

Financial statements 2010-11



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General information

These financial statements cover the Department of Police.

The Department of Police is a Queensland Government Department established under the *Public Service Act 2008*.

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

The head office and principal place of business of the QPS is: 200 Roma Street
Brisbane QLD 4000

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

Amounts shown in this financial report may not add to the correct sub-totals or totals due to rounding.

For information in relation to the department's financial statements please call (07) 3364 6527 or visit the departmental internet site www.police.qld.gov.au

DEPARTMENT OF POLICE
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2011

| | | 2011 | 2010 |
|--|----|------------------|------------------|
| | | \$'000 | \$'000 |
| Income from Continuing Operations | | | |
| Departmental services revenue | 2 | 1,707,413 | 1,600,524 |
| User charges | 3 | 57,568 | 51,863 |
| Grants and other contributions | 4 | 12,642 | 12,678 |
| Other revenue | 5 | 8,005 | 5,457 |
| Total Revenue | | <u>1,785,628</u> | <u>1,670,522</u> |
| Gains | 6 | 746 | 3,340 |
| Total Income from Continuing Operations | | <u>1,786,375</u> | <u>1,673,862</u> |
| Expenses from Continuing Operations | | | |
| Employee expenses | 7 | 1,389,913 | 1,292,340 |
| Supplies and services | 9 | 302,178 | 286,005 |
| Grants and subsidies | 10 | 4,008 | 2,890 |
| Depreciation and amortisation | 11 | 86,256 | 67,784 |
| Impairment losses | 12 | 75 | 93 |
| Revaluation decrement | 13 | 3,075 | - |
| Other expenses | 14 | (373) | 23,024 |
| Total Expenses from Continuing Operations | | <u>1,785,133</u> | <u>1,672,136</u> |
| Operating Result from Continuing Operations | | <u>1,242</u> | <u>1,726</u> |
| Other Comprehensive Income | | | |
| Increase (decrease) in asset revaluation surplus | 27 | (38,620) | (77,788) |
| Total Other Comprehensive Income* | | <u>(38,620)</u> | <u>(77,788)</u> |
| Total Comprehensive Income | | <u>(37,378)</u> | <u>(76,062)</u> |

The accompanying notes form part of these statements.

* This amount represents a decrease in the asset revaluation surplus as a result of revaluations and does not reflect an actual overspend of departmental funds.

**DEPARTMENT OF POLICE
STATEMENT OF FINANCIAL POSITION
as at 30 June 2011**

| | Notes | 2011 | 2010 |
|--|-------|------------------|------------------|
| | | \$'000 | \$'000 |
| Current Assets | | | |
| Cash and cash equivalents | 15 | 17,049 | 2,785 |
| Receivables | 16 | 66,557 | 66,785 |
| Inventories | 17 | 3,186 | 3,267 |
| Other | 18 | 15,949 | 17,025 |
| | | <u>102,741</u> | <u>89,862</u> |
| Non-current assets classified as held for sale | 19 | <u>2,319</u> | <u>1,825</u> |
| Total Current Assets | | 105,060 | 91,687 |
| Non Current Assets | | | |
| Intangible assets | 20 | 62,550 | 51,996 |
| Property, plant and equipment | 21 | 1,758,609 | 1,767,797 |
| | | <u>1,821,159</u> | <u>1,819,793</u> |
| Total Non Current Assets | | 1,821,159 | 1,819,793 |
| | | <u>1,926,219</u> | <u>1,911,479</u> |
| Total Assets | | 1,926,219 | 1,911,479 |
| Current Liabilities | | | |
| Payables | 22 | 60,945 | 58,794 |
| Accrued employee benefits | 23 | 67,631 | 45,243 |
| Other | 24 | 1,540 | 28,474 |
| | | <u>130,116</u> | <u>132,511</u> |
| Total Current Liabilities | | 130,116 | 132,511 |
| | | <u>130,116</u> | <u>132,511</u> |
| Total Liabilities | | 130,116 | 132,511 |
| | | <u>1,796,102</u> | <u>1,778,968</u> |
| Net Assets | | 1,796,102 | 1,778,968 |
| Equity | | | |
| Contributed equity | | 698,390 | 643,878 |
| Accumulated surplus | | 392,965 | 391,722 |
| Asset revaluation surplus | 27 | 704,748 | 743,368 |
| | | <u>1,796,102</u> | <u>1,778,968</u> |
| Total Equity | | 1,796,102 | 1,778,968 |

The accompanying notes form part of these statements.

**DEPARTMENT OF POLICE
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2011**

| | Contributed Equity | Accumulated Surplus | Asset Revaluation | TOTAL 2010 |
|--|-----------------------|------------------------|----------------------|------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance as at 1 July 2009 | 617,976 | 389,996 | 821,155 | 1,829,127 |
| Operating result from continuing operations | - | 1,726 | - | 1,726 |
| <i>Total Other Comprehensive Income</i> | | | | |
| - Increase (decrease) in asset revaluation surplus | - | - | (77,788) | (77,788) |
| <i>Transactions with Owners as Owners:</i> | | | | |
| - Appropriated equity injections (Note 2) | 23,954 | - | - | 23,954 |
| - Transfers between departments | 1,948 | - | - | 1,948 |
| Balance as at 30 June 2010 | 643,878 | 391,722 | 743,368 | 1,778,968 |

| | Contributed Equity | Accumulated Surplus | Asset Revaluation | TOTAL 2011 |
|--|-----------------------|------------------------|----------------------|------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance as at 1 July 2010 | 643,878 | 391,722 | 743,368 | 1,778,968 |
| Operating result from continuing operations | - | 1,242 | - | 1,242 |
| <i>Total Other Comprehensive Income</i> | | | | |
| - Increase (decrease) in asset revaluation surplus | - | - | (38,620) | (38,620) |
| <i>Transactions with Owners as Owners:</i> | | | | |
| - Appropriated equity injections (Note 2) | 53,374 | - | - | 53,374 |
| - Transfers between departments | 1,138 | - | - | 1,138 |
| Balance as at 30 June 2011 | 698,390 | 392,965 | 704,748 | 1,796,102 |

The accompanying notes form part of these statements.

**DEPARTMENT OF POLICE
STATEMENT OF CASH FLOWS
For the year ended 30 June 2011**

| | Notes | 2011 \$'000 | 2010 \$'000 |
|--|-------|-----------------------------|----------------------------|
| Cash flows from operating activities | | | |
| <i>Inflows:</i> | | | |
| Departmental services receipts | | 1,699,713 | 1,607,420 |
| User charges | | 55,577 | 47,630 |
| Grants and other contributions | | 5,528 | 3,532 |
| GST input tax credits from ATO | | 45,360 | 45,605 |
| GST collected from customers | | 6,072 | 5,449 |
| Interest receipts | | (219) | 75 |
| Other | | 7,650 | 5,055 |
| <i>Outflows:</i> | | | |
| Employee expenses | | (1,376,085) | (1,292,842) |
| Supplies and services | | (270,042) | (245,131) |
| Grants and subsidies | | (2,517) | (3,650) |
| GST paid to suppliers | | (44,301) | (45,441) |
| GST remitted to ATO | | (9,581) | (8,264) |
| Other | | (30,922) | (25,382) |
| Net cash provided by (used in) operating activities | 25 | <u>86,233</u> | <u>94,056</u> |
| Cash flows from investing activities | | | |
| <i>Inflows:</i> | | | |
| Sales of property, plant and equipment | | 25,109 | 19,346 |
| <i>Outflows:</i> | | | |
| Payments for property, plant and equipment | | (130,021) | (147,997) |
| Payments for intangibles | | (11,993) | (20,204) |
| Net cash provided by (used in) investing activities | | <u>(116,905)</u> | <u>(148,855)</u> |
| Cash flows from financing activities | | | |
| <i>Inflows:</i> | | | |
| Equity injections | | 99,342 | 83,075 |
| <i>Outflows:</i> | | | |
| Equity withdrawals | | (54,406) | (46,429) |
| Net cash provided by (used in) financing activities | | <u>44,936</u> | <u>36,646</u> |
| Net increase (decrease) in cash and cash equivalents | | 14,264 | (18,153) |
| Cash and cash equivalents at beginning of financial year | | 2,785 | 20,938 |
| Cash and cash equivalents at end of financial year | 15 | <u><u>17,049</u></u> | <u><u>2,785</u></u> |

The accompanying notes form part of these statements.

