

Appendices

Appendix 1 The Public Safety Business Agency 2020–2021 Financial Statements



**Public Safety Business Agency
Financial Statements
For the year ended 30 June 2021**

**Public Safety Business Agency
Financial Statements
for the year ended 30 June 2021**

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Public Safety Business Agency
Statement of comprehensive income
for the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Income from continuing operations			
Appropriation revenue	5	191,570	263,660
User charges and fees	6	110,500	137,806
Grants and other contributions	7	7,384	6,029
Other revenue		5,340	3,952
Total revenue		314,793	411,447
Gains on disposal/remeasurement of assets		634	1,989
Gain on revaluation of assets	16	-	912
Total income from continuing operations		315,427	413,348
Expenses from continuing operations			
Employee expenses	8	127,520	128,585
Supplies and services	10	127,839	134,285
Depreciation and amortisation	15-17	40,463	136,836
Grants and subsidies	11	427	827
Impairment losses/(gains)	12	(13)	155
Interest on lease liability		32	16
Revaluation decrement	16	17,315	5,673
Other expenses	13	5,881	7,193
Total expenses from continuing operations		319,464	413,571
Operating result for the year		(4,037)	777
Other comprehensive income not reclassified subsequently to operating result			
Increase/(decrease) in asset revaluation surplus		102	15,555
Total other comprehensive income		102	15,555
Total comprehensive income		(3,935)	16,332

The accompanying notes form part of these statements.

Public Safety Business Agency
Statement of financial position
as at 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Assets			
Current assets			
Cash		33,345	81,533
Receivables	14	14,801	25,086
Inventories*		-	1,660
Prepayments		16,212	18,383
Total current assets		64,358	126,662
Non-current assets			
Intangible assets*	15	5,297	8,471
Property, plant and equipment*	16	219,714	2,691,040
Right-of-use assets	17	2,947	867
Total non-current assets		227,958	2,700,378
Total assets		292,316	2,827,040
Liabilities			
Current liabilities			
Payables	18	10,757	39,780
Lease liabilities	17	442	229
Accrued employee benefits	19	3,896	4,460
Other current liabilities	20	67	2,621
Total current liabilities		15,162	47,090
Non-current liabilities			
Lease liabilities	17	2,542	661
Total non-current liabilities		2,542	661
Total liabilities		17,704	47,750
Net assets		274,612	2,779,290
Equity			
Contributed equity*		-	2,395,817
Accumulated surplus		56,249	165,211
Asset revaluation surplus		218,363	218,261
Total equity		274,612	2,779,290

* On 1 July 2020, the PSBA transferred assets to the Queensland Police Service (QPS) and Queensland Fire and Emergency Services (QFES) as a result of a shift in assets accounting management and policy. Refer to Note 3 for further details.

The accompanying notes form part of these statements.

Public Safety Business Agency
Statement of changes in equity
for the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Contributed equity			
Opening balance		2,395,817	2,367,802
Transactions with owners as owners:			
Appropriated equity adjustment	5	(12,473)	28,015
Net transfers to QPS/QFES 1 July 2020	3	(2,418,313)	-
Net transfers to QPS via Machinery-of-Government - QGAir	4	(69,957)	-
Transfers between classes		104,925	-
Closing balance		<u>-</u>	<u>2,395,817</u>
Accumulated surplus/(deficit)			
Opening balance		165,211	164,434
Operating result		(4,037)	777
Transactions with owners as owners:			
Transfers between classes		(104,926)	-
Closing balance		<u>56,249</u>	<u>165,211</u>
Asset revaluation surplus			
Opening balance		218,261	202,706
Increase/(decrease) in asset revaluation surplus		102	15,555
Closing balance		<u>218,363</u>	<u>218,261</u>
Total equity		<u>274,612</u>	<u>2,779,290</u>

The closing balance for asset revaluation surplus is comprised of: Land \$86.5m (2020: \$87m), Buildings \$129.7m (2020: \$129m), Heritage and Cultural \$1.7m (2020: \$1.8) and Infrastructure \$0.2m (2020: \$0.2m).

The accompanying notes form part of these statements.

Public Safety Business Agency
Statement of cash flows
for the year ended 30 June 2021

	2021	2020
	\$'000	\$'000
Cash flows from operating activities		
<i>Inflows:</i>		
Service appropriation receipts	189,965	262,237
User charges and fees	116,993	148,129
Grants and other contributions	7,077	4,770
GST input tax credits from ATO	13,529	39,630
GST collected from customers	1,200	3,112
Other	5,480	4,196
<i>Outflows:</i>		
Employee expenses	(128,718)	(129,886)
Supplies and services	(133,406)	(163,423)
Grants and subsidies	(427)	(827)
GST paid to suppliers	(11,008)	(37,819)
GST remitted to ATO	(1,200)	(3,112)
Other	(5,176)	(1,791)
Net cash provided by/(used in) operating activities	54,310	125,216
Cash flows from investing activities		
<i>Inflows:</i>		
Sales of property, plant and equipment	2,186	16,927
<i>Outflows:</i>		
Payments for property, plant and equipment	(22,065)	(224,215)
Payments for right-of-use assets	37	-
Payments for intangibles	(676)	(1,187)
Net cash provided by/(used in) investing activities	(20,517)	(208,476)
Cash flows from financing activities		
<i>Inflows:</i>		
Equity injections	730	90,816
<i>Outflows:</i>		
Equity withdrawals	(12,473)	(61,055)
Lease payments	(453)	(413)
Net cash provided by/(used in) financing activities	(12,196)	29,348
Net increase/(decrease) in cash	21,598	(53,911)
Increase/(decrease) in cash from transfers between Government entities	(69,785)	-
Cash at beginning of financial year	81,533	135,444
Cash at end of financial year	33,345	81,533

The accompanying notes form part of these statements.

Public Safety Business Agency
Notes to the statement of cash flows
for the year ended 30 June 2021

	2021	2020
	\$'000	\$'000
Reconciliation of operating result to net cash from operating activities		
Operating result	(4,037)	777
Non-cash items included in operating result:		
Depreciation property, plant & equipment	36,397	131,453
Amortisation intangibles	3,631	4,964
Amortisation right-of-use assets	435	419
Donations	-	(717)
Revaluation decrement	17,315	5,673
Gain on revaluation of property, plant and equipment	-	(912)
Net (gains)/losses on disposal of property, plant and equipment	1,171	1,534
Impairment losses	(13)	155
Interest expense	32	16
Change in assets and liabilities:		
(Increase)/decrease in receivables	6,359	10,967
(Increase)/decrease in inventory	663	(854)
(Increase)/decrease in net GST receivables	2,521	1,811
(Increase)/decrease in other current assets	2,171	3,966
Increase/(decrease) in creditors	(9,216)	(32,348)
Increase/(decrease) in employee entitlements	(564)	(1,139)
Increase/(decrease) in other current liabilities	(2,554)	(551)
Net cash from operating activities	54,310	125,216

Accounting Policy - Cash

Cash assets include cash on hand and all cash and cheques receipted but not banked as at 30 June.

The agency has authorisation to operate in overdraft with a specified limit in accordance with the *Financial Accountability Act 2009*. On 16 March 2015, an overdraft facility was approved with a limit of \$30m. This facility remained fully undrawn at 30 June 2021 and is available for use in the next reporting period.

