property, Plant and Equipment (continued)

C4-2 Recognition and Acquisition (continued)

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 is 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 and buildings are measured at fair value as required by Queensland Treasury's NCAP for the Queensland Public Sector. These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and impairment losses where applicable (refer to Note C4-1).

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

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

Use of Specific Appraisals

Revaluations using independent professional valuers are undertaken at least once every five years. 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 29 February 2021. Management have confirmed there has been no significant shift in the values since then.

Revaluations using independent professional valuers are undertaken annually. 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).

Use of Indices

Where assets have not been specifically appraised in the reporting period, their previous valuations are materially kept up-to-date via the application of relevant indices. APV performed the comprehensive revaluation of the department's land and buildings in 2019-20, with indices sourced from APV being applied to these assets (refer to Note C4-7).

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

C4 Property, Plant and Equipment (continued)

C4-4 Measurement Using Fair Value (continued)

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 2020-21 has been recognised as revenue in the Income Statement, as a reversal of the revaluation decrement.

As at 30 June 2021, the carrying amount of the asset revaluation decrements were \$71.187M (2019-20: \$71.331M) for land and \$75.394M (2019-20: \$76.367M) 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.

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	10-120 years	56.12 years
Plant and Equipment	4-19 years	11.51 years

C4 Property, Plant and Equipment (continued)

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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Land	50,663	82,816	-	170	50,663	82,986
Buildings	8,728	8,135	119,490	181,610	128,218	189,745

Level 3 Fair Value Measurement - Reconciliation

	Land		Buildings	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Carrying amount at 1 July 2020	170	3,987	181,610	165,512
Acquisitions	-	-	119	-
Disposals	-	(741)	(2,928)	(417)
Transfers in from other Queensland Government entities MoG*	-	-	12,082	-
Transfers out to other Queensland Government entities	-	(351)	-	(1,082)
Transfers out to other Queensland Government entities MoG*	(170)	-	(75,733)	-
Transfers between asset classes	-	-	7,637	13,304
Transfers into level 3 from level 2	-	-	-	5,661
Transfers out of level 3 to level 2	-	(2,725)	-	-
Net revaluation increments/ (decrements) in operating surplus	-	-	714	-
Net revaluation increments/ (decrements) in asset revaluation surplus	-	-	-	2,954
Depreciation	-	-	(4,011)	(4,322)
Carrying amount at 30 June 2021	-	170	119,490	181,610

C4 Property, Plant and Equipment (continued)

C4-7 Fair Value Measurement (continued)

* Refer to Note A3-2 for further information.

Basis for Fair Values of Assets

The land and buildings portfolio for Seniors and Disability Services was comprehensively revalued by APV in the 2019-20 financial year in accordance with AASB 13 *Fair Value Measurement*. The land and buildings portfolio for Aboriginal and Torres Strait Islander Partnerships was transferred to the department at fair value following the Machinery-of-Government restructure. Refer to Note A3-1 for further information.

The valuation approach for the department's land assets is a market based assessment. 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 transferred assets to the Department of Communities, Housing and Digital Economy as part of the Machinery-of-Government restructure with effect from 1 December 2020. The department received assets from the former Department of Aboriginal and Torres Strait Islander Partnerships with effect from 13 November 2020. Refer to Note A3 for further information.

The department's general purpose buildings (level 2 category) also used 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 and the determination of key depreciation related assumptions such as residual value and useful life. The cost approach method is based on determining the current replacement cost of the buildings modern equivalent (or cost of reproduction where relevant) and then adjusting for the level of consumed obsolescence.

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:

- Olandi Hall, Thursday Island (land held in trust and buildings) - value \$1.609M
- Mona Mona (land held in trust and a meeting shed) - value \$0.821M
- Residential dwellings and land held in trust, Irvinebank - value \$0.213M
- 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.