DEPARTMENT OF POLICE
STATEMENT OF COMPREHENSIVE INCOME BY MAJOR DEPARTMENTAL SERVICES
For the year ended 30 June 2011

| | Professional Standards and Ethical Practice** | | | Personal Safety** | | | Property Security** | | | Traffic Policing** | | | Public Order and Safety** | | | Total | |
|--|---|-----------------|----------------|-------------------|----------------|-----------------|---------------------|-----------------|----------------|--------------------|------------------|------------------|---------------------------|----------------|----------------|----------------|----------------|
| | 2011 \$'000 | 2010 \$'000 | 2011 \$'000 | 2010 \$'000 | 2011 \$'000 | 2010 \$'000 | 2011 \$'000 | 2010 \$'000 | 2011 \$'000 | 2010 \$'000 | 2011 \$'000 | 2010 \$'000 | 2011 \$'000 | 2010 \$'000 | 2011 \$'000 | 2010 \$'000 | 2011 \$'000 |
| Income from Continuing Operations * | | | | | | | | | | | | | | | | | |
| Revenue | | | | | | | | | | | | | | | | | |
| Departmental services revenue | 262,196 | 245,491 | 382,475 | 358,942 | 359,676 | 337,545 | 328,939 | 307,440 | 374,126 | 351,106 | 1,707,413 | 1,600,524 | | | | | |
| User charges | 5,683 | 5,675 | 13,793 | 12,307 | 12,971 | 11,573 | 11,629 | 10,270 | 13,492 | 12,038 | 57,568 | 51,863 | | | | | |
| Grants and other contributions | 1,670 | 2,506 | 2,948 | 2,735 | 2,773 | 2,572 | 2,367 | 2,189 | 2,884 | 2,675 | 12,642 | 12,678 | | | | | |
| Other revenue | 1,835 | (1,857) | 1,585 | 1,966 | 1,490 | 1,849 | 1,545 | 1,576 | 1,550 | 1,923 | 8,005 | 5,457 | | | | | |
| Gains | | | | | | | | | | | | | | | | | |
| Gain on sale of property, plant and equipment | 62 | 271 | 184 | 825 | 173 | 776 | 147 | 660 | 180 | 807 | 746 | 3,340 | | | | | |
| Total Income from Continuing Operations | 271,446 | 252,086 | 400,986 | 376,775 | 377,083 | 354,315 | 344,628 | 322,136 | 392,232 | 368,550 | 1,786,375 | 1,673,862 | | | | | |
| Expenses from Continuing Operations * | | | | | | | | | | | | | | | | | |
| Employee expenses | 205,974 | 195,956 | 314,249 | 290,999 | 295,516 | 273,652 | 266,786 | 247,086 | 307,388 | 284,646 | 1,389,913 | 1,292,340 | | | | | |
| Supplies and services | 46,612 | 43,432 | 67,156 | 64,059 | 63,153 | 60,240 | 59,567 | 55,613 | 65,690 | 62,660 | 302,178 | 286,005 | | | | | |
| Grants and subsidies | 1,295 | 274 | 730 | 704 | 686 | 662 | 584 | 563 | 714 | 688 | 4,008 | 2,890 | | | | | |
| Depreciation and amortisation | 17,136 | 8,876 | 17,878 | 15,355 | 16,812 | 14,440 | 16,442 | 14,092 | 17,488 | 15,020 | 86,256 | 67,784 | | | | | |
| Losses and decrements | 6 | 8 | 18 | 23 | 17 | 21 | 15 | 18 | 18 | 22 | 75 | 93 | | | | | |
| Revaluation decrement | 255 | - | 758 | - | 713 | - | 607 | - | 742 | - | 3,075 | - | | | | | |
| Other expenses | (21) | 3,278 | (82) | 5,247 | (78) | 4,935 | (111) | 4,431 | (81) | 5,133 | (373) | 23,024 | | | | | |
| Total Expenses from Continuing Operations | 271,257 | 251,825 | 400,707 | 376,386 | 376,821 | 353,950 | 344,389 | 321,804 | 391,959 | 368,170 | 1,785,133 | 1,672,136 | | | | | |
| Operating Result from Continuing Operations | 189 | 261 | 279 | 389 | 262 | 365 | 240 | 332 | 273 | 380 | 1,242 | 1,726 | | | | | |
| Other Comprehensive Income | | | | | | | | | | | | | | | | | |
| Increase (decrease) in asset revaluation surplus | (7,673) | (10,186) | (8,005) | (17,621) | (7,527) | (16,571) | (7,585) | (16,172) | (7,830) | (17,237) | (38,620) | (77,788) | | | | | |
| Total Other Comprehensive Income | (7,673) | (10,186) | (8,005) | (17,621) | (7,527) | (16,571) | (7,585) | (16,172) | (7,830) | (17,237) | (38,620) | (77,788) | | | | | |
| Total Comprehensive Income | (7,484) | (9,925) | (7,726) | (17,233) | (7,265) | (16,206) | (7,346) | (15,840) | (7,557) | (16,857) | (37,378) | (76,062) | | | | | |

* Allocation of income and expenses to service delivery support (disclosure only):

| | | | | | | | | | | | | |
|----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|
| Income | 55,805 | 51,432 | 75,591 | 78,363 | 71,085 | 73,691 | 66,962 | 68,136 | 73,941 | 76,652 | 343,383 | 348,274 |
| Expenses | 55,767 | 51,382 | 75,558 | 78,287 | 71,036 | 73,620 | 66,916 | 68,070 | 73,889 | 76,578 | 343,146 | 347,936 |

**The Department has systems in place to allocate assets and liabilities by departmental service. Following a review of departmental services and associated service standards, the Department has adopted a new reporting framework for reporting six service areas. Five of the service areas in the table above describe direct services to the community. The sixth service area is service delivery support which is disclosed under total comprehensive income in the table above. Refer Note 1(w).

**DEPARTMENT OF POLICE
STATEMENT OF ASSETS AND LIABILITIES BY MAJOR DEPARTMENTAL SERVICES**
For the year ended 30 June 2011

| | Professional Standards and Ethical Practice* | | Personal Safety* | | Property Security* | | Traffic Policing* | | Public Order and Safety* | | Total | |
|---|---|----------------|------------------|----------------|--------------------|----------------|-------------------|----------------|-----------------------------|----------------|------------------|------------------|
| | 2011 \$'000 | 2010 \$'000 | 2011 \$'000 | 2010 \$'000 | 2011 \$'000 | 2010 \$'000 | 2011 \$'000 | 2010 \$'000 | 2011 \$'000 | 2010 \$'000 | 2011 \$'000 | 2010 \$'000 |
| Current Assets | | | | | | | | | | | | |
| Cash and cash equivalents | 2,620 | 427 | 3,819 | 625 | 3,591 | 587 | 3,284 | 535 | 3,735 | 611 | 17,049 | 2,785 |
| Receivables | 10,122 | 10,058 | 14,937 | 15,033 | 14,047 | 14,137 | 12,840 | 12,853 | 14,611 | 14,705 | 66,557 | 66,785 |
| Inventories | 491 | 496 | 708 | 732 | 666 | 688 | 628 | 635 | 693 | 716 | 3,186 | 3,267 |
| Other | 2,425 | 2,564 | 3,580 | 3,832 | 3,366 | 3,604 | 3,077 | 3,276 | 3,501 | 3,749 | 15,949 | 17,025 |
| | 15,658 | 13,545 | 23,044 | 20,221 | 21,670 | 19,016 | 19,829 | 17,300 | 22,540 | 19,780 | 102,741 | 89,862 |
| Non-current assets classified as held for sale | 344 | 277 | 524 | 411 | 493 | 386 | 445 | 349 | 513 | 402 | 2,319 | 1,825 |
| Total Current Assets | 16,002 | 13,822 | 23,568 | 20,632 | 22,163 | 19,402 | 20,274 | 17,649 | 23,053 | 20,182 | 105,060 | 91,687 |
| Non Current Assets | | | | | | | | | | | | |
| Intangible assets | 12,427 | 6,809 | 12,964 | 11,779 | 12,192 | 11,077 | 12,285 | 10,810 | 12,682 | 11,522 | 62,550 | 51,996 |
| Property, plant and equipment | 349,380 | 231,493 | 364,502 | 400,465 | 342,773 | 376,593 | 345,410 | 367,524 | 356,544 | 391,722 | 1,758,609 | 1,767,797 |
| Total Non Current Assets | 361,807 | 238,302 | 377,466 | 412,243 | 354,965 | 387,669 | 357,695 | 378,334 | 369,226 | 403,244 | 1,821,159 | 1,819,793 |
| Total Assets | 377,809 | 252,124 | 401,034 | 432,876 | 377,128 | 407,071 | 377,969 | 395,983 | 392,279 | 423,426 | 1,926,219 | 1,911,480 |
| Current Liabilities | | | | | | | | | | | | |
| Payables | 9,098 | 8,917 | 13,737 | 13,226 | 12,918 | 12,438 | 11,755 | 11,276 | 13,437 | 12,937 | 60,945 | 58,794 |
| Accrued employee benefits | 10,022 | 6,860 | 15,291 | 10,187 | 14,380 | 9,580 | 12,981 | 8,650 | 14,957 | 9,965 | 67,631 | 45,243 |
| Other | 234 | 4,288 | 346 | 6,409 | 325 | 6,027 | 297 | 5,480 | 338 | 6,269 | 1,540 | 28,474 |
| Total Current Liabilities | 19,354 | 20,066 | 29,374 | 29,823 | 27,623 | 28,045 | 25,033 | 25,406 | 28,732 | 29,172 | 130,116 | 132,511 |
| Total Liabilities | 19,354 | 20,066 | 29,374 | 29,823 | 27,623 | 28,045 | 25,033 | 25,406 | 28,732 | 29,172 | 130,116 | 132,511 |

* The Department has systems in place to allocate assets and liabilities by departmental service. Following a review of departmental services and associated service standards, the Department has adopted a new reporting framework for reporting six service areas. Five of the service areas in the table above describe direct services to the community. The sixth service area is service delivery support which is disclosed under total comprehensive income in the Income Statement by Outputs table.

DEPARTMENT OF POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2010-11
For the year ended 30 June 2011

Objectives and Principal Activities of the Department

The objective of the Department of Police is to serve the people of Queensland by protecting life and property, preserving peace and safety, preventing crime and upholding the law in a manner which has regard for the public good and the rights of the individual.

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

- heavy vehicle road escorts;
- traffic supervision at road works; and
- security services at large sporting events.

1. Summary of Significant Accounting Policies

(a) Statement of Compliance

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

These financial statements are general purpose financial statements and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with the Treasurer's Minimum Reporting Requirements for the year ending 30 June 2011, and other authoritative pronouncements.