Reconciliation of liabilities arising from financing activities

Opening balance as at 1 July	889	1,286
Non-cash changes:		
Interest	32	16
New leases acquired	2,516	
Cash flows:		
Lease liability repayments	(453)	(413)
Closing balance as at 30 June	2,983	889

Public Safety Business Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2021

1 Basis of financial statement preparation

(a) Final financial statements of the agency

In September 2020, the Queensland Government announced the disestablishment of the Public Safety Business Agency, which will see the transition of existing functions and staff into the Queensland Police Service (QPS) and the Queensland Fire and Emergency Services (QFES). The effect of this transfer is from 1 July 2021.

As a result of this decision the agency is no longer considered going concern. While it is not a going concern, these final financial statements have been prepared consistent with the going concern basis, as the transferred functions and services are expected to continue to operate as normal into the foreseeable future. The values of assets and liabilities reported in these financial statements represent their carrying amounts immediately prior to the change taking effect. These represent the values of the assets and liabilities transferred to and recognised by the recipient departments. Further details of these transfers are included in Note 24.

These final financial statements cover the reporting period 1 July 2020 to 30 June 2021, up until the effective date of disestablishment of the agency. Comparative information covers the period 1 July 2019 to 30 June 2020.

(b) General information

The Public Safety Business Agency (agency) is a Queensland Government public sector office established under the *Public Safety Business Agency Act 2014*.

The agency is a not-for-profit entity and has no controlled entities.

(c) Statement of compliance

The agency has prepared these financial statements in compliance with section 38 of the *Financial and Performance Management Standard 2019*.

These financial statements are general purpose financial statements and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury's Financial Reporting Requirements for the year beginning 1 July 2020 and other authoritative pronouncements.

(d) Taxation

The agency is a State body as defined under the *Income Tax Assessment Act 1936 (Cwth)* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

(e) Basis of measurement

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

(f) Accounting estimates and judgements

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions and management judgements that have a potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Estimates and assumptions that have a potential effect on the financial statements are outlined in the following financial statement notes:

- Valuation of property, plant and equipment - Note 16
- Depreciation and amortisation - Note 15 and Note 16.

(g) Presentation matters

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

Comparative information has been restated where necessary to be consistent with disclosures in the current year reporting period. Where such restatements have occurred, they have been assessed as not having a material impact on the financial statements.

Public Safety Business Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2021

1 Basis of financial statement preparation (continued)

(h) Future impact of accounting standards not yet effective

All Australian accounting standards and interpretations with future effective dates are not applicable as these are the final financial statements for the agency.

2 Objectives and principal activities of the agency

The Public Safety Business Agency (PSBA) is committed to its vision to be a leader in corporate services innovation and delivery. The agency supports the Queensland Government's objectives to keep communities safe and be a responsive Government. The agency's commitment to leadership in services, technology and capability will enhance access to Government services and strengthen Queensland's responsiveness to emergency events through the delivery of corporate and air services, including:

- information and communications technology (ICT), financial, procurement, asset management, human resources and other corporate services to the Queensland Police Service (QPS), Queensland Fire and Emergency Services (QFES) (including the Rural Fire Service and the Queensland State Emergency Services) and the Office of the Inspector-General Emergency Management (IGEM);
- ICT services to the Queensland Ambulance Service (QAS);
- Queensland Government Air Services.

Queensland Government Air services transferred to the QPS on 1 May 2021. Refer to Note 4 for further details.

Funding for the departmental services delivered by the agency has come from parliamentary appropriations and other revenue sources including:

- Fees for services, including aviation user charges;
- Commercial contract services;
- Service agreements for ICT and network support services, and
- Grants and other contributions.

Public Safety Business Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2021

3 Transfers between Government entities

The PSBA transferred operational assets to QPS and QFES on 1 July 2020 as a result of a shift in assets accounting management and policy which will impact the reporting of operational assets under AASB 116 - Property, plant and equipment from this date. This transfer was endorsed by the Queensland Treasurer on 13 June 2020.

Effective from 1 July 2020, the assets and liabilities transferred as a result of this change were as follows:

	QPS	QFES	Total
	\$'000	\$'000	\$'000
Assets			
Cash	46,963	17,252	64,215
Inventory	997	-	997
Property, plant and equipment	1,680,867	690,195	2,371,061
Intangibles	477	28	505
	<u>1,729,304</u>	<u>707,474</u>	<u>2,436,779</u>
Liabilities			
Payables	10,658	7,808	18,466
	<u>10,658</u>	<u>7,808</u>	<u>18,466</u>
Net assets	<u>1,718,647</u>	<u>699,666</u>	<u>2,418,313</u>

The decrease in net assets of \$2,418 million has been accounted for as a decrease in contributed equity as disclosed in the Statement of Changes in Equity.

4 Machinery-of-Government changes

As a result of the *Public Service Departmental Arrangements Notice (No. 1) 2021*, responsibility for the QGAir functions of the agency were transferred from PSBA to QPS.

Effective from 1 May 2021, the assets transferred as a result of this change were as follows:

	\$'000
Assets	
Cash	5,570
Property, plant and equipment	64,387
Total assets	<u>69,957</u>

The decrease in assets of \$69.96 million has been accounted for as a decrease in contributed equity as disclosed in the Statement of Changes in Equity.

As a result of the *Public Service Departmental Arrangements Notice (No. 2) 2021, effective 1 July 2021*, PSBA was disestablished and as a consequence all its functions and activities were transferred to QPS and QFES (refer Note 24).

Public Safety Business Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2021

	2021	2020
	\$'000	\$'000
5 Appropriation revenue		
Reconciliation of payments from Consolidated Fund to appropriated revenue recognised in Statement of comprehensive income		
Budgeted appropriation revenue	200,371	281,231
Transfers from/(to) other departments	(16,678)	-
Transfers from/(to) other headings	6,272	-
Lapsed appropriation revenue	-	(18,994)
Total appropriation receipts (cash)	189,965	262,237
Plus: Opening balance of deferred appropriation payable to Consolidated Fund	1,672	3,095
Less: Closing balance of deferred appropriation revenue payable to Consolidated Fund	(67)	(1,672)
Net appropriation revenue	191,570	263,660
Appropriation revenue recognised in Statement of comprehensive income	191,570	263,660
Reconciliation of payments from Consolidated Fund to equity adjustment recognised in contributed equity		
Budgeted equity adjustment appropriation	(7,073)	33,951
Transfers from/(to) other departments	1,740	-
Transfers from/(to) other headings	(6,272)	-
Lapsed equity adjustment	(74)	(4,126)
Equity adjustment receipts	(11,679)	29,825
Less: Opening balance of equity adjustment receivable	(794)	(2,604)
Plus: Closing balance of equity adjustment receivable	-	794
Equity adjustment recognised in contributed equity	(12,473)	28,015

Accounting Policy - Appropriation revenue

Appropriations provided under the *Appropriation (2020-2021) Act 2021* are recognised as revenue when received or receivable. Where appropriation revenue has been approved but not yet received, it is recorded as a receivable at the end of the reporting period.

6 User charges and fees

Aviation user charges	859	1,179
Fees for services - operating*	109,640	136,627
Total	110,500	137,806

* Fees for services includes revenue received from other State Government entities to support the delivery of corporate service functions including information technology (ICT), finance, asset management, procurement and human resources. Fees for services of \$77.6m (2019-20: \$103m) was received from QFES and \$2.1m (2019-20: \$3.5m) was received from QAS.