C4 Property, Plant and Equipment (continued)

C4-8 Retail Stores and Community Facilities Divestment Program (continued)

The department currently controls a number of Retail Stores and associated housing assets in remote communities. These assets are valued at \$9.400M. 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 (\$2.014M).

C4-9 Land and Buildings not on Deed of Grant in Trust (DOGIT) Land

In 2020-21, the department revalued land and buildings by use of appropriate indices. The department engaged APV to supply these indices.

The indices are either publicly available, or are derived from available market information. APV provides assurance of their robustness, validity and appropriateness for application to the relevant assets.

Management assesses and confirms the relevance and suitability of these indices. Land is valued at a nominal value of \$1 per parcel as land is held in trust for the local community. As there is no active market for departmentally-owned buildings on DOGIT land, the current replacement cost approach is used.

The indices are either publicly available, or are derived from available market information. APV provides assurance of their robustness, validity and appropriateness for application to the relevant assets. Management assesses and confirms the relevance and suitability of these indices.

Current replacement cost reflects the current cost that would be required to replace the service capacity of the asset as it currently exists. The cost is estimated to be the amount that would be incurred by a market participant to acquire or construct a substitute asset, adjusted for obsolescence.

C5 Intangibles

C5-1 Closing Balances and Reconciliations of Carrying Amount

	2021 \$'000	2020 \$'000	
Intangible Assets Reconciliation at 30 June 2021			
Internally Generated			
Software - internally generated (at cost)	1,722	45,889	
Less accumulated amortisation	(672)	(43,741)	
	<u>1,050</u>	<u>2,148</u>	
Works in progress			
Software - work in progress (at cost)	-	1,078	
	<u>-</u>	<u>1,078</u>	
Total	<u>1,050</u>	<u>3,226</u>	
	Software internally generated \$'000	Software works in progress \$'000	Total \$'000
Represented by Movements in Carrying Amount:			
Carrying amount at 1 July 2019	2,556	-	2,556
Transfer in from other Queensland Government Entities MoG*	-	1,078	1,078
Amortisation	(408)	-	(408)
Carrying amount at 30 June 2020	<u>2,148</u>	<u>1,078</u>	<u>3,226</u>

C5 Intangibles (continued)

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

Represented by Movements in Carrying Amount:	Software internally generated \$'000	Software works in progress \$'000	Total \$'000
Carrying amount at 1 July 2020	2,148	1,078	3,226
Additions	-	13	13
Transfer in from other Queensland Government Entities MoG*	142	-	142
Adjustments MoG	(3)	-	(3)
Transfers between classes	1,091	(1,091)	-
Transfers out to other Queensland Government entities MoG*	(1,989)	-	(1,989)
Amortisation	(339)	-	(339)
Carrying amount at 30 June 2021	1,050	-	1,050

* Refer to Note A3 for further information.

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.

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	Range of Useful Life	Average Useful Life
Software Internally Generated	7-9 years	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.

Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships
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C6 Payables

	2021	2020
	\$'000	\$'000
Current		
Trade creditors and accruals	8,074	5,107
Grants and subsidies payable	1,359	5,501
Deferred appropriation payable to Consolidated Fund	28,263	21,652
Other	230	339
Total	37,926	32,599

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

	2021	2020
	\$'000	\$'000
Salaries and wages payable	2,943	2,649
Annual leave levy payable	4,759	4,003
Long service leave levy payable	1,109	967
Total	8,811	7,619

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

Accounting Interpretation

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:

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

Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships
Notes to the Financial Statements
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C8 Equity (continued)

C8-2 Appropriations Recognised in Equity

	2021 \$'000	2020 \$'000
Reconciliation of Payments from Consolidated Fund to Equity Adjustment		
Budgeted equity adjustment appropriation	9,470	3,259
Additional appropriation revenue for unforeseen expenditure	-	2,306
Lapsed equity adjustment	(4,520)	-
Equity Adjustment Receipts (Payments)	4,950	5,565
Less: Closing balance of equity adjustment payable	(449)	(2,306)
Equity Adjustment Recognised in Contributed Equity	4,501	3,259