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

(b) The Reporting Entity

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

The major departmental services undertaken by the department are disclosed in Note 1(w).

(c) Administered Transactions and Balances

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

Administered transactions and balances are disclosed in Note 32. These transactions and balances are not significant in comparison to the department's overall financial performance/financial position.

(d) Trust/Agency Transactions and Balances

The department undertakes certain trustee transactions and maintains related balances on behalf of various parties and also performs certain agency transactions.

As the department acts only in a custodial role in respect of these transactions and balances, they are not recognised in the financial statements, but are disclosed in Note 34. Applicable audit arrangements are also disclosed.

DEPARTMENT OF POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2010-11
For the year ended 30 June 2011

(e) Departmental Services Revenue/Administered Revenue

Appropriations provided under the Annual Appropriation Act are recognised as revenue when received. Appropriations receivable and unearned appropriation revenue are recognised at 30 June as approved by Queensland Treasury.

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

(f) User Charges, Taxes, Fees and Fines

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

Taxes, fees and fines collected, but not controlled, by the department are reported as administered revenue. Refer to Note 32.

(g) Grants and Contributions

Grants, contributions, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which the department obtains control over them. Where grants are received that are reciprocal in nature, revenue is accrued over the term of the funding arrangements.

Contributed assets are recognised at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

(h) Cash and Cash Equivalents

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

(i) Receivables

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

The collectability of receivables is assessed periodically with provision being made for impairment. All known bad debts were written-off as at 30 June. Increases in the provision for impairment are based on loss events as disclosed in Note 16.

Other debtors generally arise from transactions outside the usual operating activities of the department and are recognised in the same way as other receivables.

(j) Inventories

Inventories held for sale or distribution are valued at the lower of cost and net realisable value.

Cost is assigned on a weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition, except for training costs which are expensed as incurred.

Net realisable value is determined on the basis of the department's normal selling pattern.

DEPARTMENT OF POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2010-11
For the year ended 30 June 2011

(k) Non-Current Assets Classified as Held for Sale

Non-current assets held for sale consist of those assets that management has determined are available for immediate sale in their present condition, for which their sale is highly probable within the next twelve months.

These assets are measured at the lower of the assets' carrying amounts and their fair values less costs to sell. These assets are not depreciated.

(l) Acquisitions of Assets

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

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

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

(m) Property, Plant and Equipment

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

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

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

Land improvements undertaken by the Department are included with buildings.

(n) Amortisation and Depreciation of Intangibles and Property, Plant and Equipment

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

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

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

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

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

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

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

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

| <i>Class</i> | <i>Average Rate (%)</i> |
|---------------------------|-------------------------|
| Buildings | 1.51 |
| Major plant and equipment | 6.92* |
| Motor vehicles | 36.72 |
| Plant and equipment | 14.22 |
| Heritage assets | 1.00 |
| Intangible assets | 15.52 |

* Aircraft are classified as major plant and equipment.

(o) Revaluations of Non-Current Physical and Intangible Assets

Land, buildings, major plant and equipment and heritage and cultural assets are measured at fair value in accordance with AASB 116 Property, Plant and Equipment and Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector. In respect of these asset classes, the cost of items acquired during the financial year has been judged by management of the Department of Police to materially represent their fair value at the end of the reporting period.

All other non-current assets, principally plant and equipment and intangibles, are measured at cost.

All land and building assets are subject to independent revaluations on a rolling basis over a five-year period. Appropriate indices are applied to those assets not independently revalued during the financial year. Major plant and equipment assets are independently revalued on an annual basis.

Details of how fair value was determined as at 30 June 2011 are reported in Note 21.

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation surplus of the appropriate asset 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.

Upon revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

Materiality concepts under AASB 1031 are considered in determining whether the difference between the carrying amount and the fair value of an asset is material.

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

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(p) Intangibles

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

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

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

Purchased Software

The purchase cost of software has been capitalised and is being amortised on a straight-line basis over the period of the expected benefit to the department.

Internally Generated Software

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

Costs associated with the development of computer software have been capitalised and are amortised on a straight-line basis over the period of expected benefit to the department, average 6.44 years.

(q) Impairment of Non-Current Assets

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

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. Refer also Note 1(o).

(r) Leases

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

There were no finance leases held by the department as at 30 June 2011.

Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they are incurred.

Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between rental expense and reduction of the liability.

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(s) Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the nominal amount i.e. agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

(t) Financial Instruments

Recognition

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

Classification

Financial instruments are classified and measured as follows:

- Cash and cash equivalents - held at fair value through profit and loss
- Receivables - held at amortised cost
- Payables - held at amortised cost

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

All other disclosures relating to the measurement and financial risk management of financial instruments held by the department are included in Note 31.

(u) Employee Benefits

Employer superannuation contributions, annual leave levies and long service leave levies are regarded as employee benefits. Refer to note 7 for the disclosures on employee benefits.

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

Wages, Salaries and Sick Leave

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

For unpaid entitlements expected to be paid within 12 months, the liabilities are recognised at their undiscounted values.

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

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

Annual Leave

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

From 1 July 2008, no provision for annual 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*.

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Long Service Leave

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

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

Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation scheme for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable. The department's obligation is limited to its contribution to QSuper.

The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits is held on a whole-of-Government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Executive Remuneration

Key executive management personnel and remuneration disclosures are made in accordance with the section 5 Addendum (issued in May 2011) to the *Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury*. Refer to note 8 for the disclosures on key executive management personnel and remuneration.

(v) Allocation of Revenues and Expenses from Ordinary Activities to Corporate Services

The department discloses revenues and expenses attributable to corporate services in the Statement of Comprehensive Income by Major Departmental Services.

Revenues and expenses identified as direct costs are fully applied to the relevant major departmental service. However indirect overhead revenues and expenses of regions and commands are identified as corporate services and are allocated to major departmental services based on the results of a state-wide activity survey.

The Corporate Service allocation includes various centralised overhead costs, including; information, communication and technology costs; property and transport related operating and maintenance costs; Shared Service Agency charges; and other support costs.

(w) Major Departmental Services

The identity and purpose of the major departmental services undertaken by the department during the year are listed as follows:

• Professional Standards and Ethical Practice

This service area covers activities to promote ethical behaviour, discipline and professional practice to ensure the community and visitors to the community have confidence in, and respect for, the Queensland Police Service.

• Personal Safety

Activities reported here include the policing responses to protect personal safety and prevent and detect related offences including homicide, assault, sexual assault, robbery and total personal safety.

• Property Security

This service area describes the activities to protect property and prevent and detect related offences including unlawful entry, other property damage, motor vehicle theft, other theft (excluding unlawful entry) and total property security.

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• **Traffic Policing**

Traffic policing includes activities to enforce traffic law and reduce road trauma including through the prevention and detection of speeding, red light offences, driving under the influence of alcohol or drugs, driving while fatigued and not wearing seatbelts.

• **Public Order and Safety**

This service area describes activities directed at maintaining public order and safety during major events and natural disasters - from planning to recovery. Public order issues include those related to public space enjoyment, street and nuisance offences, liquor licensing issues, and environmental design to reduce crime including alcohol fuelled violence.

• **Service Delivery Support**

Activities reported under this service area support the provision of policing functions.

(x) Insurance

The department's non-current physical assets and other risks are largely insured through the Queensland Government Insurance Fund (QGIF), premiums being paid on a risk assessment basis. The department has privately insured its motor vehicles and its Air-wing pilots.

In addition, the department pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

(y) Rounding and Comparatives

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

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

(z) Contributed Equity

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

(aa) 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 of Police. GST credits receivable from, and GST payable to the Australian Tax Office (ATO), are recognised and accrued (refer to note 16).

(ab) Issuance of Financial Statements

The financial statements are authorised for issue by the Commissioner (Accountable Officer) and the Executive Director of Finance (Chief Finance Officer) at the date of signing the Management Certificate.

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(ac) Judgements

The preparation of financial statements requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have that 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 significant effect are outlined in the following financial statement notes:

Valuation of Property, Plant and Equipment - Note 21
Contingencies - Note 29

(ad) Services Received Free of Charge or for Nominal 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 an expense.

(ae) New and Revised Accounting Standards

The department did not voluntarily change any of its accounting policies during 2010-11. Only one amendment to an Australian accounting standard applicable for the first time for 2010-11 was relevant to the department, as explained below.

AASB 2009 - 5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project included certain amendments to AASB 117 Leases that revised the criteria for classifying leases involving land and buildings. Consequently, the Department of Police was required to reassess the classification of the land elements of all unexpired leases the department has entered into as at 1 July 2010 (refer note 28), on the basis of information existing at the inception of the relevant leases. The outcome of the departments reassessment was that no reclassification from an operating lease to a finance lease was necessary.

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

At the date of authorisation of the financial report, the only significant impacts of new or amended Australian accounting standards with future commencement dates are as set out below.

AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 and AASB 134 and Interpretation 13] becomes effective from reporting periods beginning on or after 1 January 2011. The Department of Police will then need to make changes to its disclosures about credit risk on financial instruments in note 31(c). No longer will the department need to disclose amounts that best represent an entity's maximum exposure to credit risk where the carrying amount of the instruments reflects this. If the department holds collateral or other credit enhancements in respect of any financial instrument, it will need to disclose - by class of instrument - the financial extent to which those arrangements mitigate the credit risk. There will be no need to disclose the carrying amount of financial assets for which the terms have been renegotiated, which would otherwise be past due or impaired.