Accounting Policy - User charges and fees

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

Public Safety Business Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2021

	2021	2020
	\$'000	\$'000
7 Grants and other contributions		
Commonwealth grants	2	1
Motor Accident Insurance Commission	1,298	1,295
State Government grants - Operating	506	407
State Government grants - Capital*	5,270	3,066
Services received below fair value**	307	543
Donations - assets	-	717
Total	7,384	6,029

* Capital grants represents funding to deliver the capital program including new, replacement and upgraded facilities, vehicles and information and communication technology. Capital grants of \$2.8m (2019-20: \$1m) was received from QFES.

** For 2020-21, the services received below fair value figure of \$0.31m (2019-20: \$0.54m) represents costs for services provided to the PSBA from the QPS.

Accounting Policy - Grants and other contributions

Grants, contributions and donations are non-reciprocal transactions where the agency does not directly give approximately equal value to the grantor.

Where the grant agreement is enforceable and contains sufficiently specific performance obligations for the agency to transfer goods or services to a third-party on the grantor's behalf, the transaction is accounted for under AASB 15 *Revenue from Contracts with Customers*. In this case, revenue is initially deferred and recognised as or when the performance obligations are satisfied. Otherwise, the grant is accounted for under AASB 1058 *Income of Not-for-Profit Entities*, whereby revenue is recognised upon receipt of the grant funding.

Accounting Policy - Services received free of charge, below fair value or nominal value

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

Public Safety Business Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2021

	2021	2020
	\$'000	\$'000
8 Employee expenses		
Employee benefits		
Wages and salaries	97,715	97,764
Annual leave levy	11,574	12,042
Employer superannuation contributions	13,389	13,103
Long service leave levy	2,583	2,617
Other employee benefits	55	604
Employee related expenses		
Training expenses	1,255	1,062
Workers' compensation premium	666	1,103
Other employee related expenses	284	290
Total	127,520	128,585

The number of employees as at 30 June (based upon the fortnight ending 2 July 2021), including both full-time employees and part-time employees, measured on a full-time equivalent basis, reflecting Minimum Obligatory Human Resource Information (MOHRI), is:

Full-Time equivalent employees (number)	968	1,098
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Accounting Policy - Employee benefits

Wages, salaries and sick leave

Wages and salaries due but unpaid at reporting date are recognised in the Statement of financial position at the current salary rates.

As the agency expects these liabilities to be wholly settled within 12 months of the reporting date, they have been recognised at their undiscounted amounts.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Annual leave and long service leave

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

Superannuation

Post-employment benefits for superannuation are provided through defined contribution (accumulation) plans or the Queensland 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 Enterprise Bargaining Agreement (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 agency at the specified rate following completion of the employee's service each pay period. The agency's obligations are limited to those contributions paid.

Workers' compensation premium

The agency 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.

Public Safety Business Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2021

9 Key Management Personnel disclosures

(a) Details of Key Management Personnel (KMP)

From 1 July 2016, a PSBA Board of Management has been established as the governing body of PSBA, and is responsible for providing leadership and oversight of the agency. The Chair of the Board, working with the Board Members, is the head of the agency and is supported by the Chief Operating Officer, whose role is to help the Board perform its functions and be responsible for the day-to-day operations of the PSBA. With the dis-establishment of the PSBA on 1 July 2021, the PSBA Board of Management was dissolved on this date.

The agency's responsible Minister is identified as part of the agency's KMP, consistent with additional guidance included in the revised version of *AASB 124 Related Party Disclosures*. That Minister is the Minister for Police and Corrective Services and Fire and Emergency Services.

The following details for non-Ministerial KMP include those positions that had authority and responsibility for planning, directing and controlling the activities of the agency during 2020-21 and 2019-20. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Position Responsibility
QPS Commissioner (Chair)*	The efficient and proper administration, management and functioning of the QPS in accordance with law. The Commissioner provides the business direction and represents QPS at local, community, state, national and international forums as well as ceremonial functions.
QFES Commissioner (Board member)	Leading and managing the efficient functioning of the Fire and Rescue Service, Rural Fire Service, State Emergency Service, and emergency management and disaster mitigation programs and services throughout Queensland. The Commissioner represents QFES at local, community, state, national and international forums.
Executive General Manager, Queensland Treasury (Board Member)	Provides extensive corporate services experience from Queensland Treasury.
Chief Operating Officer	Gives effect to any direction of the Board and is responsible for day-to-day operations of the PSBA.

* The chair position is on an annual rotation with the QFES Commissioner.

(b) Remuneration policies

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The agency 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 with the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers are 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 agency's other KMP is set by PSBA as provided for under the *Public Safety Business Agency Act 2014*. The remuneration and other terms of employment for the KMP are specified in employment contracts.

Remuneration expenses for KMP comprise the following components:

- Short term employee expenses include:
 - salaries, allowances and leave entitlements earned and expensed for the entire year, or for that part of the year during which the employee was a KMP;
 - non-monetary benefits - may include provision of a motor vehicle and car park and fringe benefits tax applicable to the benefit.
- Long term employee benefits include amounts expensed in respect of long service leave entitlements earned.
- Post employment benefits include amounts expensed in respect of employer superannuation obligations.
- Termination benefits include payments in lieu of notice on termination and other lump sum entitlements (excluding annual and long service leave entitlements) payable on termination of employment or acceptance of an offer of termination of employment.

No KMP remuneration packages provide for performance or bonus payments.

Public Safety Business Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2021

9 Key Management Personnel (KMP) disclosures (continued)

(c) Remuneration expenses

1 July 2020 – 30 June 2021

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses	Non-Monetary Benefits				
	\$'000					
QPS Commissioner (Chair)	Remuneration is reported by Queensland Police Service. No additional remuneration was provided by PSBA.					
QFES Commissioner (Board member)	Remuneration is reported by Queensland Fire & Emergency Services. No additional remuneration was provided by PSBA.					
Executive General Manager, Queensland Treasury (Board Member)	Remunerated by Queensland Treasury. No additional remuneration was provided by PSBA.					
Acting Chief Operating Officer (Acting 01/07/2020 - 06/04/2021)	210	3	5	20	-	238
Acting Chief Operating Officer (Acting 07/04/2021 - 30/06/2021)	65	-	2	6	-	72

1 July 2019 – 30 June 2020

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses	Non-Monetary Benefits				
	\$'000					
QFES Commissioner (Chair)	Remuneration is reported by Queensland Fire & Emergency Services. No additional remuneration was provided by PSBA.					
QPS Commissioner (Board Member)	Remuneration is reported by Queensland Police Service. No additional remuneration was provided by PSBA.					
Executive General Manager, Queensland Treasury (Board Member)	Remunerated by Queensland Treasury. No additional remuneration was provided by PSBA.					
Chief Operating Officer (Separated 27/09/2019)	78	1	2	8	64	152
Acting Chief Operating Officer (Acting 08/07/2019 - 13/02/2020)	171	1	4	19	-	195
Acting Chief Operating Officer (Acting 14/02/2020 - 30/06/2020)	88	2	2	7	-	99

(d) Related party transactions with people/entities related to KMP

There were no material related party transactions associated with the agency's KMP during 2020-21 (2019-20: Nil).