D1 Financial Risk Disclosures

D1-1 Financial Instrument Categories

Financial assets and liabilities are recognised in the balance sheet 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	2021 \$'000	2020 \$'000
Financial Assets			
Cash and cash equivalents	C1	54,840	72,041
Financial assets at amortised cost:			
Current Receivables	C2	6,009	4,841
Total financial assets		60,849	76,882
Financial Liabilities			
Financial liabilities at amortised cost - comprising:			
Payables	C6	37,926	32,599
Total financial liabilities at amortised cost		37,926	32,599

D1-2 Financial Risk Management

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

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

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

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

D1 Financial Risk Disclosures (continued)

D1-2 Financial Risk Management (continued)

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 Native Title Claims over Departmental Assets

As at reporting date native title claims exist that covers departmental land with buildings and site improvements totalling \$0.655M. At the reporting date it is not possible to make an estimate of any probable outcome of this claim, or any financial effects.

D3 Commitments

D3-1 Capital Expenditure 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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Payable								
Land and buildings	1,287	12,666	-	-	-	-	1,287	12,666
Intangibles	-	82	-	-	-	-	-	82
Total	1,287	12,748	-	-	-	-	1,287	12,748

D4 Events After the Balance Date

On 21 August 2021, the Torres Shire Council resolved to accept the transfer and ownership of Olandi Hall for nil consideration under the department's asset divestment program to empower local communities. The transaction is intended to be recognised as an administered grant in 2021-22 as permitted under the Financial Reporting Requirements 4F.5. The asset's value as at 30 June 2021 is \$1.609M (land \$0.495M; buildings \$1.114M).

E1 Budgetary Reporting Disclosures

E1-1 Explanation of Major Variances – Income Statement

Appropriation revenue

Appropriation revenue is \$33.161M lower than budget of \$353.897M due to a range of timing adjustments for initiatives including splash parks in discrete communities, the Disability Connect Outreach Program and the reallocation of funding for the Community Services function to the Department of Communities, Housing and Digital Economy. Further, appropriation revenue was reduced by \$4.037M to offset revenues received for the processing of Yellow Card applications.

User charges and fees

User charges and fees is \$6.666M higher than budget of \$3.512M principally due to funding received from the NDIS for specialist disability accommodation. This item is not budgeted for due to the variable nature of these recovery costs. Further, the department recognised \$4.037M in user charges relating to the processing of Yellow Card applications which has been offset against appropriation revenue.

E1 Budgetary Reporting Disclosures (continued)

E1-1 Explanation of Major Variances – Income Statement (continued)

Grants and other contributions

Grants and other contributions is \$1.272M higher than budget of \$12.217M principally reflecting the recognition of services received below fair value of \$1.460M for the contribution of employee effort from other state government departments towards community disaster recovery projects. This item is not budgeted for due to the variable nature of these recovery events. A commensurate offsetting expense has been recognised and reported under other expenses.

Reversal of revaluation decrement

The reversal of the revaluation decrement balance at year end of \$1.229M is due to the increment of the annual revaluation of land and building assets being adjusted against the historical revaluation decrement. A budget was not provided for this item due to the difficulty in forecasting revaluation movements across the asset portfolio.

Other revenue

Other revenue is \$1.740M higher than the budget of \$2.448M reflecting funding received from Queensland Health for reimbursement of COVID-19 pandemic related expenses incurred in prior years (\$0.650M) the de-recognition of provisions (\$0.550M), and the return of grant funds unspent from prior years being \$0.400M above forecast.

Supplies and services

Supplies and services expenses were \$21.045M lower than the budget of \$137.584M due to the timing adjustments for initiatives the Disability Connect Outreach Program, the NDIS Worker Screening project and the Royal Commission into violence, abuse, neglect and exploitation of people with disability. A number of outsourced service delivery programs required being reprogrammed due to the ongoing impact of the COVID-19 pandemic and the ability to community engage and operationalise initiatives.