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Also, for those financial assets that are either past due but not impaired, or have been individually impaired, there will be no need to separately disclose details about any associated collateral or other credit enhancements held by the department.

AASB 9 Financial Instruments (December 2010) and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 and 1038 and Interpretations 2, 5, 10, 12, 19 and 127] become effective from reporting periods beginning on or after 1 January 2013. The main impacts of these standards on the Department of Police are that they will change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements, financial assets will be more simply classified according to whether they are measured at either amortised cost or fair value. Pursuant to AASB 9, financial assets can only be measured at amortised cost if two conditions are met. One of these conditions is that the asset must be held within a business model whose objective is to hold assets in order to collect contractual cash flows. The other condition is that the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial application of AASB 9, the Department of Police will need to re-assess the measurement of its financial assets against the new classification and measurement requirements, based on the facts and circumstances that exist at that date. Assuming no change in the types of transactions the Department of Police enters into, it is not expected that any of the department's financial assets will meet the criteria in AASB 9 to be measured at amortised cost. Therefore, as from the 2013-14 financial statements, all of the department's financial assets will be required to be classified as "financial assets required to be measured at fair value through profit or loss" (instead of the measurement classifications presently used in notes 1(t) and 31). The same classification will be used for net gains/losses recognised in the Statement of Comprehensive Income in respect of those financial assets. In the case of the department's receivables, the carrying amount is considered to be a reasonable approximation of fair value.

AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 and 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129, and 1052] apply to reporting periods beginning on or after 1 July 2013. AASB 1053 establishes a differential reporting framework for those entities that prepare general purpose financial statements, consisting of two tiers of reporting requirements – Australian Accounting Standards (commonly referred to as "tier 1"), and Australian Accounting Standards – Reduced Disclosure Requirements (commonly referred to as "tier 2").

Tier 1 requirements comprise the full range of AASB recognition, measurement, presentation and disclosure requirements that are currently applicable to reporting entities in Australia. The only difference between the tier 1 and tier 2 requirements is that tier 2 requires fewer disclosures than tier 1. AASB 2010-2 sets out the details of which disclosures in standards and interpretations are not required under tier 2 reporting.

Pursuant to AASB 1053, public sector entities like the Department of Police may adopt tier 2 requirements for their general purpose financial statements. However, AASB 1053 acknowledges the power of a regulator to require application of the tier 1 requirements. In the case of the Department of Police, the Treasury Department is the regulator. Treasury Department has advised that its policy decision is to require all departments to adopt tier 1 reporting requirements. In compliance with Treasury's policy which prohibits the early adoption of new or revised accounting standards unless Treasury approval is granted, the Department of Police has not early adopted AASB 1053.

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

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| | 2011 \$'000 | 2010 \$'000 |
|--|-------------------------|-------------------------|
| 2. Reconciliation of Payments from Consolidated Fund to Departmental Services Revenue Recognised in Statement of Comprehensive Income | | |
| Budgeted department services appropriation | 1,736,205 | 1,639,150 |
| Transfers from/(to) other headings | - | - |
| Lapsed departmental service appropriation | <u>(36,492)</u> | <u>(31,730)</u> |
| Total department services receipts | 1,699,713 | 1,607,420 |
| Plus: Closing balance of department services revenue receivable | 7,700 | - |
| Less: Opening balance of department services revenue receivable | - | (6,896) |
| Departmental service revenue recognised in Statement of Comprehensive Income | <u>1,707,413</u> | <u>1,600,524</u> |
| Reconciliation of Payments from Consolidated Fund to Equity Adjustment Recognised in Contributed Equity | | |
| Budgeted equity adjustment appropriation | 114,529 | 120,869 |
| Lapsed equity adjustment | <u>(69,593)</u> | <u>(88,477)</u> |
| Equity adjustment receipts (payments) | 44,936 | 32,392 |
| Less: Opening balance of equity adjustment receivable | (7,625) | - |
| Plus: Closing balance of equity adjustment receivable | <u>-</u> | <u>7,625</u> |
| | 37,311 | 40,017 |
| Plus: Opening balance of equity withdrawal payable | 16,063 | - |
| Less: Closing balance of equity withdrawal payable | - | (16,063) |
| Equity Adjustment Recognised in Contributed Equity | <u>53,374</u> | <u>23,954</u> |
| 3. User Charges | | |
| Special services | 31,623 | 28,621 |
| Incident reporting | 1,274 | 1,142 |
| Rental of government property | 381 | 262 |
| Sale of goods and services | 13,409 | 12,242 |
| Network user charges | 10,881 | 9,596 |
| Total | <u>57,568</u> | <u>51,863</u> |

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| | 2011 | 2010 |
|---------------------------------------|----------------------|----------------------|
| | \$'000 | \$'000 |
| 4. Grants and Contributions | | |
| Grants * | 5,029 | 5,180 |
| Industry contributions | 859 | 1 |
| Services received at below fair value | 6,754 | 7,497 |
| Total | <u>12,642</u> | <u>12,678</u> |

* Included in 2010-2011 grants are National Drug Strategy Funding (\$799K), Queensland Early Intervention Pilot Project (\$700K), Productivity Places Program (\$590K), Nurses in Watchhouse Program (\$240K), Special Circumstances Court Program (\$143K), Suicide Prevention Project (\$150K).

| | | |
|--|---------------------|---------------------|
| 5. Other Revenue | | |
| Interest | 433 | 319 |
| Taxes, fees and fines | 30 | 37 |
| Insurance compensation - QGIF and other | 4,035 | 2,033 |
| Sale of plant and equipment (non assets) | 56 | - |
| General recoveries | 2,381 | 2,161 |
| Other | 1,071 | 907 |
| Total | <u>8,005</u> | <u>5,457</u> |

| | | |
|--|-------------------|---------------------|
| 6. Gains | | |
| Gain on sale of property, plant and equipment | 746 | 1,704 |
| Gain on revaluation of major plant and equipment | - | 1,636 |
| Total | <u>746</u> | <u>3,340</u> |

| | | |
|--|-------------------------|-------------------------|
| 7. Employee Expenses | | |
| Employee Benefits | | |
| Wages and salaries | 995,499 | 924,204 |
| Employer superannuation contributions* | 149,604 | 141,214 |
| Long service leave levy* | 23,648 | 18,434 |
| Annual leave levy* | 132,117 | 126,245 |
| Voluntary redundancy payments | 146 | 891 |
| Other employee benefits | 7,181 | 6,011 |
| Employee Related Expenses | | |
| Payroll tax* | 61,317 | 56,895 |
| Workers compensation premium* | 20,401 | 18,445 |
| Total | <u>1,389,913</u> | <u>1,292,340</u> |

* Refer to Note 1(u).

Number of Employees

The number of employees includes both full-time employees and part-time employees measured on a full-time equivalent basis.

| | | |
|---------------------|-------------|-------------|
| | 2011 | 2010 |
| Number of employees | 14,496 | 14,407 |

**DEPARTMENT OF POLICE
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8. Key Executive Management personnel and Remuneration

a) The following details for key executive management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the agency during 2010-11. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

| Position | Responsibilities | Current Incumbents | |
|---|---|---|--|
| | | Contract classification and appointment authority | Date appointed to position (Date resigned from position) |
| Commissioner | The Commissioner is responsible for strategic leadership of the Queensland Police Service consistent with Government legislation and policy directions. | CEO level as agreed with the Minister and Premier. Police Service Administration Act 1990 | Appointed 01/11/2000 |
| Deputy Commissioner (Specialist Operations) | The Deputy Commissioner (Specialist Operations) is responsible for the strategic management and direction of police specialist operations throughout Queensland consistent with Government legislation and policy directions. | Deputy Commissioner remunerated at classification SES 4.2 level. Police Service Administration Act 1990 | Previous incumbent transferred to Deputy Commissioner (Regional Operations) on 03/10/2010. New Deputy Commissioner (Specialist Operations) appointed 04/10/2010. |
| Deputy Commissioner (Regional Operations) | Deputy Commissioner (Regional Operations) is responsible for strategic management and direction of police regional operations throughout Queensland consistent with Government legislation and policy directions. | Deputy Commissioner remunerated at classification SES 4.2 level. Police Service Administration Act 1990 | Previous incumbent relieving in position. New Deputy Commissioner (Regional Operations) appointed 03/10/2010. |
| Deputy Chief Executive (Resource Management) | The Deputy Chief Executive (Resource Management) is responsible for strategic management of the resource management function for the Service to support corporate and policing operations through the areas of administration, finance, human resources, education and training and information and communication technology. | Deputy Chief Executive (Resource Management) remunerated at classification SES 4.2 level. Public Service Act 2008 | Appointed 21/07/2006 |
| Assistant Commissioner, Ethical Standards Command | The Assistant Commissioner Ethical Standards Command is responsible for the promotion of ethical behaviour, discipline and professional practice within the Service including implementing strategies to prevent ethical slippage, enhancing corporate governance, managing corporate risk and ensuring high levels of professional conduct within the service is maintained. | Assistant Commissioner remunerated at classification SES 3.2 level. Police Service Administration Act 1990 | Appointed 07/04/2008 |
| Assistant Commissioner, Northern Region | Assistant Commissioner Northern Region is responsible for strategic management and direction of policing operations and support functions to ensure the Northern Region achieves its service-delivery objectives. | Assistant Commissioner remunerated at classification SES 3.2 level. Police Service Administration Act 1990 | Appointed 25/08/2008 |
| Executive Director, Office of the Commissioner | The Executive Director is responsible for provision of strategic advice and executive support to the Commissioner including strategic planning, performance management, policy development, organisational improvement, project management support, corporate reporting and cross cultural liaison. | Executive Director, Office of the Commissioner remunerated at classification SES2.5 level. Public Service Act 2008 | Appointed 20/12/2004 |
| Executive Director, Administration Division | The Executive Director is responsible for the provision of a professional administration and logistical support environment for the Queensland Police Service which supports the delivery of policing in line with government policy and operational requirements. | Executive Director, Administration Division remunerated at classification SES 2.5. Public Service Act 2008 | Appointed 05/11/2007 |

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Note 8 (cont'd)

b) Remuneration

Remuneration policy for the Department of Police key executive management personnel is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*. The remuneration and other terms of employment for the key executive management personnel are specified in employment contracts.