Public Safety Business Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2021

	2021	2020
	\$'000	\$'000
10 Supplies and services		
Aircraft related costs	7,051	7,106
Communication expenses	18,544	19,284
Computer expenses	44,113	38,706
Contractors	7,758	12,842
Maintenance and repairs	2,388	5,395
Marketing expenses	21	53
Motor vehicle expenses	3,404	2,710
Lease expenses	5,216	4,068
Operational and other equipment purchases	4,554	5,185
Professional services	7,178	9,955
Property expenses	19,682	17,823
Shared service provider expenses	2,442	2,532
Travel and accommodation	1,183	1,540
Other	4,304	7,086
Total	127,839	134,285

Accounting Policy - Lease expenses

Lease expenses include lease rentals for short-term leases, leases of low value assets and office accommodation through the Department of Energy and Public Works (DEPW). These payments are expensed in the periods in which they are incurred.

11 Grants and subsidies

General grants to other organisations	27	27
Contribution to Weipa Emergency Services Complex	400	800
Total	427	827

12 Impairment losses/(gains)

Impairment losses on plant and equipment	-	155
Impairment gains on trade receivables	(13)	-
Total	(13)	155

Accounting Policy - Impairment

Impairment losses may arise on assets held by the agency from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting policies and events giving rise to impairment losses are disclosed in the following notes:

- Receivables - Note 14
- Intangible Assets - Note 15
- Property, Plant and Equipment - Note 16
- Leases - Note 17.

Public Safety Business Agency
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	2021	2020
	\$'000	\$'000
13 Other expenses		
Audit fees *	282	205
Insurance premiums-other	37	75
Insurance premiums-QGIF	2,980	2,608
Loss on disposal of non-current assets	1,804	3,523
Services received below fair value **	307	543
Special payments	4	2
Licence and registration expenses	388	184
Other	78	54
Total	5,881	7,193

* Total audit fees quoted by the Queensland Audit Office for the 2020-21 financial statements are \$136,000 (2019-20: \$276,000). The balance of the 2019-20 audit (\$146,000) was incurred and paid in 2020-21.

** For 2020-21, the services received below fair value figure of \$0.31m (2019-20: \$0.54m) represents costs for services provided to the PSBA from the QPS.

Accounting Policy - Insurance

The majority of the agency's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund (QGIF) with premiums being paid on a risk assessment basis.

For litigation purposes, under the QGIF policy, the agency would be able to claim back, less a \$10,000 deductible, the amount paid to successful litigants.

The agency has no contingent liabilities which would have a material impact on the information disclosed in the 2020-21 financial statements.

Accounting Policy - Special payments

Special payments include ex gratia expenditure and other expenditure that the agency is not contractually or legally obligated to make to other parties.

There were nil special payments over \$5,000 made during 2020-21.

Accounting Policy - Losses

Certain losses of public property are insured with the Queensland Government Insurance Fund (QGIF). The claims made in respect of these losses have yet to be assessed by QGIF and the amount recoverable cannot be estimated reliably at reporting date. Upon notification by QGIF of the acceptance of claims, revenue will be recognised for the agreed settlement amount and disclosed as 'Other Revenue'.

Accounting Policy - Services received free of charge, below fair value or nominal value

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

Public Safety Business Agency
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	2021	2020
	\$'000	\$'000
14 Receivables		
Current		
Trade debtors	9,129	8,831
Less: Allowance for impairment loss	-	(13)
	<u>9,129</u>	<u>8,818</u>
GST receivable	2,302	4,996
GST payable	(96)	(268)
	<u>2,206</u>	<u>4,728</u>
Accrued debtors	704	9,132
Annual leave reimbursements	2,059	1,007
Long service leave reimbursements	535	363
Equity injection receivable	-	794
Other	168	244
	<u>3,466</u>	<u>11,540</u>
Total	<u>14,801</u>	<u>25,086</u>

Accounting Policy - Receivables

Trade debtors are recognised at the amounts due at the time of sale or service delivery. The agency's standard settlement terms is 30 days from invoice date.

Other receivables generally arise from transactions outside the usual operating activities of the agency and are recognised at their assessed values.

Accounting Policy – Impairment of receivables

The allowance for impairment reflects lifetime expected credit losses. Economic changes impacting the agency's debtors, and relevant industry data, also form part of the agency's documented risk analysis. No loss allowance is recorded for receivables from Queensland Government agencies or Australian Government agencies on the basis of materiality.

Where an amount owing by a debtor becomes uncollectible, the debt is written-off by directly reducing the receivable against the loss allowance. Where the amount of debt written off exceeds the loss allowance, the excess is recognised as an impairment loss. The amount of impairment losses recognised for receivables is disclosed in Note 12.

Disclosure - Credit risk exposure of receivables

The maximum exposure to credit risk at balance date for receivables is the gross carrying amount of those assets. No collateral is held as security and there are no other credit enhancements relating to the agency's receivables.

The agency uses a provision matrix to measure the expected credit losses on trade and other debtors. The calculations reflect historical observed default rates calculated using credit losses experienced on past sales transactions during the last 5 years preceding 30 June 2021. The historical default rates are then adjusted by reasonable and supportable forward-looking information for expected changes in macroeconomic indicators that affect the future recovery of those receivables. For PSBA, a change in the CPI rate is determined to be the most relevant forward-looking indicator for receivables.

Public Safety Business Agency
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15 Intangible assets

	Software purchased	Software internally generated	Intangibles work in progress	Total
	2021 \$'000	2021 \$'000	2021 \$'000	2021 \$'000
Gross value	1,226	97,594	16	98,836
Less: Accumulated amortisation	(1,022)	(92,517)	-	(93,539)
	203	5,078	16	5,297
Reconciliation				
Opening balance	403	7,082	986	8,471
Transfers from/(to) QPS/QFES 1 July 2020	(3)	(70)	(432)	(505)
Transfer between classes *	-	1,499	(538)	961
Amortisation	(197)	(3,433)	-	(3,631)
Closing balance	203	5,078	16	5,297
	2020	2020	2020	2020
	\$'000	\$'000	\$'000	\$'000
Gross value	6,039	97,124	986	104,148
Less: Accumulated amortisation	(5,635)	(90,041)	-	(95,676)
	403	7,082	986	8,471
Reconciliation				
Opening balance	626	10,952	670	12,248
Acquisitions	-	-	1,187	1,187
Transfer between classes *	42	830	(872)	-
Amortisation	(264)	(4,700)	-	(4,964)
Closing balance	403	7,082	986	8,471

* Transfers between classes include transfers from property, plant and equipment - refer to Note 16 property, plant and equipment reconciliation.

Accounting Policy - Intangible assets

Intangible assets with a 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.

Intangible assets are recognised and carried at their historical cost less accumulated amortisation and accumulated impairment losses, as there is no active market for any of the agency's intangible assets.

Accounting Policy - Amortisation of intangible assets

Each intangible asset, less any anticipated residual value, is amortised over its estimated useful life to the agency. The residual value is zero for all the agency's intangible assets as at 30 June 2021.

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

Class	Amortisation rate (%)
Software - Purchased	8.3 - 25
Software - Internally generated	7.7 - 33.3

Accounting Policy - Impairment of intangible assets

All intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the agency 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.