Grants and subsidies

Grants and subsidies expenses were \$4.767M lower than the budget of \$21.530M due to the timing of a number of grant programs including splash parks in discrete communities being reprogrammed due to the ongoing impact of the COVID-19 pandemic and the ability to engage fully with local communities and operationalise initiatives.

Depreciation and amortisation

Depreciation and amortisation were \$2.189M lower than the budget of \$7.306M, reflecting lower impacts of asset revaluations on the 2020-21 financial year than originally forecast and the recalibration of the asset portfolio and depreciation budget following the Machinery-of-Government changes.

Impairment losses

The department regularly reassesses its debts and other assets for impairment. Debt impairments were lower in 2020-21 compared to original forecasts with allowance for impairment losses reducing from \$1.780M to \$1.671M.

Other expenses

Other expenses were \$1.465M higher than the budget of \$1.479M principally reflecting the recognition of Services received below fair value of \$1.460M for the contribution of employee effort from other state government departments towards community relief efforts. This item is not budgeted for due to the variable nature of these recovery events. A commensurate offsetting revenue has been recognised under grants and other contributions.

**Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships
Notes to the Financial Statements
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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 two Ministers during the financial year - the Honourable Coralie O'Rourke MP, Minister for Communities, Disability Services and Seniors from 1 July 2020 to 12 November 2020; and the Honourable Craig Crawford MP, Minister for Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships from 13 November 2020 to 30 June 2021. 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 2020-21 and 2019-20. 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 Income Statement. 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 six months.

1 December 2020 - 30 June 2021

Position Title	Short Term Employee Expenses		Other Employee Benefits		Total Expenses \$'000
	Monetary Expenses \$'000	Non-Monetary Benefits \$'000	Long Term Employee Expenses \$'000	Post-Employment Expenses \$'000	
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

Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships
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F1 Key Management Personnel Disclosures (continued)

**F1-1 Details of Key Management Personnel and Remuneration Expense
(continued) 1 July 2020 - 30 November 2020**

Position Title	Short Term Employee Expenses		Non-Monetary Benefits		Long Term Employee Expenses		Other Employee Benefits		Total Expenses \$'000
	Monetary Expenses \$'000	Monetary Benefits \$'000	Monetary Benefits \$'000	Monetary Expenses \$'000	Post-Employment Expenses \$'000	Termination benefits \$'000	Expenses \$'000		
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	

Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships
Notes to the Financial Statements
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F1 Key Management Personnel Disclosures (continued)

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

1 July 2019 - 30 June 2020

Position Title	Short Term Employee Expenses		Other Employee Benefits		Termination Total Expenses \$'000
	Monetary Expenses \$'000	Non-Monetary Benefits \$'000	Long Term Employee Expenses \$'000	Post - Employment Expenses \$'000	
Director-General	331	5	8	43	387
Assistant Director-General (Community and Seniors Services)	249	5	6	26	286
Assistant Director-General (Accommodation Support and Respite Services)	230	5	5	26	266
Deputy Director-General (Disability Services) - until 9 August 2019	74	1	1	4	333
Assistant Director-General (Disability Connect Queensland) - from 16 September 2019	170	4	4	15	193
Deputy Director-General (Corporate Services) - until 13 September 2019	75	1	1	5	315
Assistant Director-General (Corporate Services) - from 16 September 2019	188	2	4	17	211
Assistant Director-General (Strategic Policy and Legislation) - until 27 September 2019	91	1	1	6	146
Executive Director (Strategic Policy and Legislation) - from 3 July 2019	196	5	4	19	224
Assistant Director-General (NDIS Program Management Office) - until 19 July 2019	16	-	-	1	17
Chief Finance Officer	207	5	5	22	239
Chief Human Resources Officer	195	5	4	21	225

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 State 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.