For the 2010-11 year, remuneration of key executive management personnel increased by 2.5% in accordance with government policy.

Remuneration packages for key executive management personnel is comprised of the following components:-

- Short term employee benefits which include:
 - Cashable benefits - consisting of base salary, allowances and leave entitlements paid and provided (accrued) for the entire year or for that part of the year during which the employee occupied the specified position. Amounts disclosed equal the amount expensed in the Statement of Comprehensive Income.
 - Non-monetary benefits - consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.
- Long term employee benefits include long service leave accrued.
- Post employment benefits include superannuation contributions.
- Redundancy payments are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.

Total fixed remuneration is calculated on a 'total cost' basis and includes the base and non-monetary benefits, long term employee benefits and post employment benefits.

1 July 2010 - 30 June 2011

| Position (date resigned if applicable) | Short Term Employee Benefits | | Long Term Employee Benefits | | Post Employment Benefits | Termination Benefits | Total Remuneration*** |
|--|------------------------------|-----------------------|-----------------------------|------------|--------------------------|----------------------|-----------------------|
| | Cash Benefits* | Non-Monetary Benefits | | | | | |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Commissioner | 293 | 27 | 6 | 39 | - | - | 365 |
| Deputy Commissioner (Specialist Operations) | 224 | 6 | 4 | 28 | - | - | 262 |
| Deputy Commissioner (Regional Operations) | 208 | 18 | 4 | 32 | - | - | 262 |
| Deputy Chief Executive (Resource Management) | 202 | 20 | 4 | 24 | - | - | 250 |
| Assistant Commissioner Ethical Standards Command** | 72 | 7 | 2 | 13 | - | - | 94 |
| Executive Director, Office of the Commissioner | 162 | 17 | (3) | 19 | - | - | 195 |
| Assistant Commissioner, Northern Region** | 81 | 12 | 2 | 14 | - | - | 109 |
| Executive Director, Administration Division** | 88 | - | 2 | 9 | - | - | 99 |
| Total Remuneration | 1,330 | 107 | 21 | 178 | - | - | 1,636 |

No prior period comparative information on key executive management personnel remuneration has been disclosed as it is impracticable for the agency to obtain the required information.

* Cash benefits salary may include higher duty payments

** As a result of new governance arrangements this position only had authority and responsibility for planning, directing and controlling the activities of the agency from 1/7/2010 - 31/12/2010.

*** The amount calculated as total remuneration in this note includes the direct remuneration received, as well as items not directly received by senior executives, such as the movement in leave accruals and fringe benefits tax paid on motor vehicles. This amount will therefore differ from advertised executive remuneration packages which do not include the latter items.

DEPARTMENT OF POLICE
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| | 2011 | 2010 |
|--|-----------------------|-----------------------|
| | \$'000 | \$'000 |
| 9. Supplies and Services | | |
| Consultancy and contractors | 23,309 | 36,537 |
| Materials | 48,993 | 40,219 |
| Repairs and maintenance | 64,945 | 61,105 |
| Transfer costs | 6,046 | 6,721 |
| Travel | 15,503 | 11,482 |
| Communications | 34,603 | 32,349 |
| Accommodation and public utilities | 14,472 | 14,560 |
| Resources received below fair value | 6,719 | 7,449 |
| Shared service provider charges | 20,254 | 18,409 |
| Equipment below asset threshold levels | 18,116 | 19,146 |
| Operating lease rentals and rental of premises | 16,739 | 14,848 |
| Crimtrac name search | 8,351 | 7,471 |
| Other | 24,128 | 15,709 |
| Total | <u>302,178</u> | <u>286,005</u> |

| | | |
|---------------------------------|---------------------|---------------------|
| 10. Grants and Subsidies | | |
| Grants – recurrent | 3,237 | 2,889 |
| Natural disaster payments | 719 | - |
| Subsidy payments | 52 | 1 |
| Total | <u>4,008</u> | <u>2,890</u> |

| | | |
|--|----------------------|----------------------|
| 11. Depreciation and Amortisation | | |
| Buildings | 29,671 | 25,876 |
| Plant and equipment | 48,310 | 34,563 |
| Heritage and cultural assets | 42 | 39 |
| Major plant and equipment | 2,005 | 1,491 |
| Software purchased | 180 | 140 |
| Software internally generated | 6,048 | 5,675 |
| Total | <u>86,256</u> | <u>67,784</u> |

| | | |
|--|------------------|------------------|
| 12. Impairment Losses | | |
| Plant and equipment | - | 106 |
| Impairment losses on trade receivables | 75 | (13) |
| Total | <u>75</u> | <u>93</u> |

Refer to Note 21 for details of the recognised impairment loss.

| | | |
|----------------------------------|---------------------|-----------------|
| 13. Revaluation Decrement | | |
| Major plant and equipment | 3,075 | - |
| Total | <u>3,075</u> | <u>-</u> |

The asset revaluation surplus represents the net effect of upwards and downwards revaluations of assets to fair value. The decrement in aircraft, not being a reversal of a previous revaluation increment in respect of the same class of assets, has been recognised as an expense in the Statement of Comprehensive Income.

DEPARTMENT OF POLICE
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| | 2011 | 2010 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| 14. Other Expenses | | |
| Loss on disposal of non current assets | 4,561 | 4,250 |
| Audit fees* | 361 | 302 |
| Insurance premiums - QGIF | 3,821 | 4,711 |
| Insurance premiums - Other | 120 | 55 |
| Ex-gratia payments | 276 | 256 |
| Property plant and equipment write off | - | 383 |
| Inventory write off | 13 | 29 |
| Gifts | 2 | 4 |
| Plaintiff damages and costs | 1,012 | 1,264 |
| Departmental services expense** | (11,117) | 11,117 |
| Other | 578 | 654 |
| Total | (373) | 23,024 |

* Total external audit fees relating to the financial statements for the 2010-11 financial year are estimated to be \$313,500 (2010: \$256,300). There are no non-audit services included in this amount.

**Due to the nature of appropriations, the settlement of an obligation can be replaced by another obligation such as the delivery of services during the year. In accordance with Queensland Treasury's Accounting Policy Guideline APG 2 - Contributions Received by Not-For-Profit Agencies, the department accrued a liability in the Statement of Financial Position and an expense in the Statement of Comprehensive Income in 2009-10 for the unspent appropriation of services, totalling \$11.117M, which was de-recognised in 2010-11.

15. Cash and Cash Equivalents

| | | |
|------------------|---------------|--------------|
| Imprest accounts | 237 | 235 |
| Cash at bank | 16,812 | 2,550 |
| Total | 17,049 | 2,785 |

16. Receivables

Current

| | | |
|-------------------------------------|---------------|---------------|
| Trade debtors | 15,118 | 17,452 |
| Less: Allowance for impairment loss | (76) | (53) |
| | 15,042 | 17,399 |
| GST receivables | 4,741 | 5,898 |
| GST payables | (6) | (6) |
| | 4,735 | 5,892 |
| Appropriation receivable | 7,700 | - |
| Equity injection receivable | - | 7,625 |
| Interest | 36 | 32 |
| Long service leave reimbursement | 5,072 | 5,107 |
| Annual leave reimbursement | 33,757 | 30,682 |
| Loans and advances | 18 | 4 |
| Other receivables | 197 | 44 |
| | 46,779 | 43,495 |
| Total | 66,557 | 66,785 |

Movements in the allowance of provision for impairment

| | | |
|---|-----------|-----------|
| Balance at beginning of the year | 53 | 71 |
| Amounts written off during the year | (52) | (5) |
| Increase/decrease in allowance recognised in the operating result | 75 | (13) |
| Balance at the end of the year | 76 | 53 |

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2010-11
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| | 2011 \$'000 | 2010 \$'000 |
|---|----------------|----------------|
| 17. Inventories | | |
| Supplies and consumables - at cost | 3,186 | 3,267 |
| Total | 3,186 | 3,267 |
| 18. Other Current Assets | | |
| Prepayments | 15,929 | 17,005 |
| Other | 20 | 20 |
| Total | 15,949 | 17,025 |
| 19. Non-Current Assets Classified as Held for Sale | | |
| Property plant and equipment | 2,319 | 1,825 |
| Total | 2,319 | 1,825 |
| 20. Intangible Assets | | |
| Software purchased | | |
| At cost | 1,576 | 891 |
| Less: accumulated amortisation | (548) | (368) |
| | 1,029 | 524 |
| Software internally generated | | |
| At cost | 75,318 | 75,933 |
| Less: accumulated amortisation | (34,700) | (29,524) |
| | 40,619 | 46,409 |
| Work in progress | 20,902 | 5,064 |
| Total | 62,550 | 51,996 |

The department has 9 intangible assets with an original cost of \$9.949M and written down value of zero still being used in the provision of services.

The department has nil temporarily idle intangible assets where at reporting date, the idle asset is expected to be restored to active service and not derecognised.