Public Safety Business Agency
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16 Property, plant and equipment

	Land	Buildings	Heritage and cultural	Plant and equipment	Major plant and equipment	Infrastructure	Work in progress	Total
	2021 \$'000	2021 \$'000	2021 \$'000	2021 \$'000	2021 \$'000	2021 \$'000	2021 \$'000	2021 \$'000
Gross value	32,533	137,000	-	238,568	-	-	19,968	428,069
Less: Accumulated depreciation	-	(31,641)	-	(176,715)	-	-	-	(208,356)
	32,533	105,360	-	61,853	-	-	19,968	219,714
Reconciliation								
Opening balance as at 1 July 2020	671,685	1,325,838	24,421	422,237	79,879	7,460	159,519	2,691,040
Acquisitions	-	-	-	9,616	-	-	12,433	22,049
Transfers from/(to) QPS/QFES 1 July 2020	(638,586)	(1,220,063)	(24,421)	(350,541)	-	(7,460)	(129,989)	(2,371,061)
Transfers from/(to) QPS - Machinery-of-Government - QGAir	-	(659)	-	(2,049)	(55,726)	-	(5,953)	(64,387)
Transfers between classes *	-	2,083	-	9,421	3,577	-	(16,042)	(961)
Disposals	-	-	-	(1,092)	(2,265)	-	-	(3,357)
Net revaluation increments/(decrements) in operating surplus/(deficit)	-	-	-	-	(17,315)	-	-	(17,315)
Net revaluation increments/(decrements) in asset revaluation surplus	(567)	668	-	-	-	-	-	102
Depreciation	-	(2,508)	-	(25,740)	(8,150)	-	-	(36,397)
Closing balance as at 30 June 2021	32,533	105,360	-	61,853	-	-	19,968	219,714

* Transfers between classes include transfers from intangibles - refer to Note 15 intangible assets reconciliation.

Public Safety Business Agency
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16 Property, plant and equipment (continued)

	Land	Buildings	Heritage and cultural	Plant and equipment	Major plant and equipment	Infrastructure	Work in progress	Total
	2020	2020	2020	2020	2020	2020	2020	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross value	671,685	2,390,510	50,453	981,002	83,077	9,604	159,519	4,345,851
Less: Accumulated depreciation	-	(1,064,672)	(26,032)	(558,610)	(3,198)	(2,143)	-	(1,654,655)
Less: Accumulated impairment	-	-	-	(155)	-	-	-	(155)
	671,685	1,325,838	24,421	422,237	79,879	7,460	159,519	2,691,040
Reconciliation								
Opening balance as at 1 July 2019	673,273	1,299,119	21,183	407,212	90,498	7,541	93,124	2,591,949
Acquisitions	4,259	828	11	48,797	110	-	183,649	237,655
Donations received	-	415	-	302	-	-	-	717
Donations made	-	-	-	(1)	-	-	-	(1)
Assets reclassified as held for sale	(1,014)	(38)	-	-	-	-	-	(1,052)
Transfers between classes *	230	57,738	1,218	55,300	2,790	(26)	(117,254)	(4)
Disposals	-	-	-	(17,410)	-	-	-	(17,410)
Impairment losses in operating surplus/(deficit)	-	-	-	(155)	-	-	-	(155)
Net revaluation increments/(decrements) in operating surplus/(deficit)	-	-	912	-	(5,673)	-	-	(4,761)
Net revaluation increments/(decrements) in asset revaluation surplus	(5,063)	18,688	1,773	-	-	157	-	15,555
Depreciation	-	(50,911)	(676)	(71,808)	(7,846)	(211)	-	(131,453)
Closing balance as at 30 June 2020	671,685	1,325,838	24,421	422,237	79,879	7,460	159,519	2,691,040

* Transfers between classes include transfers from intangibles - refer to Note 15 intangible assets reconciliation.

Public Safety Business Agency
Notes to and forming part of the financial statements
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16 Property, plant and equipment (continued)

Accounting Policy - Acquisition of assets

Historical cost is used for the initial recording of all asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use. However, any training costs are expensed as incurred.

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

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

Assets under construction are recorded as capital work in progress until the date of practical completion, at which time they are transferred to the appropriate asset class.

Accounting Policy - Recognition thresholds for property, plant and equipment

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

Land	\$1
Buildings	\$10,000
Heritage and cultural	\$5,000
Plant and equipment	\$5,000
Major plant and equipment	\$5,000
Infrastructure	\$10,000

Items purchased or acquired for a lesser value are expensed in the year of acquisition

Land improvements undertaken by the agency are included with buildings.

Accounting Policy - Componentisation of complex assets

Complex assets comprise separately identifiable components (or groups of components) of significant value, that require replacement at regular intervals and at different times to other components comprising the complex asset.

On initial recognition, the asset recognition thresholds outlined above apply to the complex asset as a single item. Where the complex asset qualifies for recognition, components are then separately recorded when their value is significant relative to the total cost of the complex asset.

When a separately identifiable component (or groups of components) of significant value is replaced, the existing component(s) is derecognised. The replacement component(s) are capitalised when it is probable that future economic benefits from the significant component will flow to the agency in conjunction with the other components comprising the complex asset and the cost exceeds the asset recognition thresholds specified above. Replacement components that do not meet the asset recognition thresholds for capitalisation are expensed.

Components are valued on the same basis as the asset class to which they relate.

The agency's aircraft were categorised as complex assets prior to transfer to the QPS (refer note 4).

Accounting Policy - Measurement of property, plant and equipment using fair value

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

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

Accounting Policy - Measurement of property, plant and equipment using cost

Plant and equipment, (that is not classified as major plant and equipment) is measured at cost in accordance with *AASB 116 Property, Plant and Equipment*. The carrying amounts for such plant and equipment at cost has been assessed as not materially different from their fair value.

Public Safety Business Agency
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16 Property, plant and equipment (continued)

Accounting Policy - Revaluation of property, plant and equipment measured at fair value

Property, plant and equipment classes measured at fair value are revalued on an annual basis either by appraisals undertaken by an independent professional valuer, internal experts or by the use of appropriate and relevant indices.

Revaluations for land, buildings, infrastructure and heritage and cultural assets using an independent professional valuer are undertaken on a rolling basis over a four year period. However, if a particular asset class experiences significant or volatile changes in fair value, that class is subject to specific appraisals in the current reporting period, where practicable, regardless of the timing of the last specific appraisal. Major plant and equipment assets (aircraft) are independently revalued on an annual basis.

The fair values reported are based on appropriate valuation techniques that maximise the use of available and relevant observable inputs and minimise the use of unobservable inputs.

Where assets have not been specifically appraised in the reporting period, their previous valuations are materially kept up-to-date via the application of relevant indices. The agency ensures that the application of such indices results in a valid estimation of the assets' fair values at reporting date. Australis Asset Advisory Group (AAAG) supply the indices used for the land, buildings, infrastructure and heritage and cultural assets. Such indices are either publicly available, or are derived from market information available. AAAG provides assurance of their robustness, validity and appropriateness for application to the relevant assets. Indices used are also tested for reasonableness by applying the indices to a sample of assets, comparing the results to similar assets that have been valued by an independent professional valuer or internal expert, and analysing the trend of changes in values over time. Through this process, which is undertaken annually, management assesses and confirms the relevance and suitability of indices provided by AAAG based on the agency's own particular circumstances.

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

Revaluation methodology

All revaluations were performed by Australis Asset Advisory Group as at 31 March 2021. The fair value as at 30 June 2021 is materially the same as the valuation completed as at 31 March 2021.

Land

Independent revaluations were performed for land in the Brisbane and South East regions as at 30 June 2021, as part of the four year rolling program, by the Australis Asset Advisory Group.