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

Remuneration expenses for those KMP comprise the following components:

- Short term employee expenses 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.
 - 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 and its controlled entities.

The department also purchases corporate services from the Department of Children, Youth Justice and Multicultural Affairs.

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.

Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships
Notes to the Financial Statements
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F3 Climate Risk Disclosures

The department has not identified any material climate related risks relevant to the financial statements at the reporting date. Climate risks are considered by the department within the context of its Enterprise Risk Management framework.

F4 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 Income Statement - Administered includes the following items under the heading of grants and subsidies.

- \$6.708M in 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. \$85.920M provided in 2019-20.
- \$11.447M in electricity rebates provided under the State Government Household Utility Assistance Package to Queensland residential households, with a \$50 rebate being automatically applied to their electricity accounts. \$404.213M provided in 2019-20.

Expenditure recognised in the Income Statement - Controlled includes the following under the heading of grants and subsidies.

- \$2.201M provided under the International Students in Crisis grants program to enrolled international students living in Queensland who were suffering severe financial hardship as a result of the pandemic. \$2.666M provided in 2019-20.

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

G1 Administered

G1-1 Appropriation Revenue

	2021 \$'000	2020 \$'000
Reconciliation of Payments from Consolidated Fund to Administered		
Appropriation Revenue Recognised in Operating Result		
Budgeted appropriation revenue	2,423,678	1,527,222
Treasurer's transfers	5,520	500,000
Additional appropriation revenue for unforeseen expenditure	-	115,468
Total Appropriation Receipts (cash)	2,429,198	2,142,690
Less: Opening balance of appropriation revenue receivable	(14,801)	-
Plus: Closing balance of appropriation revenue receivable	-	14,801
Plus: Opening balance of appropriation revenue payable	-	155,617
Less: Closing balance of appropriation revenue payable	(20,921)	-
Net Appropriation Revenue	2,393,476	2,313,108
Plus: Adjustment for MoG transfer	-	-
Administered Appropriation Revenue recognised in Income Statement*	2,393,476	2,313,108

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

Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships
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G1 Administered (continued)

G1-2 Grants and Other Contributions

	2021 \$'000	2020 \$'000
Commonwealth grants	900	-
Grants from Queensland Reconstruction Authority*	1,953	71,949
Total	2,853	71,949

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

G1-3 Supplies and Services

	2021 \$'000	2020 \$'000
Service procurement	725	111
Professional and technical fees	-	11
Disaster recovery	277	8,490
Total	1,002	8,612

G1-4 Grants and Subsidies

	2021 \$'000	2020 \$'000
Grants - National Disability Insurance Agency	1,976,912	1,544,285
Grants – Disaster Recovery	11,157	11,694
Grants – Western Cape Communities	7,025	-
Grants - Electricity - COVID-19 - Small Medium Business Relief	6,708	85,920
Grants - Family Responsibilities Commission	2,079	-
Grants - Disaster Recovery Personal Hardship Assistance Scheme	1,065	3,414
Total grants and subsidies	2,004,946	1,645,313
Concession - Asset ownership electricity dividend	104,780	2,944
Concession - Electricity	198,835	189,956
Concession - Electricity - COVID-19 - Residential Household Relief	11,447	404,213
Concession - Rates	54,340	53,256
Concession - Water	18,271	17,682
Concession - Home Energy Emergency Assistance	7,696	8,739
Concession - Natural gas	2,497	2,388
Concession - Life Support	2,071	2,099
Concession - Medical cooling and heating electricity	1,716	1,627
Total concession payments	401,653	682,904
Total	2,406,599	2,328,217

Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships
Notes to the Financial Statements
for the year ended 30 June 2021

G1 Administered (continued)

G1-5 Receivables

	2021 \$'000	2020 \$'000
Current		
Net trade receivables	-	-
GST input tax credits receivable	1,959	2,163
Appropriation revenue receivable	-	14,801
Total	<u>1,959</u>	<u>16,964</u>

G1-6 Payables

	2021 \$'000	2020 \$'000
Service concessions available	26,808	93,867
Appropriation revenue payable	20,921	-
Trade creditors and accruals	3	10
Grants and subsidies payable	-	141,895
Other	1	2
Total	<u>47,733</u>	<u>235,774</u>

G1-7 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:

	Note	2021 \$'000	2020 \$'000
Financial Assets			
Cash and cash equivalents		44,315	190,692
Financial assets at amortised cost:			
Current Receivables	G1-5	1,959	16,964
Total financial assets		<u>46,274</u>	<u>207,656</u>
Financial Liabilities			
Financial liabilities at amortised cost - comprising:			
Payables	G1-6	47,733	235,774
Total financial liabilities at amortised cost		<u>47,733</u>	<u>235,774</u>

G1 Administered (continued)

G1-8 Budgetary Reporting Disclosures

(i) Explanation of Major Variances - Income Statement

Appropriation revenue

Administered appropriation revenue is \$37.177M lower than the budget of \$2.431B 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

Grants and other contributions principally reflect natural disaster relief and recovery grants received from the Queensland Reconstruction Authority. The original budget of \$13.605M included an estimation of those grants to be recognised by the department prior to the Machinery-of-Government change for the transfer of the Community Services function to the Department of Communities, Housing and Digital Economy. Actual disaster relief grants received were less than forecast.

Supplies and services

Supplies and services of \$1.002M were incurred in relation to natural disaster relief and recovery events and are recoverable from the Queensland Reconstruction Authority.

Grants and subsidies

Grants and subsidies were \$37.659M lower than the budget of \$2.444B. 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.

**Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships
Management Certificate
For the year ended 30 June 2021**

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 2021 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.

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



26 August 2021

Dr Chris Sarra, PhD
Director-General



26 August 2021

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 2021, 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 balance sheets and statement of assets and liabilities by major departmental services as at 30 June 2021, the income statements, statement of changes in equity, statement of cash flows and income statement of 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 (\$119.490 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"> • Gross replacement cost, less • Accumulated depreciation <p>Specialised buildings represented 93 per cent of the total building assets as at balance date. The department's assets were valued on an annual basis according to the valuation methodology adopted for each category by comprehensively valuing the assets at regular intervals and applying indices in the years between comprehensive valuations. Specialised buildings were transferred to DSDSATSIP from the former Department of Aboriginal and Torres Strait Islander Partnerships at current replacement cost on 13 November 2020 as part of a Machinery-of-Government (MoG) change. As part of the MoG change, specialised buildings were also transferred out to the Department of Communities, Housing and Digital Economy from DSDSATSIP at current replacement cost on 1 December 2020. The department derived the gross replacement cost of its specialised buildings at balance date using unit prices that required significant judgements for:</p> <ul style="list-style-type: none"> • Identifying the components of buildings with separately identifiable replacement costs (known as unit categories) • Developing a unit rate for each of these components, including: <ul style="list-style-type: none"> – Estimating the current cost for a modern substitute (including locality factors and on-costs), expressed as a rate per unit – Identifying whether the existing building contains obsolescence or less utility compared to the modern substitute, and if so, estimating the adjustment to the unit rate required to reflect this difference • Indexing unit rates for subsequent increases in input costs. 	<p>For this year specialised buildings were indexed. My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • obtaining an understanding of the valuation methodology and appropriateness using common industry practices • assessing the competence, capability and objectivity of the independent valuer • reviewing the scope and instructions provided to the independent valuer • evaluating the reasonableness of the indices used against other publicly available information about movements in values for replacement costs of similar assets. • ensuring Machinery-of-Government transfers in and transfers out were processed completely and accurately.

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.

Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2021:

- 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.



27 August 2021

John Welsh
as delegate of the Auditor-General

Queensland Audit Office
Brisbane