The department has nil intangible assets retired from active use, but not classified as held for sale.

Amortisation of intangibles is included in the line item 'Depreciation and Amortisation' in the Statement of Comprehensive Income.

All intangible assets of the department have finite useful lives and are amortised on a straight line basis. Refer to Note 1(p).

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

No intangible assets have been classified as impaired because they have been recently purchased or are work in progress.

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20. Intangible Assets Reconciliation (cont'd)

| | Work in Progress | | Software Internally Generated | | Software Purchased | | Total | |
|--|------------------|----------------|-------------------------------|----------------|--------------------|----------------|----------------|----------------|
| | 2011 \$'000 | 2010 \$'000 | 2011 \$'000 | 2010 \$'000 | 2011 \$'000 | 2010 \$'000 | 2011 \$'000 | 2010 \$'000 |
| Carrying amount at 1 July | 5,064 | 2,337 | 46,409 | 46,422 | 524 | 473 | 51,996 | 49,232 |
| Acquisitions | 15,950 | 7,828 | 56 | 490 | 380 | 3 | 16,386 | 8,321 |
| Transfers between classes | (89) | (3,412) | 89 | 3,224 | - | 188 | - | - |
| Transfers to property, plant and equipment | (23) | (1,689) | - | - | 305 | - | 282 | (1,689) |
| Transfers between departments | - | - | 113 | 1,948 | - | - | 113 | 1,948 |
| Amortisation | - | - | (6,048) | (5,675) | (180) | (140) | (6,228) | (5,815) |
| Carrying amount at 30 June | 20,902 | 5,064 | 40,619 | 46,409 | 1,029 | 524 | 62,550 | 51,996 |

Amortisation of intangibles is included in the line item 'Depreciation and amortisation' in the Statement of Comprehensive Income.

DEPARTMENT OF POLICE
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| | 2011 | 2010 |
|--|-------------------------|-------------------------|
| | \$'000 | \$'000 |
| 21. Property, Plant and Equipment | | |
| Land | | |
| At fair value | 471,643 | 508,884 |
| Less: accumulated impairment losses | - | - |
| | <u>471,643</u> | <u>508,884</u> |
| Buildings | | |
| At fair value | 1,694,599 | 1,553,276 |
| Less: accumulated depreciation | (716,070) | (571,635) |
| Less: accumulated impairment losses | (52) | - |
| | <u>978,477</u> | <u>981,641</u> |
| Plant and equipment | | |
| At cost | 372,999 | 309,532 |
| Less: accumulated depreciation | (153,571) | (126,552) |
| Less: accumulated impairment losses | (106) | (106) |
| | <u>219,322</u> | <u>182,874</u> |
| Heritage and cultural assets | | |
| At fair value | 4,229 | 4,226 |
| Less: accumulated depreciation | (81) | (39) |
| Less: accumulated impairment losses | - | - |
| | <u>4,148</u> | <u>4,187</u> |
| Major plant and equipment | | |
| At fair value | 17,229 | 18,209 |
| Less: accumulated depreciation | (7,001) | (3,078) |
| Less: accumulated impairment losses | - | - |
| | <u>10,228</u> | <u>15,131</u> |
| Work in progress | <u>74,791</u> | <u>75,079</u> |
| Total | <u>1,758,609</u> | <u>1,767,797</u> |

Land and buildings are revalued to ensure that they are reported at fair value. The revaluations assessed and accepted by management incorporate the results from the independent five year rolling revaluation program, with indexation of the assets not subject to independent revaluations each year. This ensures that all assets are simultaneously revalued, and materially reflect their fair value at balance date.

Independent revaluations were performed for land and buildings in the Far Northern Region and Administration Division as at 30 June 2011 by the State Valuation Service of the Department of Environment and Resource Management. Assets independently revalued in the four previous years are indexed to ensure that they are valued on the same basis and materially reflect their fair values. The results of indexations are compared to the results of independent revaluations performed in the year to ensure the results are reasonable. This methodology has been used to support management's acceptance of the revaluations performed for the last four years.

The revaluation methodology for each class is as follows:

- Land

At 30 June 2011, management determine the fair value of land by combining the results from the independent revaluations of assets revalued in the current year, and applying indices to the remaining land assets not independently revalued in the current year.

State Valuation Service conducted the independent revaluation of assets under the five year rolling revaluation program. Values were effective as at 30 June 2011. The process involved physical inspection and reference to recent market transactions for local land sales.

Land not subject to market valuations were revalued using indices supplied by the Department of Environment and Resource Management based on individual factor changes per property as derived from a review of market transactions and having regard to the review of land values undertaken for local government locations.

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Note 21 (cont'd)

- Buildings

At 30 June 2011, management determine the fair value of buildings by combining the results from the independent revaluation of assets revalued in the current year, and applying indices to the remaining building assets not independently revalued in the current year.

State Valuation Service conducted the independent revaluation of assets under the five year rolling revaluation program. Values were effective as at 30 June 2011. The process involved physical inspection and was based on depreciated current replacement cost, unless a market price in an active and liquid market existed.

Buildings not subject to independent revaluations were revalued using indices supplied by the Department of Environment and Resource Management. Residential buildings were revalued using the Cordell Building Indices – Cordell Housing Index Price – Queensland index. The commercial building assets were revalued using the Queensland Government's Office of Economic and Statistical Research Asset Revaluation Index: Non-Residential Construction, Queensland. These indices were determined to be the most appropriate when considering the Department's building types and were accepted and applied by management on the basis they materially represent the fair value of the buildings as at 30 June 2011.

- Major Plant and Equipment

Major plant and equipment was independently revalued by JD Dodds Plant & Machinery Valuers as at 30 June 2011. The revaluations were determined using current market values.

- Plant and Equipment

Plant and equipment and leasehold improvements are valued at cost in accordance with Queensland Treasury's *Non-current Asset Accounting Policies for the Queensland Public Sector*.

- Heritage and Cultural Assets

A small number of building assets are the only assets recorded in the heritage and cultural asset class for the Department. A commercial building index, supplied by the Department of Environment and Resource Management, was applied to the heritage and cultural asset values. These assets were revalued using the Queensland Government's Office of Economic and Statistical Research Asset Revaluation Index: Non-Residential Construction, Queensland. This index was determined to be the most appropriate when considering the Department's building types and was accepted and applied by management on the basis it materially represents the fair value of the buildings as at 30 June 2011.

- Additional Information

The department has 82 buildings with an original cost of \$10.9M and 1,321 items of plant and equipment with an original acquisition cost of \$35.4M that have a written down value of zero which are still being used in the provision of services. There are no plans to retire or replace these buildings. Plant and equipment will be replaced as required.

The department has 2 temporarily idle physical assets where at reporting date, the idle asset is expected to be restored to active service and not derecognised.

The department has 3 Plant and equipment assets, 23 building assets at an original cost of \$3.9M and 13 land assets at an original cost of \$0.629M retired from active use, but not classified as held for sale.

The department has 588 items of plant and equipment with an original cost of \$22.774M that have been written down to their residual value of \$10.228M and are still being used in the provision of services. The majority of these assets are expected to be replaced in the 2011-12 financial year.

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21. Property, Plant and Equipment Reconciliation (cont'd)

| | Land | | Buildings | | Major Plant and Equipment | | Plant and Equipment | | Heritage and Cultural | | Work in Progress | | Total | |
|--|----------------|----------------|----------------|----------------|---------------------------|----------------|---------------------|----------------|-----------------------|----------------|------------------|----------------|------------------|------------------|
| | 2011 \$'000 | 2010 \$'000 | 2011 \$'000 | 2010 \$'000 | 2011 \$'000 | 2010 \$'000 | 2011 \$'000 | 2010 \$'000 | 2011 \$'000 | 2010 \$'000 | 2011 \$'000 | 2010 \$'000 | 2011 \$'000 | 2010 \$'000 |
| Carrying amount at 1 July | 508,884 | 532,321 | 981,641 | 952,335 | 15,131 | 13,195 | 182,874 | 130,552 | 4,187 | - | 75,079 | 158,115 | 1,767,797 | 1,786,518 |
| Acquisitions | 2,659 | 1,135 | 10,625 | 5,234 | 177 | - | 57,803 | 66,347 | 3 | - | 61,630 | 68,544 | 132,897 | 141,260 |
| Donations received | - | - | - | - | - | - | 282 | 200 | - | - | - | - | 282 | 200 |
| Disposals | (1,095) | (1,527) | (1,402) | (1,262) | - | - | (17,775) | (22,249) | - | - | - | (382) | (20,272) | (25,420) |
| Assets reclassified as held for sale | (165) | 1,452 | (87) | 806 | - | - | (522) | (480) | - | - | - | - | (774) | 1,778 |
| Donations made | - | - | (202) | - | - | - | (84) | (2) | - | - | - | - | (286) | (2) |
| Transfers between classes | - | - | 16,620 | 103,695 | - | - | 44,612 | 41,486 | - | - | (61,232) | (151,198) | - | - |
| Transfers between departments | 932 | - | - | - | - | - | 38 | - | - | - | - | - | 970 | - |
| Transfers from intangibles | - | - | - | - | - | - | 404 | 1,689 | - | - | (686) | - | (282) | 1,689 |
| Revaluation increments | - | - | 1,041 | - | - | - | - | - | - | - | - | - | 1,041 | 1,636 |
| Revaluation decrements (Notes 13 and 27) | (39,109) | (24,497) | - | (53,291) | - | - | - | - | - | - | - | - | (42,184) | (77,788) |
| Impairment losses recognised in the operating result (Note 12) | - | - | - | - | - | - | - | (106) | - | - | - | - | - | (106) |
| Impairment losses recognised in equity* | (463) | - | (88) | - | - | - | - | - | - | - | - | - | (551) | - |
| Depreciation/amortisation | - | - | (29,671) | (25,876) | (2,005) | (1,491) | (48,310) | (34,563) | (42) | (39) | - | - | (80,028) | (61,969) |
| Carrying amount at 30 June | 471,643 | 508,884 | 978,477 | 981,641 | 10,228 | 15,131 | 219,322 | 182,874 | 4,148 | 4,187 | 74,791 | 75,079 | 1,758,609 | 1,767,797 |