Land not subject to market specific appraisal were revalued using indices supplied by the AAAG based on individual factor changes for each property as derived from a review of market transactions and having regard to the review of land values undertaken for local government locations.

Buildings and Heritage and cultural assets

Independent revaluations were performed for buildings in the Brisbane and South East regions as at 30 June 2021, as part of the four year rolling program, by the Australis Asset Advisory Group.

The process involved physical inspection and was based on current replacement cost, unless a market price in an active and liquid market existed.

Buildings and Heritage and cultural assets not subject to market specific appraisal were revalued using the most appropriate method of indexation, determined by the type of asset, as provided by the AAAG. AAAG calculates the indices by a weighted matrix based on various sources for both a cost approach and market approach. The indices data for the built asset classes are based on construction movements as well as other factors intrinsic to the construction process. These indices were determined to be the most appropriate when considering the agency's asset types and were accepted and applied by management on the basis they resulted in a materially accurate representation of the fair value of buildings as at 30 June 2021.

Heritage and cultural assets were transferred to QPS and QFES on 1 July 2020 as a result of a shift in assets accounting management and policy (refer to Note 3 for further details). Revaluations as at 30 June 2021 are reported in the respective agencies.

Infrastructure

Independent revaluations were performed for infrastructure assets in the Brisbane and South East regions as at 30 June 2021, as part of the four year rolling program, by the Australis Asset Advisory Group.

Infrastructure assets not subject to market specific appraisal were revalued using the most appropriate method of indexation, determined by the type of asset, as provided by the AAAG. AAAG calculates the indices by a weighted matrix based on various sources for both a cost approach and market approach.

Infrastructure assets were transferred to QPS and QFES on 1 July 2020 as a result of a shift in assets accounting management and policy (refer to Note 3 for further details). Revaluations as at 30 June 2021 are reported in the respective agencies.

Public Safety Business Agency
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16 Property, plant and equipment (continued)

Revaluation methodology (continued)

Major plant and equipment

Aircraft were independently revalued by the Australis Asset Advisory Group as at 31 March 2021 prior to transfer to QPS (refer note 4). The revaluations were determined using current market values.

Accounting Policy - Fair value measurement

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

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

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

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

Fair Value Measurement Hierarchy

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

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

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

Categorisation of fair values recognised as at 30 June:

	Level 2 \$'000		Level 3 \$'000		Total \$'000	
	2021	2020	2021	2020	2021	2020
Land	32,533	671,685	-	-	32,533	671,685
Buildings	71	152,005	105,289	1,173,833	105,360	1,325,838
Heritage and cultural	-	19	-	24,402	-	24,421
Infrastructure	-	-	-	7,460	-	7,460
Major plant and equipment	-	79,879	-	-	-	79,879

Public Safety Business Agency
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16 Property, plant and equipment (continued)

Level 3 fair value reconciliation:

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	Buildings		Heritage and cultural		Infrastructure		Total Level 3 assets	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Carrying amount as at 1 July	1,173,833	1,154,178	24,402	21,159	7,460	7,541	1,205,695	1,182,878
Acquisitions	-	541	-	11	-	-	-	552
Transfers from/(to) QPS/QFES 1 July 2020	(1,068,130)	-	(24,402)	-	(7,460)	-	(1,099,992)	-
Transfers from/(to) QPS - Machinery-of-Government - QGAir	(659)	-	-	-	-	-	(659)	-
Donations received	-	415	-	-	-	-	-	415
Assets reclassified as held for sale	-	(21)	-	-	-	-	-	(21)
Transfer between classes	2,083	53,081	-	1,218	-	(26)	2,083	54,273
Net revaluation increments/(decrements) in operating result	-	-	-	912	-	-	-	912
Net revaluation increments/(decrements) in other comprehensive income	667	10,563	-	1,772	-	157	667	12,492
Depreciation	(2,506)	(44,923)	-	(671)	-	(211)	(2,506)	(45,805)
Carrying amount as at 30 June	105,289	1,173,833	-	24,402	-	7,460	105,289	1,205,695

Public Safety Business Agency
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16 Property, plant and equipment (continued)

Accounting Policy - Depreciation of property, plant and equipment

Land is not depreciated as it has unlimited useful life.

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

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

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

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

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

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

Class	Depreciation rate (%)
Buildings	1.4 - 10
Plant and equipment	1.7 - 100
Major plant and equipment	2.9 - 11.1

Accounting Policy - Impairment of property, plant and equipment

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. If an indicator of possible impairment exists, the agency 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.

Public Safety Business Agency
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17 Right-of-use assets and lease liabilities

	2021	2020
	\$'000	\$'000
Right-of-use assets - Buildings		
Gross value	3,801	1,286
Less: Accumulated amortisation	(854)	(419)
	<u>2,947</u>	<u>867</u>
Reconciliation		
Opening balance at 1 July	867	1,286
Additions	2,516	-
Amortisation	(435)	(419)
Closing balance at 30 June	<u>2,947</u>	<u>867</u>
Lease liabilities		
Current		
Lease liabilities	442	229
Non-current		
Lease liabilities	2,542	661
Total	<u>2,984</u>	<u>889</u>

Accounting Policy - Recognition of Right-of-use assets

Right-of-use assets with a lease term greater than 12 months and with a value equal to or in excess of \$10,000 are capitalised for financial reporting purposes. Items leased for a short term period less than 12 months or for a lesser value are expensed.

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

Right-of-use assets are recognised and carried at their cost less accumulated depreciation and any accumulated impairment losses, adjusted for any re-measurement of the lease liability in certain circumstances.

Accounting Policy - Amortisation of right-of-use assets

Right-of-use assets are amortised on a straight line basis from the commencement date of the lease to the end of the lease term.

Accounting Policy - Impairment of right-of-use assets

All right-of-use assets are assessed for indicators of impairment. If an indicator of possible impairment exists, the agency 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.

Accounting Policy - Lease liability

Lease liabilities are initially recognised at the present value of lease payments over the lease term that are not yet paid. Lease payments include fixed payments, variable lease payments that depend on an index or rate, option payments (if reasonably certain) and expected residual value guarantees. The present value of lease payments are discounted using the Queensland Treasury Corporation (QTC) fixed rate applicable to the term of the lease. Subsequently, the lease liabilities are increased by the interest charge and reduced by the amount of lease payments.

Public Safety Business Agency
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17 Right-of-use assets and lease liabilities (continued)

Disclosures - Leases as lessee

(i) Details of leasing arrangements as lessee

Category/ Class of Lease Arrangement	Description of Arrangement
Buildings	The agency routinely enters into leases for buildings and office accommodation. Some of these leases are short-term leases or leases of low value assets. The lease terms for buildings and office space that are recognised on balance sheet is currently at 5 years, with one lease having a renewal or extension option. The options are generally exercisable at market prices and are not included in the right-of-use asset or lease liability unless the agency is reasonably certain it will renew the lease.

(ii) Office accommodation, employee housing and motor vehicles

The Department of Energy and Public Works (DEPW) provides the agency with access to office accommodation, employee housing and motor vehicles under government-wide frameworks. These arrangements are categorised as procurement of services rather than as leases because DEPW has substantive substitution rights over the assets. The related service expenses are included in Note 10.

	2021	2020
	\$'000	\$'000
(iii) Amounts recognised in profit or loss		
Interest expense on lease liabilities	32	16
Breakdown of 'Lease expenses' included in Note 10		
- Expenses relating to short-term leases	34	69
- Expenses relating to office accommodation provided by DEPW	5,182	3,999
(iv) Total cash outflow for leases	5,216	4,068

Public Safety Business Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2021

	2021	2020
	\$'000	\$'000
18 Payables		
Current		
Trade creditors	10,694	38,311
Other	62	1,469
Total	10,757	39,780

Accounting Policy - Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the nominal amount for example agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 day terms. From 25 March 2020, all payment terms were set to immediate and remains in place as at 30 June 2021.

19 Accrued employee benefits

Current		
Annual leave levy payable	3,018	2,946
Long service leave levy payable	611	717
Salaries and wages payable	266	794
Other	2	3
Total	3,896	4,460

Accounting Policy - Accrued employee benefits

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

20 Other current liabilities

Current		
Unearned revenue - general	-	949
Departmental services appropriation	67	1,672
Total	67	2,621

21 Related party transactions with other Queensland Government-controlled entities

The agency's primary ongoing sources of funding from Government for its services are appropriation revenue and equity injections, both which are provided in cash via Queensland Treasury.

Fees for services received from other Queensland Government entities are disclosed in Note 6.

Note 4 outlines a transfer of assets from QGAir in PSBA to QPS arising from a machinery-of-government change during 2020-21.

Note 24 outlines a transfer of assets and liabilities from PSBA to QPS and QFES arising from a machinery-of-government change.

PSBA provides services at nil cost to partner agencies as well as other Queensland Government-controlled entities. Services provided and recognised as below fair value include fleet and property and facilities management, human resource services, financial and procurement services and information and communication services. The cost of services provided at below fair value materially represents the fair value of the goods and services provided.

Department/Office	Below fair value services provided
Queensland Police Service	\$ 148m
Office of the Inspector-General Emergency Management	\$ 0.5m

Public Safety Business Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2021

22 Commitments

(a) Capital expenditure commitments

Capital expenditure commitments inclusive of non-recoverable GST input tax credits at the reporting date are payable as follows:

	Note	2021 \$'000	2020 \$'000
Buildings			
Not later than one year		-	67,348
Total		-	67,348
Plant and Equipment			
Not later than one year		3,932	26,691
Total		3,932	26,691

On 1 July 2020, the PSBA transferred assets to the Queensland Police Service (QPS) and Queensland Fire and Emergency Services (QFES) as a result of a shift in assets accounting management and policy. Refer to Note 3 for further details.

23 Financial instruments

Financial instrument categories

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

Financial assets

Cash		33,345	81,533
Receivables measured at amortised cost:			
Receivables	14	14,801	25,086
Total		48,146	106,619

Financial liabilities

Financial liabilities measured at amortised cost:

Payables	18	10,757	39,780
Lease liabilities	17	2,984	889
Total		13,741	40,669

No financial assets and financial liabilities have been offset and presented net in the Statement of financial position.

Risk exposure

Financial risk management is implemented pursuant to Government and Public Safety Business Agency policies. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the agency.

The agency's activities expose it to a variety of financial risks as set out in the following table:

Risk exposure	Definition	Exposure
Credit risk	Credit risk exposure refers to the situation where the agency may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.	The agency is exposed to credit risk in respect of its receivables (note 14).
Liquidity risk	Liquidity risk refers to the situation where the agency may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial	The agency is exposed to liquidity risk in respect of its payables (note 18).
Market risk	The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.	The agency is exposed to risk through future acquisitions in foreign currency including aircraft. The agency is exposed to interest rate risk through its leases and cash deposited in interest bearing accounts.

Public Safety Business Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2021

23 Financial instruments (continued)

Risk measurement and management strategies

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

Risk exposure	Measurement Method	Risk Management Strategies
Credit risk	Ageing analysis, earnings at risk	The agency manages credit risk through the use of a credit management strategy. This strategy aims to reduce the exposure to credit default by ensuring that the agency invests in secure assets and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.
Liquidity risk	Sensitivity analysis	The agency manages liquidity risk through the use of a liquidity management strategy. This strategy aims to reduce the exposure to liquidity risk by ensuring the agency has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.
Market risk	Interest rate sensitivity analysis	The agency does not undertake any hedging in relation to interest risk and manages its risk as per the agency's liquidity risk management strategy articulated in the agency's financial management practice manual.
Market risk	Exchange rate sensitivity analysis	The agency does not undertake any hedging in relation to exchange rate risk and manages its risk as per the agency's liquidity risk management strategy articulated in the agency's financial management practice manual.

Maximum credit risk exposure where carrying amounts do not equal contractual amounts

Certain contractual obligations expose the agency to credit risk in excess of the carrying amount of any asset or liability recognised from entering the transaction.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial is the gross carrying amount of those assets inclusive of any provision for impairment (refer note 14).

Liquidity risk - contractual maturity of financial liabilities

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

Financial liabilities	Note	2021 Payable in			
		<1 year \$'000	1-5 years \$'000	>5 years \$'000	Total \$'000
Payables	18	10,757	-	-	10,757
Lease liabilities	17	442	1,667	875	2,984
Total		11,199	1,667	875	13,741

Financial liabilities	Note	2020 Payable in			
		<1 year \$'000	1-5 years \$'000	>5 years \$'000	Total \$'000
Payables	18	39,780	-	-	39,780
Lease liabilities	17	229	660	-	889
Total		40,009	660	-	40,669

Public Safety Business Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2021

24 Events occurring after balance date

As a result of Public Service Departmental Arrangements Notice (No. 2) 2021, effective 1 July 2021, the Public Safety Business Agency (PSBA) was disestablished and as a consequence all its functions and activities were transferred to the Queensland Police Service (QPS) and the Queensland Fire and Emergency Services (QFES). In addition, assets with an estimated book value of \$51.4M will also be transferred to the Queensland Ambulance Service (QAS).

Effective from 1 July 2021, an estimate of assets and liabilities transferring to the respective departments is as follows

	QPS	QFES	Total
	\$'000	\$'000	\$'000
Assets			
Current assets			
Cash	13,976	11,437	25,413
Receivables	14,796	5	14,801
Other current assets	16,088	124	16,212
Total current assets	44,860	11,566	56,426
Non-current assets			
Property, plant and equipment	78,887	100,355	179,241
Intangibles	5,297	-	5,297
Total non-current assets	84,184	100,355	184,538
Total assets	129,043	111,921	240,964
Liabilities			
Current liabilities			
Payables	10,528	295	10,824
Accrued employee benefits	3,896	-	3,896
Interest bearing liabilities	59	383	442
Total current liabilities	14,484	678	15,162
Non-current liabilities			
Interest bearing liabilities	203	2,339	2,542
Total non-current liabilities	203	2,339	2,542
Total liabilities	14,686	3,018	17,704
Net assets	114,357	108,903	223,260

The above values are an estimate only and associated Machinery of Government documents have not been finalised and signed at the time of authorisation of these financial statements.

There were no other events occurring after balance date that management considers would have a material impact on the information disclosed in these financial statements.

Public Safety Business Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2021

25 Budgetary reporting

Statement of comprehensive income	Variance Note	Original Budget 2021 \$'000	Actual 2021 \$'000	Variance \$'000
Income from continuing operations				
Appropriation revenue	25(a)	202,043	191,570	(10,473)
User charges and fees	25(b)	117,282	110,500	(6,782)
Grants and other contributions		7,386	7,384	(2)
Other revenue	25(c)	1,438	5,340	3,902
Total revenue		328,149	314,793	(13,356)
Gains on disposal/remeasurement of assets		-	634	634
Total income from continuing operations		328,149	315,427	(12,722)
Expenses from continuing operations				
Employee expenses	25(d)	142,547	127,520	(15,027)
Supplies and services	25(e)	134,830	127,839	(6,991)
Depreciation and amortisation		41,784	40,463	(1,321)
Grants and subsidies		-	427	427
Finance costs		11	32	21
Revaluation decrements	25(f)	-	17,315	17,315
Other expenses	25(g)	3,426	5,881	2,455
Total expenses from continuing operations		322,598	319,464	(3,134)
Operating result from continuing operations		5,551	(4,037)	(9,588)
Other comprehensive income not reclassified subsequently to operating result				
Increase/(decrease) in asset revaluation surplus		-	102	102
Total other comprehensive income		-	102	102
Total comprehensive income		5,551	(3,935)	(9,486)

The budgets for the Statement of Financial Position and the Statement of Cash Flows were not undertaken by Queensland Government for the 2020-21 financial year.

Explanation of major variances

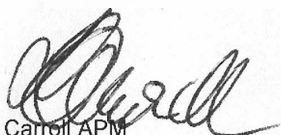
- 25(a) Appropriation revenue decrease is mainly related to the transfer of budget (\$16.678 million) for Queensland Government Air (QGAir) to the Queensland Police Service effective 1 May 2021. This is partly offset by additional operating funding provided for ICT projects, with additional funding received from the Queensland Police Service (\$1.649 million) and equity to operating budget transfers (\$4.623 million) for various ICT projects.
- 25(b) User charges decrease is mainly due to reductions to QFES (\$4.026 million) and QAS (\$2.553 million) ICT project funding, and reductions to Public Safety Network charges (\$0.516 million), partly offset by additional QGAir revenues (\$0.279 million).
- 25(c) Other revenue increase is mainly due to ICT recoveries (\$2.651 million), and insurance recoveries for motor vehicles (\$0.169 million) and aircraft (\$1.085 million).
- 25(d) Employee expenses decrease is mainly due to the transfer of budget (\$5.761 million) for QGAir to the Queensland Police Service effective 1 May 2021, staff vacancies driven by recruitment restrictions imposed as part of the Government Savings and Debt plan, and reduced training due to COVID-19 limitations.
- 25(e) Supplies and services decrease is mainly due to the transfer of budget (\$9.163 million) for QGAir to the Queensland Police Service effective 1 May 2021. This is partly offset by additional expenditure for QPS ICT projects.
- 25(f) Revaluation decrement is related to the revaluation of QGAir aircraft (\$17.315 million).
- 25(g) Other expenses increase is mainly due to loss on disposal of QGAir fixed wing aircraft (\$1.693 million) and plant and equipment (\$0.111 million), and increased insurance premiums (\$0.372 million) and ICT licenses fees (\$0.279 million).

**Public Safety Business Agency
Management Certificate
for the year ended 30 June 2021**

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 *Finance 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 Public Safety Business Agency for the financial year ended 30 June 2021 and of the financial position of the agency at the end of that year.


The Chair of the Board of Management, as the Accountable Officer of the Agency, 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.



K Carroll APM

**Former Accountable Officer
Former Chair, Board of Management**

Date: 27 August 2021
Brisbane, Queensland



W. Brummer
B.Bus (Acctg), Grad Cert Prof Acctg
MIPA, GAICD

Former Chief Finance Officer

Date: 27 August 2021
Brisbane, Queensland

INDEPENDENT AUDITOR'S REPORT

To the former Accountable Officer of the former Public Safety Business Agency

Report on the audit of the final financial report

Opinion

I have audited the accompanying final financial report of the former Public Safety Business Agency.

In my opinion, the final financial report:

- a) gives a true and fair view of the former 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 final financial report comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in equity, and statement of cash flows 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 former 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.

Emphasis of matter—Abolition of the Public Safety Business Agency

I draw attention to Note 1 of the financial report, which discloses that the department was abolished on 30 June 2021 under the Public Service Departmental Arrangements Notice (No.2) 2021.

Ongoing responsibility for functions of the department, and its assets and liabilities, were transferred to the Queensland Police Service, Queensland Fire and Emergency Services and Queensland Ambulance Service. The transfer of assets and liabilities occurred at the values stated in this report on abolition, reflecting an orderly realisation of net assets. Because of this, the financial report is prepared on a basis that is consistent with a going concern basis.

My opinion is not modified in respect of this matter.

Key audit matters

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

Specialised building valuation (\$105.36 million) and depreciation expense (\$2.508 million)

Refer to note 16 in the financial report.

Key audit matter	How my audit addressed the key audit matter
<p>Except in rare circumstances where a market price in an active market exists, the former Public Safety Business Agency (PSBA) derived the fair value of its buildings using the current replacement cost method that comprises:</p> <ul style="list-style-type: none"> • Gross replacement cost, less • Accumulated depreciation <p>The former PSBA valued its buildings each year through a combination of specific appraisals for selected regions on a rolling basis, with the remainder of buildings revalued by applying relevant indices in the years between specific appraisals.</p> <p>The former PSBA derived the gross replacement cost of its buildings at balance date using unit prices that required significant judgements for:</p> <ul style="list-style-type: none"> • 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. • buildings not specific appraised in the current year, indexing unit rates for increases in input costs. <p>The measurement of accumulated depreciation involves significant judgements for estimating the remaining useful lives of assets. The significant judgements required for gross replacement cost and useful lives are also significant for calculating annual depreciation expense.</p>	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Assessing the former management's controls over the valuation process. • Assessing the appropriateness of the process used for measuring gross replacement cost with reference to common industry practices. • For unit rates: <ul style="list-style-type: none"> – Assessing the competence, capability and objectivity of the experts used by the former PSBA to develop the unit rate models. – Obtaining an understanding of the methodology used and assessing its appropriateness with reference to common industry practices. – For buildings specific appraisals in the current year, evaluating on a sample basis the relevance, completeness and accuracy of source data used to derive the unit rate of the: <ul style="list-style-type: none"> ▪ modern substitute (including locality factors and on costs) ▪ adjustment for excess quality or obsolescence. – For buildings revalued through indexation, recalculating the index with reference to the current year's specific appraisal. • Reviewing the former management and the expert's assessment and application of asset componentisation and the consequential impact on depreciation expense. • Evaluating useful life estimates for reasonableness by: <ul style="list-style-type: none"> – Reviewing the former management's annual assessment of useful lives. – Assessing whether assets still in use have reached or exceeded their useful life. • Where changes in useful lives were identified, evaluating whether the effective dates of the changes applied for depreciation expense were supported by appropriate evidence.

Responsibilities of the department for the final financial report

The former Accountable Officer was responsible for the preparation of the final 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 former Accountable Officer determined was necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The former Accountable Officer was also responsible for assessing the former 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.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the final 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 final 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 former 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 former department.
- Conclude on the appropriateness of the former 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 former 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 final 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.

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

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

Report on other legal and regulatory requirements

Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 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 former department's transactions and account balances to enable the preparation of a true and fair final financial report.



John Welsh
as delegate of the Auditor-General

31 August 2021
Queensland Audit Office
Brisbane