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

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| | 2011 | 2010 |
|--------------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| 22. Payables | | |
| Current | | |
| Trade creditors | 27,182 | 25,522 |
| Other payables | 33,763 | 33,272 |
| Total | 60,945 | 58,794 |
| 23. Accrued Employee Benefits | | |
| Current | | |
| Recreation leave | 32 | 13 |
| Wages outstanding | 25,721 | 7,070 |
| Long service leave levy payable | 6,035 | 4,804 |
| Annual leave levy payable | 35,835 | 33,356 |
| Other employee entitlements | 8 | - |
| Total | 67,631 | 45,243 |

The decision by the Queensland Industrial Relations Commission to award for the 2010-11 financial year a 3.8% salary increase to police officers and other officers covered by Queensland Police Service Certified Agreement 6, 2010, in replacement of the interim wage increase of 2.5%, has resulted in a \$15.3M increase in current liabilities for the Department.

24. Other Current Liabilities

| | | |
|---------------------------|--------------|---------------|
| Current | | |
| Unearned revenue* | 1,498 | 12,377 |
| Equity withdrawal payable | - | 16,063 |
| Other | 42 | 34 |
| Total | 1,540 | 28,474 |

*Due to the nature of appropriations, the settlement of an obligation can be replaced by another obligation such as the delivery of services during the year. In accordance with Queensland Treasury's Accounting Policy Guideline APG 2 - Contributions Received by Not-For-Profit Agencies, the department accrued a liability in the Statement of Financial Position and an expense in the Statement of Comprehensive Income in 2009-10 for the unspent appropriation of services, totalling \$11.117M, which was de-recognised in 2010-11.

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| | 2011 \$'000 | 2010 \$'000 |
|---|----------------|----------------|
| 25. Reconciliation of Operating Surplus to Net Cash Provided by (Used In) Operating Activities | | |
| Operating surplus/(deficit) | 1,242 | 1,726 |
| Depreciation expense | 80,029 | 61,969 |
| Amortisation expense | 6,228 | 5,815 |
| Assets donated expensed | 286 | - |
| Donated assets received | (282) | (195) |
| Revaluation decrement | 3,075 | - |
| Loss on sale of property, plant and equipment | 4,561 | 4,250 |
| Gain on sale of property, plant and equipment | (746) | (1,704) |
| Gain on revaluation of property, plant and equipment | - | (1,636) |
| Impairment losses | - | 106 |
| Inventory write-offs | 13 | 29 |
| Plant and equipment write-offs | - | 383 |
| <i>Change in assets and liabilities:</i> | | |
| (Increase)/decrease in GST input tax credits receivable | 1,157 | 585 |
| (Increase)/decrease in LSL reimbursement receivables | 35 | (1,342) |
| (Increase)/decrease in AL reimbursement receivables | (3,075) | (2,021) |
| (Increase)/decrease in trade receivables | 2,357 | (8,482) |
| (Increase)/decrease in inventories | 81 | 171 |
| (Increase)/decrease in appropriation receivable | (7,700) | 6,896 |
| (Increase)/decrease in equity injection receivable | - | (7,625) |
| (Increase)/decrease in loans and advances | (14) | (4) |
| (Increase)/decrease in interest receivable | (4) | (7) |
| (Increase)/decrease in other receivables | (153) | 215 |
| (Increase)/decrease in prepayments/other | 1,076 | (2,281) |
| Increase/(decrease) in payables | 2,151 | 1,293 |
| Increase/(decrease) in accrued employee benefits | 22,388 | 4,386 |
| Increase/(decrease) in other current liabilities | (10,871) | 7,391 |
| Increase/(decrease) in GST payable | - | (967) |
| Increase/(decrease) in Equity withdrawals payable | - | 16,063 |
| Increase/(decrease) in accruals | (15,601) | 9,042 |
| Net cash from operating activities | 86,233 | 94,056 |

26. Non-Cash Financing and Investing Activities

Assets and liabilities received or donated/transferred by the department and recognised as revenues and expenses as included in Notes 4, 9 and 10 respectively.

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27. Asset Revaluation Surplus by Class

| | Land | Buildings | Total |
|----------------------------------|----------------|------------------|----------------|
| | \$'000 | \$'000 | \$'000 |
| Balance 1 July 2010 | 372,403 | 370,964 | 743,368 |
| Revaluation increments | - | 1,595 | 1,595 |
| Sale of revalued assets | (406) | (554) | (960) |
| Revaluation decrements | (38,703) | - | (38,703) |
| Impairment losses through equity | (463) | (88) | (551) |
| Balance 30 June 2011 | 332,831 | 371,917 | 704,748 |

| | Land | Buildings | Total |
|-----------------------------|----------------|------------------|----------------|
| | \$'000 | \$'000 | \$'000 |
| Balance 1 July 2009 | 396,900 | 424,255 | 821,155 |
| Sale of revalued assets | 85 | (416) | (331) |
| Revaluation decrements | (24,582) | (52,875) | (77,457) |
| Balance 30 June 2010 | 372,403 | 370,964 | 743,368 |

The asset revaluation surplus represents the net effect of upwards and downwards revaluations of assets to fair value.

28. Commitments for Expenditure

(a) Non-Cancellable Operating Lease Commitments

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

| | 2011 | 2010 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Not later than one year | 15,295 | 11,864 |
| Later than one year and not later than five years | 33,864 | 22,202 |
| Later than five years | 8,885 | 8,142 |
| Total | 58,044 | 42,208 |

Finance leases are entered into as a means of funding the acquisition of certain plant and equipment. Lease payments are generally fixed. Leases for photocopiers have a contingent rental obligation dependent on the volume of usage.

Operating leases are entered into as a means of acquiring access to office accommodation and storage facilities. Lease payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined.

The department has no financial lease commitments for the 2010-11 financial year.

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28. Commitments for Expenditure (cont'd)

(b) Capital Expenditure Commitments

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

| | Buildings | Plant and Equipment |
|---|------------------|--------------------------------|
| | \$'000 | \$'000 |
| 2011 | | |
| <i>Payable:</i> | | |
| Not later than one year | 34,434 | 25,078 |
| Later than one year and not later than five years | 83 | 2,025 |
| Total | 34,517 | 27,103 |
| | | |
| 2010 | | |
| <i>Payable:</i> | | |
| Not later than one year | 17,026 | 21,578 |
| Total | 17,026 | 21,578 |

29. Contingencies

(a) Financial Guarantees

The department has no guarantees or undertakings that have not been recognised in the financial statements.

(b) Litigation in Process

At 30 June 2011, the following cases were filed with the respective jurisdiction naming the Queensland Police Service as the defendant:

| | 2011 Number | 2010 Number |
|--------------------|----------------|----------------|
| Supreme Court | 20 | 19 |
| Magistrates Court | 3 | 6 |
| District Court | 13 | 10 |
| Total cases | 36 | 35 |

It is not possible to make a reliable estimate of the final amount payable, if any, in respect of the litigation before the courts at this time.

The Department of Police is a member of the Queensland Government Insurance Fund (QGIF). Under the QGIF, the department would be able to claim back, less a \$10K deductible, the amount paid to successful litigants.

(c) Native Title Claims over Departmental Land

As at 30 June 2011, there was an additional 3 native title claims received during the year affecting approx. 7 parcels of departmental land. These claims have been registered with the National Native Title Tribunal but a determination is yet to be made.

Service exposure to liability for a claim is considered to be minimal as most of the affected land is community infrastructure developed in accordance with the gazetted purpose of the reserve.

(d) Queensland Reconstruction Authority Revenue

The Department of Police incurred extra costs in the 2010-11 year due to the impact of natural disaster events such as the Queensland Flooding, Tropical Cyclone Tasha and Tropical Cyclone Yasi. The Department may be able to recover funds under the National Disaster Relief and Recovery Arrangements (NDRRA) through the Queensland Reconstruction Authority. The recoverable amount, estimated to be up to \$10.2m, is to be recognised as revenue in the year of receipt which is expected to be in the 2011-12 financial year.

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30. Controlled Entities

The department has no controlled entities.

31. Financial Instruments

(a) Categorisation of Financial Instruments

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

| Category | Note | 2011 \$'000 | 2010 \$'000 |
|---|-------------|------------------------|------------------------|
| Financial Assets | | | |
| Cash and cash equivalents | 15 | 17,049 | 2,785 |
| Receivables | 16 | 66,557 | 66,785 |
| Total | | 83,606 | 69,570 |
| Financial Liabilities | | | |
| Financial liabilities measured at amortised cost: | | | |
| Payables | 22 | 60,945 | 58,794 |
| Total | | 60,945 | 58,794 |

(b) Financial Risk Management

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

Financial risk management is implemented pursuant to Government and Department of Police 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.

Department of Police measures risk exposure using a variety of methods as follows -

| Risk Exposure | Measurement method |
|----------------------|-----------------------------------|
| Credit risk | Ageing analyses, earnings at risk |
| Liquidity risk | Sensitivity analyses |
| Market risk | As per liquidity risk |

(c) Credit Risk Exposure

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

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

The following table represents the department's maximum exposure to credit risk based on contractual amounts net of any allowances:

| Category | Note | 2011 \$'000 | 2010 \$'000 |
|--|-------------|------------------------|------------------------|
| Maximum Exposure to Credit Risk | | | |
| Financial Assets | | | |
| Cash and cash equivalents | 15 | 17,049 | 2,785 |
| Receivables | 16 | 66,557 | 66,785 |
| Total | | 83,606 | 69,570 |

No collateral is held as security and no credit enhancements relate to financial assets held by the department.

The department manages credit risk through the use of a credit management strategy. This strategy aims to reduce the exposure to credit default by ensuring that the department invests in secure assets and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.

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31. Financial Instruments (cont'd)

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

The method for calculating any allowance for impairment is based on past experience, current and expected changes in economic conditions and changes in client credit ratings. The main factors affecting the current calculation for provisions are disclosed below as loss events. These economic and geographic changes form part of the department's documented risk analysis assessment in conjunction with historic experience and associated industry data.

The recognised impairment loss is \$75,000 for the current year. This is an increase of \$88,000 from 2010 and is due to a number of loss events being recognised (customer write-offs).

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated.

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

2011 Financial Assets Past Due But Not Impaired

| | Overdue | | | | | Total \$'000 | Total Financial Assets \$'000 |
|--------------|--------------------------|--------------------------------|-------------------------|-------------------------|--------------------------------|-----------------|-------------------------------------|
| | Not Overdue \$'000 | Less than 30 days \$'000 | 30-60 days \$'000 | 61-90 days \$'000 | More than 90 days \$'000 | | |
| | Financial Assets | | | | | | |
| Receivables | - | 65,683 | 225 | 40 | 609 | 66,557 | 66,557 |
| Total | - | 65,683 | 225 | 40 | 609 | 66,557 | 66,557 |

2010 Financial Assets Past Due But Not Impaired

| | Overdue | | | | | Total \$'000 | Total Financial Assets \$'000 |
|--------------|--------------------------|--------------------------------|-------------------------|-------------------------|--------------------------------|-----------------|-------------------------------------|
| | Not Overdue \$'000 | Less than 30 days \$'000 | 30-60 days \$'000 | 61-90 days \$'000 | More than 90 days \$'000 | | |
| | Financial Assets | | | | | | |
| Receivables | - | 65,966 | 335 | 253 | 231 | 66,785 | 66,785 |
| Total | - | 65,966 | 335 | 253 | 231 | 66,785 | 66,785 |

2011 Impaired Financial Assets

| | Overdue | | | | | Total \$'000 | Total Financial Assets \$'000 |
|--------------|--------------------------|--------------------------------|-------------------------|-------------------------|--------------------------------|-----------------|-------------------------------------|
| | Not Overdue \$'000 | Less than 30 days \$'000 | 30-60 days \$'000 | 61-90 days \$'000 | More than 90 days \$'000 | | |
| | Financial Assets | | | | | | |
| Receivables | - | - | - | - | 76 | 76 | 76 |
| Total | - | - | - | - | 76 | 76 | 76 |

2010 Impaired Financial Assets

| | Overdue | | | | | Total \$'000 | Total Financial Assets \$'000 |
|--------------|--------------------------|--------------------------------|-------------------------|-------------------------|--------------------------------|-----------------|-------------------------------------|
| | Not Overdue \$'000 | Less than 30 days \$'000 | 30-60 days \$'000 | 61-90 days \$'000 | More than 90 days \$'000 | | |
| | Financial Assets | | | | | | |
| Receivables | - | - | - | - | 53 | 53 | 53 |
| Total | - | - | - | - | 53 | 53 | 53 |

DEPARTMENT OF POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2010-11
For the year ended 30 June 2011

31. Financial Instruments (cont'd)

(d) Liquidity Risk

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

The department is exposed to liquidity risk in respect of its payables.

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

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

| | Note | 2011 Payable in | | | Total |
|------------------------------|------|--------------------|-----------------------|---------------------|---------------|
| | | < 1 year \$'000 | 1 - 5 years \$'000 | > 5 years \$'000 | |
| Financial Liabilities | | | | | |
| Payables | 22 | 60,945 | - | - | 60,945 |
| Total | | 60,945 | - | - | 60,945 |

| | Note | 2010 Payable in | | | Total |
|------------------------------|------|--------------------|-----------------------|---------------------|---------------|
| | | < 1 year \$'000 | 1 - 5 years \$'000 | > 5 years \$'000 | |
| Financial Liabilities | | | | | |
| Payables | 22 | 58,794 | - | - | 58,794 |
| Total | | 58,794 | - | - | 58,794 |

(e) Market Risk

The department does not trade in foreign currency and is not materially exposed to commodity price changes. The department is not exposed to interest rate risk and does not undertake any hedging in relation to interest risk.

DEPARTMENT OF POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2010-11
For the year ended 30 June 2011

| | 2011 \$'000 | 2010 \$'000 |
|---|----------------|----------------|
| 32. Schedule of Administered Items | | |
| Administered Revenues | | |
| Taxes, fees and fines | 4,703 | 4,387 |
| Administered item revenue | 441 | 456 |
| Other | 291 | 250 |
| Total | 5,435 | 5,093 |
| Administered Expenses | | |
| Supplies and services | - | 27 |
| Grants and subsidies* | 441 | 429 |
| Total | 441 | 456 |
| Administered Assets | | |
| <i>Current</i> | | |
| Cash | 3,583 | 3,009 |
| Receivables | (5) | (4) |
| Total | 3,578 | 3,005 |
| Administered Liabilities | | |
| <i>Current</i> | | |
| Payables | 559 | 233 |
| Transfers to government | 307 | 60 |
| Other | 2,712 | 2,712 |
| Total | 3,578 | 3,005 |
| Transfers to Government of Taxes, Fees and Fines | 4,994 | 4,637 |

*Grant to public sector non-profit organisation (Prostitution Licensing Authority)

DEPARTMENT OF POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2010-11
For the year ended 30 June 2011

33. Reconciliation of Payments from Consolidated Fund to Administered Item Revenue

| | 2011 | 2010 |
|---|----------------|----------------|
| | \$'000 | \$'000 |
| Budgeted appropriation | 441 | 429 |
| Total administered receipts | 441 | 429 |
| Plus: Opening balance of administered revenue payable | 2,319 | 2,346 |
| Less: Closing balance of administered revenue payable | <u>(2,319)</u> | <u>(2,319)</u> |
| Administered revenue recognised in Note 32. | 441 | 456 |

34. Trust Transactions and Balances

The department holds various suspense monies temporarily before being transferred to appropriate parties (e.g. exhibits or drug money held pending determination by a court), unclaimed and returned Department of Police cheques.

As the department performs only a custodial role in respect of these transactions and balances, they are neither controlled nor administered by the department and accordingly, are not recognised in the financial statements. They are however, disclosed in these notes for the information of users.

| | 2011 | 2010 |
|-------------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Trust Assets and Liabilities | | |
| <i>Current Assets</i> | | |
| Cash | 8,724 | 8,673 |
| Total | 8,724 | 8,673 |
| <i>Current Liabilities</i> | | |
| Total Current Liabilities | 8,724 | 8,673 |
| Total | 8,724 | 8,673 |

The Queensland Auditor-General performed the audit of the department's trust transactions for 2010-11.

35. Events Occurring After Balance Date

The Department of Police distributed invitations to express an interest in the Queensland Government approved Voluntary Separation Program (VSP), to identified eligible employees in the week commencing 20 June 2011. As at balance date, 30 June 2011, the number of employees to be offered a VSP was unknown. Any ensuing offers of VSPs to eligible employees will be calculated based on an employee's substantive appointed level, the separation date and their years of service, as per the terms specified in the Queensland Public Service Commission's Voluntary Separation Program Handbook. The cost of the VSP separation payments will create a temporary liability for the Department but is expected to be recovered and funded centrally by Treasury and will have negligible cost impact on the Department. The Department retains only 50% of the on-going funding for each position previously held by an employee who separates through the VSP.

DEPARTMENT OF POLICE
Certificate of the Department of Police

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

- (a) the prescribed requirements for the establishing and keeping the accounts have been complied with in all material respects;
- and
- (b) the 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 Police for the financial year ended 30 June 2011 and of the financial position of the department at the end of that year.



R. Wilson
Chief Finance Officer
A/Deputy Chief Executive (Resource Management)

30/08/2011



R. Atkinson
Accountable Officer
Commissioner

30/08/2011

INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of the Department of Police

Report on the Financial Report

I have audited the accompanying financial report of the Department of Police which comprises the statement of financial position and statement of assets and liabilities by major departmental services as at 30 June 2011, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comprehensive income by major departmental services, for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certificates given by the Commissioner and the Chief Finance Officer.

The Accountable Officer's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

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

Opinion

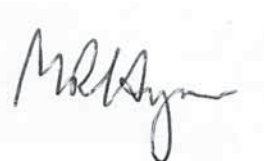
In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Department of Police for the financial year 1 July 2010 to 30 June 2011 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of the Department of Police for the year ended 30 June 2011. Where the financial report is included on the Department of Police's website the Accountable Officer is responsible for the integrity of the Department of Police's website and I have not been engaged to report on the integrity of the Department of Police's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or otherwise included with the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.



M R HAYMAN CA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane