

Financial summary 2007-08

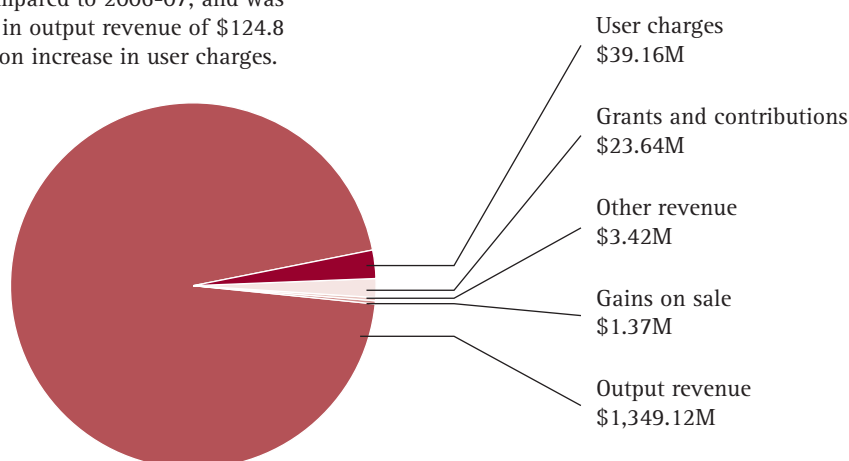
At the end of the 2007-08 financial year, the Service was in a sound financial position, with an operating surplus of \$514 000.

Financial performance

Income

During the 2007-08 financial year, the Service earned income of \$1 416.7 million. This was an increase of \$136.6 million (10.7%) compared to 2006-07, and was mainly due to an increase in output revenue of \$124.8 million and an \$11.2 million increase in user charges.

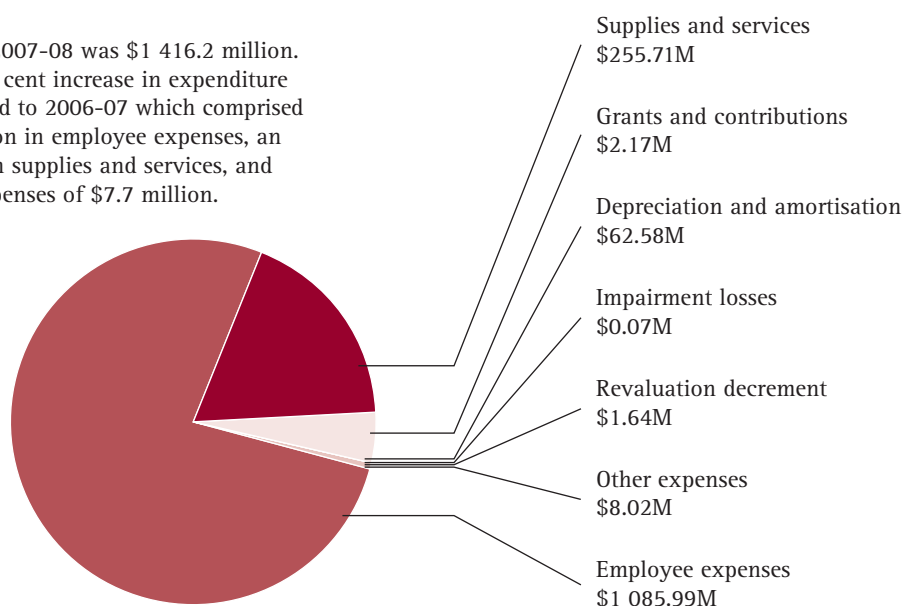
**2007-08
Total income
\$1 416.7 million**



Expenditure

QPS total expenditure in 2007-08 was \$1 416.2 million. This resulted in a 10.7 per cent increase in expenditure of \$136.6 million compared to 2006-07 which comprised an increase of \$93.3 million in employee expenses, an additional \$38.5 million in supplies and services, and increased depreciation expenses of \$7.7 million.

**2007-08
Total expenses
\$1 416.2 million**



Financial position

Assets

The net asset position of the department at year's end was \$1 628.3 million. This was an increase of \$177.0 million on the 2006-07 net asset position of \$1 451.2 million.

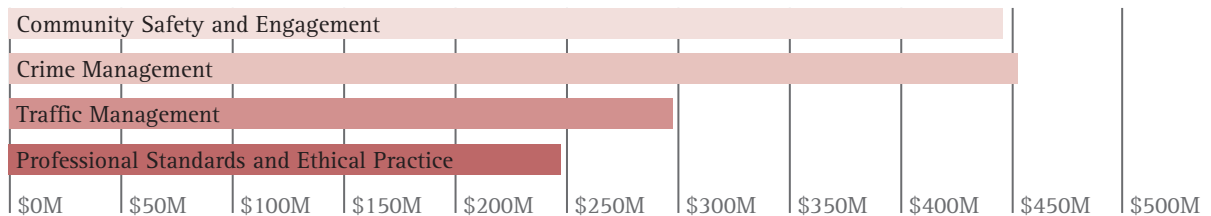
Total assets increased by \$185.5 million, reflecting an increase of \$165.5 million in property, plant and equipment, and increases in cash and cash equivalents of \$17.0 million.

In 2007-08, the Service delivered its departmental outputs at a cost of \$1 416.2 million. The cost of the Corporate Resource Management output is proportionately spread, for the purposes of determining the cost of each deliverable.

Liabilities

The \$8.4 million increase in total liabilities resulted from increases in trade creditors and annual leave payable.

Queensland Police Service expenditure by output





Queensland Police and Police Liaison Officers promote positive relationships with local communities.



Financial statements 2007-08

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General information

This financial report covers the Department of Police.

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

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

For information in relation to the department's financial report please call (07) 3364 6759 or visit the departmental internet site www.police.qld.gov.au.

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

Department of Police
Income Statement
For the year ended 30 June 2008

	Notes	2008 \$'000	2007 \$'000
Income			
Revenue			
Output Revenue	2	1,349,115	1,224,293
User charges	3	39,156	27,982
Grants and contributions	4	23,638	22,000
Other revenue	5	3,423	4,868
Gains			
Gain on sale of property, plant and equipment	6	1,371	1,003
Total Income		1,416,703	1,280,146
Expenses			
Employee expenses	7	1,085,994	992,716
Supplies and services	8	255,712	217,228
Grants and contributions	9	2,166	638
Depreciation and amortisation	10	62,580	54,916
Impairment losses	11	73	26
Revaluation decrement	12	1,644	2,679
Other expenses	13	8,020	11,367
Total Expenses		1,416,189	1,279,570
Operating Surplus		514	576

The accompanying notes form part of these statements.

Department of Police
Balance Sheet
as at 30 June 2008

	Notes	2008 \$'000	2007 \$'000
Current Assets			
Cash and Cash Equivalents	14	135,687	118,676
Receivables	15	24,506	21,200
Inventories	16	3,181	3,195
Other current assets	17	7,154	6,272
		170,528	149,343
Non-current assets classified as held for sale	18	658	4,406
Total Current Assets		171,186	153,749
Non Current Assets			
Intangibles	19	47,485	44,960
Property, plant and equipment	20	1,619,168	1,453,661
Total Non Current Assets		1,666,653	1,498,621
Total Assets		1,837,839	1,652,370
Current Liabilities			
Payables	21	145,639	52,612
Accrued employee benefits	22	34,568	116,073
Other current liabilities	23	29,372	26,404
Total Current Liabilities		209,579	195,089
Non Current Liabilities			
Accrued employee benefits	22	-	6,066
Total Non Current Liabilities		-	6,066
Total Liabilities		209,579	201,155
Net Assets		1,628,260	1,451,215
Equity			
Contributed equity		466,267	371,316
Asset Revaluation Reserve	26	780,091	700,565
Retained surpluses		381,902	379,334
Total Equity		1,628,260	1,451,215

The accompanying notes form part of these statements.

Department of Police
Statement of Changes in Equity
For the year ended 30 June 2008

	Retained Surpluses		Asset Revaluation Reserve		Contributed Equity	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Balance 1 July	379,334	376,309	700,565	450,315	371,316	322,197
Operating surplus/(deficit)	514	576	-	-	-	-
Non-owner changes in equity:						
- Revaluation increments	-	-	81,322	252,407	-	-
- Correction of errors	49	125	-	-	-	-
- Sale of revalued assets	1,797	2,157	(1,797)	(2,157)	-	-
Transactions with owners as owners:						
- Equity injections adjustment (Note 2)	-	-	-	-	85,546	49,119
- Assets received	-	-	-	-	43	-
- Net leave liabilities transferred to (from) other departments	208	167	-	-	-	-
- Non-current component of annual leave entitlements	-	-	-	-	9,362	-
Balance 30 June	381,902	379,334	780,090	700,565	466,267	371,316

The accompanying notes form part of these statements.

Department of Police
Cash Flow Statement
as at 30 June 2008

	Notes	2008 \$'000	2007 \$'000
Cash flows from operating activities			
<i>Inflows:</i>			
Output receipts		1,332,367	1,234,694
User charges		42,052	28,520
Grants and contributions		12,927	4,189
GST input tax credits from ATO		39,016	33,176
GST collected from customers		7,951	6,571
Interest receipts		154	3,523
Other		6,780	1,986
<i>Outflows:</i>			
Employee Expenses		(1,083,815)	(981,590)
Supplies and Services		(221,673)	(224,189)
Grants and contributions		(2,571)	(715)
GST paid to suppliers		(41,795)	(32,866)
GST remitted to ATO		(7,331)	(6,663)
Other		(5,086)	(1,434)
Net cash provided by (used in) operating activities	24	<u>78,976</u>	<u>65,202</u>
Cash flows from investing activities			
<i>Inflows:</i>			
Sales of property, plant and equipment		20,018	25,684
<i>Outflows:</i>			
Payments for property, plant and equipment		(162,894)	(91,401)
Payments for intangibles		(8,271)	(15,605)
Net cash provided by (used in) investing activities		<u>(151,147)</u>	<u>(81,322)</u>
Cash flows from financing activities			
<i>Inflows:</i>			
Equity Injections		106,894	53,240
<i>Outflows:</i>			
Equity Withdrawals		(17,712)	(7,952)
Net cash provided by (used in) financing activities		<u>89,182</u>	<u>45,288</u>
Net increase (decrease) in cash held		17,011	29,168
Cash at beginning of financial year		118,676	89,509
Cash at end of financial year	14	<u>135,687</u>	<u>118,676</u>

The accompanying notes form part of these statements.

Department of Police
Income Statement by Outputs/Major Activities
For the year ended 30 June 2008

	Community Safety and Engagement		Crime Management		Traffic Management		Professional Standards and Ethical Practice		Total	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Income*										
Revenue										
Output revenue	411,593	361,383	432,845	410,428	277,448	255,299	227,229	197,183	1,349,115	1,224,293
User charges	13,254	9,108	14,185	10,568	8,091	5,847	3,626	2,459	39,156	27,982
Grants and contributions	7,818	7,079	8,253	5,553	4,887	3,585	2,680	5,783	23,638	22,000
Other revenue	827	1,536	886	1,783	494	981	1,216	568	3,423	4,868
Gains										
Gain on sale of property, plant & equipment	468	327	503	379	280	209	120	88	1,371	1,003
Total Income	433,960	379,433	456,672	428,711	291,200	265,921	234,871	206,081	1,416,703	1,280,146
Expenses*										
Employee expenses	341,453	297,694	359,079	336,229	215,764	200,876	169,698	157,917	1,085,994	992,716
Supplies and services	70,570	61,981	74,580	70,128	54,935	46,640	55,627	38,479	255,712	217,228
Depreciation and amortisation	18,023	14,958	19,334	17,324	17,797	15,372	7,426	7,262	62,580	54,916
Grants and contributions	889	433	540	111	301	66	436	29	2,166	638
Impairment losses	24	8	25	10	14	5	10	3	73	26
Revaluation decrement	529	2,679	569	-	317	-	229	-	1,644	2,679
Other expenses	2,315	3,407	2,379	3,809	1,966	2,178	1,360	1,972	8,020	11,367
Total Expenses	433,803	381,160	456,506	427,611	291,094	265,137	234,786	205,662	1,416,189	1,279,570
Operating surplus/(deficit)	157	(1,727)	166	1,100	106	784	85	419	514	576
* Allocation of income and expenses from ordinary activities and includes corporate services (disclosure only):										
Income	132,759	118,556	139,954	131,141	96,813	85,634	78,207	64,475	447,733	399,806
Expenses	132,759	118,556	139,954	131,141	96,813	85,634	78,207	64,475	447,733	399,806

* Refer paragraph 1(v)

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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 outputs it delivers principally by parliamentary appropriations. It also provides the following on a fee for service basis:

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

1. Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements have been prepared in accordance with Australian Equivalents to International Financial Reporting Standards (AEIFRS).

This financial report is a general purpose financial report.

In particular, the financial statements comply with *AAS 29 Financial Reporting by Government Departments*, as well as the Treasurer's Minimum Financial Reporting Requirements for the year ending 30 June 2008 and other authoritative pronouncements.

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 equities of the department.

The outputs/major activities 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 31. These transactions and balances are not significant in comparison to the department's overall Income Statement/Balance Sheet.

(d) Trust and 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 Notes 33 and 34 respectively. Applicable audit arrangements are also shown.

(e) Output 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 invoices for the related services are issued. 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 31.

(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 received free of charge or for nominal value 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 as an expense.

(h) Cash and Cash Equivalents

For the purposes of the Balance Sheet and the Cash Flow Statement, cash assets include cash on hand, all cash and cheques receipted but not banked at 30 June as well as deposits at call with financial institutions.

(i) Receivables

Trade debtors are recognised at the nominal 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 30.

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 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.

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

Non-current assets held for sale consist of those assets which management has determined are available for immediate sale in their present condition, and 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) Acquisition 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 all other 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 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 department, 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

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

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

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

Property, plant and equipment is depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, 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.

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

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

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

<i>Class</i>	<i>Average Rate</i>
	<i>%</i>
Buildings	1.67
Major Plant and equipment	8.82 *
Motor Vehicles	29.90
Plant and equipment	10.20
Intangible assets	16.01

* Aircraft are classified as major plant and equipment. Revalued aircraft were not depreciated in 2007-08 due to a decrement in the revaluation obtained.

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

Land, buildings and major plant and equipment 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*.

All other non-current assets, principally plant and equipment and intangibles, are measured at cost. The carrying amounts for plant and equipment at cost should not materially differ from their fair value.

Non-current physical assets measured at fair value are comprehensively revalued on a rolling basis over a five year period, with interim valuations, using appropriate indices, being otherwise performed on an annual basis where there has been a material variation in the index. The department completed a five year program of progressive comprehensive revaluation of land and buildings as at 1 July 2007, which was carried out by the Department of Natural Resources and Water with reference to recent market transactions conducted on an arm's length basis. Only those assets, the total values of which are material, compared to the value of the class of assets to which they belong, are comprehensively revalued.

Major plant and equipment was revalued to fair value on transition to AEIFRS as at 1 July 2004. Comprehensive revaluations for this asset class were performed by an external valuer as at 30 June 2008.

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation reserve 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 reserve relating to that asset class.

On 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.

(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.

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 6.24 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 Income Statement, 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 reserve 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 2008.

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.

(s) Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the 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 Balance Sheet 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 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 disclosures relating to the measurement basis and financial risk management of other financial instruments held by the department are included in Note 30.

(u) Employee Benefits

Wages, Salaries and Sick Leave

Wages and salaries due but unpaid at reporting date are recognised in the Balance Sheet at the remuneration rates expected to apply at the time of settlement. Payroll tax and workers' compensation insurance are a consequence of employing employees, but are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses. Employer superannuation contributions and long service leave levies are regarded as employee benefits.

For unpaid entitlements expected to be paid within 12 months, the liabilities are recognised at their undiscounted values. For those entitlements not expected to be paid within 12 months, the liabilities are classified as non-current liabilities and recognised at their present value, calculated using yields on Fixed Rate Commonwealth Government bonds of similar maturity.

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

An Annual Leave Central Scheme (ALCS) has been established at 30 June 2008 for departments, commercialised business units and shared service providers. Member agencies have transferred their annual leave liabilities as at 30 June 2008 to the scheme. The current portion of agencies' annual leave is shown as a sundry payable to Crown and the non-current portion is shown as a non-appropriated equity adjustment.

The annual leave liability will be held on a whole-of-government basis and disclosed in the Report on State Finances.

Under the ALCS, member agencies must contribute a levy equal to their accrued quarterly annual leave cost, including leave loading and on-costs. Amounts paid to employees for annual leave are claimed back from the scheme.

Long Service Leave

Under the Queensland Government's long service leave scheme, a levy is made on the department to cover this cost. Levies are expensed in the period in which they are paid or payable. Amounts paid to employees for long service leave are claimed from the scheme as and when leave is taken.

No provision for long service leave is recognised in the financial statements, the liability being held on a whole-of-Government basis and reported in the financial report prepared pursuant to *AAS 31 Financial Reporting by Governments*.

Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation plan 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.

Therefore, no liability is recognised for accruing superannuation benefits in these financial statements, the liability being held on a whole-of-Government basis and reported in the financial report prepared pursuant to *AAS 31 Financial Reporting by Governments*.

Executive Remuneration

The executive remuneration disclosures in the employee expenses note (Note 7) in the financial statements include:

- the aggregate remuneration of all senior executive officers (including the Chief Executive Officer) whose remuneration for the financial year is \$100,000 or more; and
- the number of senior executives whose total remuneration for the financial year falls within each successive \$20,000 band, commencing at \$100,000.

The remuneration disclosed is all remuneration paid or payable, directly or indirectly, by the department or any related party in connection with the management of the affairs of the entity or any of its subsidiaries, whether as an executive or otherwise. For this purpose, remuneration includes:

- wages and salaries;
- accrued leave (that is, the increase/decrease in the amount of annual and long service leave owed to an executive, inclusive of any increase in the value of leave balances as a result of salary rate increases or the like);
- performance pay paid or due and payable in relation to the financial year, provided that a liability exists (namely a determination has been made prior to the financial statements being signed), and can be reliably measured even though the payment may not have been made during the financial year;
- accrued superannuation (being the value of all employer superannuation contributions during the financial year, both paid and payable as at 30 June);
- car parking benefits and the cost of motor vehicles, such as lease payments, fuel costs, registration/insurance, repairs/maintenance and fringe benefit tax on motor vehicles incurred by the agency during the financial year, both paid and payable as at 30 June, net of any amounts subsequently reimbursed by the executives;
- housing (being the market value of the rent or rental subsidy - where rent is part-paid by the executive
- allowances (which are included in remuneration agreements of executives, such as airfares or other travel costs paid to/for executives whose homes are situated in a location other than the location they work in); and
- fringe benefits tax included in remuneration agreements.

The disclosures apply to all senior executives appointed by Governor in Council and classified as SES1 and above, with remuneration above \$100,000 in the financial year. 'Remuneration' means any money, consideration or benefit, but excludes amounts:

- paid to an executive by the department or any of its subsidiaries where the person worked during the financial year wholly or mainly outside Australia during the time the person was so employed; or
- in payment or reimbursement of out-of-pocket expenses incurred for the benefit of the entity or any of its subsidiaries.

In addition, separate disclosure of separation and redundancy/termination benefit payments is included.

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

The department discloses revenues and expenses attributable to corporate services in the Income Statement by Outputs/Major Activities.

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

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

(w) Outputs/Major Activities of the Department

The identity and purpose of the outputs/major activities undertaken by the department during the year are listed below:

- **Community Safety and Engagement**

This output covers activities directed towards preventing crime, engaging the community and providing policing services that preserve public safety and good order during civil emergencies and special events.

- **Crime Management**

This output includes reactive policing, that is the policing response to general crime and other calls for assistance from members of the public. It also includes crime operations and criminal investigations conducted throughout the State by specialist officers, typically targeting large-scale offences.

- **Traffic Management**

Traffic Management describes both proactive and reactive policing operations or activities intended to prevent or detect motorists committing traffic offences. Road safety makes a significant contribution to the Government's outcome for safe and secure communities.

- **Professional Standards and Ethical Practice**

The department provides both pre-service and in-service training designed to establish and maintain a professional standard of policing for the Queensland community. The department also commits significant resources towards monitoring the ethical standards of its employees.

(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.

Subtotals and totals may not add due to rounding, but the overall discrepancy is no greater than two.

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 UIG Abstract 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 and Goods and Services Tax (GST). As such, GST credits receivable from/payable to the Australian Tax Office (ATO) are recognised and accrued.

(ab) Issuance of Financial Statements

The financial statements are authorised for issue by the Commissioner and Director of Finance at the date of signing the Management Certificate.

(ac) Judgements and Assumptions

The department has made no judgements or assessments which may cause a material adjustment to the carrying amount of assets and liabilities within the next reporting period.

(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

No Australian accounting standards and interpretations issued or amended and applicable for the first time in the 2007-08 financial year have an effect on the department. Also, the department has not voluntarily changed any of its accounting policies.

The department is not permitted to early adopt a new 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 will apply these standards and interpretations in accordance with their respective commencement dates.

At the date of authorisation of the financial report, a number of new or amended Australian accounting standards with future commencement dates will have a significant impact on the department. Details of such impacts are set out below.

AASB 1004 Contributions has been revised, and will affect the department from 2008-09. One implication arising from this revised standard will be that - to the extent that no cash consideration is provided/received - transfers of accrued employee benefits between the department and other Queensland Government agencies will need to be recognised as either income or expense in the department's Income Statement, instead of being adjusted against Retained Surplus (refer to the Statement of Changes in Equity). If the revised AASB 1004 applied to the department during 2007-08, the 2007-08 operating surplus would have increased by approximately \$208,000, comprising an additional \$466,375 income due to accrued employee benefits for employees leaving the department, offset by an additional \$258,365 in expenses due to accrued employee benefits for employees transferred into the department.

The new accounting standard 1052 *Disaggregated Disclosures* will also impact on the department as from 2008-09. The most significant impact of this standard on the department is that it will require disclosure of the amounts of controlled assets and liabilities attributable to each departmental output. If AASB 1052 applied to the department for 2007-08, the allocation of departmental assets and liabilities to outputs as at the end of the reporting period would be as follows:

	Community Safety and Engagement	Crime Management	Traffic Management	Professional Standards and Ethical Practices	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000
Assets	562,962	592,424	377,763	304,690	1,837,839
Liabilities	64,198	67,558	43,078	34,745	209,579

AASB 101 Presentation of Financial Statements has been revised, but such revisions will not impact on the department until 2009-10. This revised standard does not have measurement or recognition implications. Instead, there will be significant changes to the presentation of the department's overall financial performance and position, particularly the content of the Statement of Changes in Equity, and preparation of a new Statement of Comprehensive Income (which will include certain items currently disclosed in the Statement of Changes in Equity). Ignoring other potential impacts on the operating result, if the revised AASB 101 was applied by the department for 2007-08 reporting, it would have reported comprehensive income of \$79.58 million. The increase in the asset revaluation reserve for 2007-08 (\$79.52 million) would not therefore be included in the Statement of Changes in Equity.

AASB 1051 Land Under Roads, applicable to reporting periods beginning on or after 1 July 2008, requires that land under roads be recognised as an asset and accounted for under *AASB 116 Property, Plant & Equipment*. As such, this land could be measured at either cost or at fair value, if reliable measurement can be achieved. An election is to be made by affected reporting entities whether land under roads acquired before the end of the first reporting period ending on or after 31 December 2007 (i.e. before 30 June 2008) is to be recognised. The AASB's Action Alert Number 110 clarifies that the final election to recognise, or not recognise, land under roads acquired before 31 December 2007 is to be made prior to the completion of the 2008-09 financial statements, but is effective from 1 July 2008. Treasury Department is in the process of developing a suitable policy for the recognition and measurement of land under roads to ensure consistent treatment across all Queensland Government agencies.

AASB 1050 Administered Items has been released, and will apply to the department as from 2008-09. This standard does not involve any measurement or recognition changes. The additional disclosure arising from this standard will require details of the broad categories of recipients of transfer payments and the amounts (classified as administered expenses) transferred to such recipients (refer to note 31).

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

	2008 \$'000	2007 \$'000
2. Reconciliation of Payments from Consolidated Fund to Output Revenue Recognised in Income Statement		
Budgeted output appropriation	1,387,907	1,263,166
Transfers from/(to) other headings	-	(353)
Lapsed output appropriation	<u>(55,540)</u>	<u>(28,119)</u>
Total output receipts	1,332,367	1,234,694
Plus: Opening balance of output revenue payable	18,383	9,682
Less: Closing balance of output revenue payable	(1,634)	(18,383)
Less: Opening balance of unearned appropriation	-	(1,700)
Output revenue recognised in Income Statement	<u>1,349,116</u>	<u>1,224,293</u>
Reconciliation of Payments from Consolidated Fund to Equity Adjustment Recognised in Contributed Equity		
Budgeted equity adjustment appropriation	158,159	121,495
Lapsed equity adjustment	<u>(68,977)</u>	<u>(76,207)</u>
Equity adjustment receipts (payments)	89,182	45,288
Less: Opening balance of equity adjustment receivable	(3,636)	(1,327)
Plus: Closing balance of equity adjustment receivable	<u>-</u>	<u>3,636</u>
	85,546	47,597
Plus: Opening balance of equity withdrawal payable	-	1,522
Equity Adjustment Recognised in Contributed Equity	<u>85,546</u>	<u>49,119</u>
3. User Charges		
Special Services	21,997	17,375
Incident Reporting	1,155	815
Rental of Government Property	206	262
Sale of goods and services	10,293	9,530
Network User Charges	<u>5,505</u>	<u>-</u>
Total	<u>39,156</u>	<u>27,982</u>
4. Grants and Contributions		
Grants *	3,670	3,838
Industry contributions	353	20
Services received at below fair value	<u>19,615</u>	<u>18,142</u>
Total	<u>23,638</u>	<u>22,000</u>
* Included in 2007-08 grants are Community Housing (\$141k) , Coordination of Police Program (\$107k), Weed It Out Program (\$200k) and National Criminal History Record check (\$500k).		
5. Other Revenue		
Interest*	343	2,401
Taxes, fees and fines	77	70
Insurance Compensation - QGIF and Other	1,053	1,723
Salary Related and Other Reimbursements	10	349
Sale of Plant and Equipment (Non Assets)	95	325
Other	<u>1,843</u>	<u>-</u>
Total	<u>3,423</u>	<u>4,868</u>

*Due to the abolition of the Cash Management Incentives Regime from 1 January 2007, the department no longer earns interest on its surplus funds with Queensland Treasury Corporation. The department continues to earn interest on deposits with other financial institutions.

	2008 \$'000	2007 \$'000
6. Gain on Sale of Property, Plant and Equipment		
Plant and equipment	1,371	1,003
Total	1,371	1,003
7. Employee Expenses		
Employee Benefits		
Wages and salaries	884,014	804,360
Employer superannuation contributions	119,868	109,653
Long service leave levy	15,581	14,232
Voluntary Redundancy Payments	-	139
Other Employee Benefits	3,743	1,954
Employee Related Expenses		
Payroll Tax*	48,261	44,204
Workers compensation premium *	14,527	18,174
Total	1,085,994	992,716

* Costs of workers' compensation insurance and payroll tax are a consequence of employing employees, but are not counted in employees' total remuneration package. They are not employee benefits, but rather employee related expenses. Employer superannuation contributions and the long service leave levy are regarded as employee benefits.

Number of Employees

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

Number of Employees:	13,570	13,177
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Executive Remuneration

The number of senior executives who received or were due to receive total remuneration of \$100,000 or more:

\$100,000 to \$119,999	1	-
\$120,000 to \$139,999	3	2
\$140,000 to \$159,999	3	3
\$160,000 to \$179,999	7	9
\$180,000 to \$199,999	7	10
\$200,000 to \$219,999	1	-
\$220,000 to \$239,999	1	-
\$240,000 to \$259,999	-	2
\$260,000 to \$279,999	1	-
\$320,000 to \$339,999	-	1
\$360,000 to \$379,999	1	-
Total	25	27

The total remuneration of executives shown above** (\$'000)	4,587	4,918
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** The amount calculated as executive remuneration in these financial statements includes the direct remuneration received, as well as items not directly received by senior executives, such as the movement in leave accruals, fringe benefits tax paid on motor vehicles and employer superannuation contributions. This amount will therefore differ from advertised executive remuneration packages which do not include the latter items.

The total separation and redundancy/termination benefit payments during the year to executives shown above (\$'000)	-	135
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	2008	2007
	\$'000	\$'000
8. Supplies and Services		
Consultancy and contractors	25,927	23,253
Materials	37,723	35,242
Repairs and Maintenance	56,630	41,201
Transfer Costs	7,439	6,303
Travel	5,648	11,845
Communications	27,393	23,819
Accommodation and Public Utilities	10,703	10,345
Resources Received Below Fair Value	19,096	15,419
Contributions to national/state agencies	-	2,018
Training fees - courses/membership	-	1,550
Shared Service Provider Charges	17,684	16,308
Equipment Below Asset Threshold levels	9,791	6,838
Operating Lease Rentals and Rental of Premises	10,425	7,856
Other	27,252	15,231
Total	<u>255,712</u>	<u>217,228</u>
9. Grants and Contributions		
Grants – recurrent	2,171	638
Subsidy payments	(5)	-
Total	<u>2,166</u>	<u>638</u>
10. Depreciation and Amortisation		
Buildings	26,730	25,126
Plant and Equipment	30,247	25,857
Major Plant and Equipment	110	-
Software Purchased	-	123
Software Internally Generated	5,494	3,810
	<u>62,580</u>	<u>54,916</u>
11. Impairment Losses		
Bad Debts	19	26
Impairment losses on trade receivables	54	-
	<u>73</u>	<u>26</u>
12. Revaluation Decrement		
Major Plant and Equipment	1,644	2,679
Total	<u>1,644</u>	<u>2,679</u>
<p>The decrement for 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 Income Statement.</p>		
13. Other Expenses		
Loss on disposal of non current assets	4,532	2,177
External audit fees*	186	187
Insurance premiums QGIF	2,936	1,844
Insurance Other	100	3,510
Ex-gratia payments	322	87
Property Plant and Equipment Write off	-	1,199
Inventory Write off	26	26
Losses of Public Monies	17	123
Gifts	1	5
Legal Fees and compensation claimable from QGIF	-	618
Spouse Payments	-	182
Other	(100)	1,409
Total	<u>8,020</u>	<u>11,367</u>

* Total external audit fees relating to the 2007-08 financial year are estimated to be \$201,000 (2007: \$155,000). There are no non-audit services included in this amount.

	2008 \$'000	2007 \$'000
14. Cash and Cash Equivalents		
Imprest accounts	230	217
Cash at bank	<u>135,457</u>	<u>118,459</u>
Total	<u>135,687</u>	<u>118,676</u>

Cash deposited with Queensland Treasury Corporation no longer earned interest due to the Cash Management Incentives Regime ceasing from 1 January 2007 (refer Note 5).

15. Receivables

Current

Trade debtors	12,814	8,126
Less: Provision for impairment	<u>(45)</u>	<u>(13)</u>
	12,769	8,113
GST receivables	6,537	5,021
GST payables	<u>(1,267)</u>	<u>(648)</u>
	5,270	4,373
Equity Injection Receivable	-	3,636
Interest	57	9
Long service leave reimbursement	3,986	3,030
Loans and Advances	2,039	2,039
Other receivables	<u>387</u>	<u>-</u>
Total	<u>24,506</u>	<u>21,200</u>

Movements in the allowance of provision for impairment

Balance at beginning of the year	13	151
Amounts written off during the year	(41)	(140)
Amounts recovered during the year	-	(13)
Increase/decrease in allowance recognised in profit or loss	<u>73</u>	<u>15</u>
Balance at the end of the year	<u>45</u>	<u>13</u>

16. Inventories

Supplies and consumables - at cost	<u>3,181</u>	<u>3,195</u>
Total	<u>3,181</u>	<u>3,195</u>

17. Other Current Assets

Prepayments	7,134	6,246
Other	<u>20</u>	<u>26</u>
Total	<u>7,154</u>	<u>6,272</u>

18. Non-Current Assets Classified as Held for Sale

Property Plant and equipment	658	4,406
Total	<u>658</u>	<u>4,406</u>

19. Intangible Assets

Software purchased*		
At cost	-	2,002
Less: accumulated amortisation	<u>-</u>	<u>(1,044)</u>
	-	958
Software internally generated		
At cost	57,267	55,060
Less: accumulated amortisation	<u>(18,787)</u>	<u>(12,262)</u>
	38,479	42,798
Work in progress	<u>9,005</u>	<u>1,204</u>
Total	<u>47,485</u>	<u>44,960</u>

* Note Software Purchased was transferred to Software Internally Generated as significant internal development applied to software.

Department of Police
Income Statement by Outputs/Major Activities
For the year ended 30 June 2008

19. Intangibles Reconciliation

	Work in Progress		Software Internally Generated		Software Purchased		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
Carrying amount at 1 July	1,204	5,564	42,798	27,360	958	268	44,960	33,192
Acquisitions	8,002	14,698	269	190	-	813	8,271	15,701
Acquisitions through internal development	-	(19,058)	-	19,058	-	-	-	-
Transfers between classes	(201)	-	906	-	(958)	-	(253)	-
Amortisation	-	-	(5,494)	(3,810)	-	(123)	(5,494)	(3,933)
Carrying amount at 30 June	9,005	1,204	38,479	42,798	-	958	47,484	44,960

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

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 which is mainly due to the fact that most intangibles have been recently purchased or are work in progress.

	2008 \$'000	2007 \$'000
20. Property, Plant and Equipment		
Land		
At independent valuation 2008	500,749	416,561
	<u>500,749</u>	<u>416,561</u>
Buildings		
At independent valuation 2008	1,411,341	1,346,138
Less: Accumulated depreciation	(513,407)	(456,037)
	<u>897,933</u>	<u>890,101</u>
Plant and equipment		
At cost	222,716	197,676
Less: Accumulated depreciation	(99,492)	(88,452)
	<u>123,224</u>	<u>109,224</u>
Major plant and equipment		
At independent valuation 2008	13,660	11,067
Less: Accumulated depreciation	(794)	(633)
	<u>12,866</u>	<u>10,434</u>
Work in progress	84,396	27,341
Total	<u>1,619,168</u>	<u>1,453,661</u>

Independent valuations of land and buildings were performed by the Department of Natural Resources and Water using 'fair value' principles in accordance with the department's five year program of comprehensive revaluations. Refer note 1(o).

The valuation of land is based on current market values. The valuation of buildings is based on depreciated current replacement cost, unless a market price in an active and liquid market exists.

Major plant and equipment was independently valued by JD Dodds Plant & Machinery Valuers as at 30 June 2008 using 'fair value' principles. The valuations were determined using current market values.

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

The department has 98 buildings with an original cost of \$15.190M and 1619 items of plant and equipment with an original acquisition cost of \$39.001M 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 the buildings. Plant & equipment will be replaced as required.

The department has 11 items of plant and equipment with an original cost of \$0.320M that have depreciated down to their residual value of \$0.231M and are still being used in the provision of services. All of these assets are expected to be replaced in the 2008-09 financial year.

Department of Police
Income Statement by Outputs/Major Activities
For the year ended 30 June 2008

20. Property, Plant and Equipment Reconciliation

	Land		Buildings		Major Plant and Equipment		Plant and Equipment		Work in Progress		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Carrying amount at 1 July	416,561	274,214	890,101	772,064	10,434	13,096	109,224	104,150	27,341	15,962	1,453,661	1,179,486
Acquisitions	14,956	6,952	22,759	17,456	4,135	17	57,028	52,092	64,016	26,941	162,894	103,458
Donations Received	-	-	-	-	-	-	460	1,145	-	-	460	1,145
Disposals	(965)	(4,968)	(2,461)	(830)	-	-	(21,014)	(18,969)	-	-	(24,440)	(24,767)
Assets reclassified as held for sale	-	-	-	-	-	-	3,749	(4,406)	-	-	3,749	(4,406)
Transfers between classes	-	92	3,139	14,401	52	-	4,023	1,069	(6,961)	(15,562)	253	-
Revaluation Increments (Note 26)	70,197	140,271	11,125	112,136	-	-	-	-	-	-	81,322	252,407
Revaluation decrements (Note 12)	-	-	-	-	(1,645)	(2,679)	-	-	-	-	(1,645)	(2,679)
Depreciation/amortisation	-	-	(26,730)	(25,126)	(110)	-	(30,246)	(25,857)	-	-	(57,086)	(50,983)
Carrying amount at 30 June	500,749	416,561	897,933	890,101	12,866	10,434	123,224	109,224	84,396	27,341	1,619,168	1,453,661

	2008	2007
	\$'000	\$'000
21. Payables		
Current		
Trade creditors	16,700	34,575
Other payables	38,198	18,037
Annual leave payable	90,741	-
Total	145,639	52,612
22. Accrued Employee Benefits		
Current		
Recreation leave	-	87,348
Long service leave levy	4,023	3,666
Wages outstanding and related expenses	30,545	25,059
	34,568	116,073
Non current		
Recreation leave	-	6,066
	-	6,066
Total	34,568	122,139

The discount rate used to calculate the present value of non-current annual leave was 2007: 6.4414%

23. Other Current Liabilities

Unearned revenue	29,045	26,404
Other	327	-
Total	29,372	26,404

24. Reconciliation of Operating Surplus to Net Cash Provided by (Used In) Operating Activities

Operating surplus/(deficit)	514	576
Depreciation expense	57,086	50,983
Amortisation expense	5,494	3,933
Donated assets received	(460)	(1,145)
Revaluation decrement	1,644	2,679
Loss on sale of property, plant and equipment	4,532	2,177
Gain on sale of property, plant and equipment	(1,371)	(1,003)
Impairment losses	73	26
Inventory write-offs	26	26
Plant and equipment write-offs	-	1,199
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in GST input tax credits receivable	(1,516)	219
(Increase)/decrease in LSL reimbursement receivables	(956)	(310)
(Increase)/decrease in trade receivables	(4,656)	563
(Increase)/decrease in inventories	14	204
(Increase)/decrease in interest receivable	(48)	1,122
(Increase)/decrease in other receivables	(387)	-
(Increase)/decrease in prepayments/other	(882)	(2,596)
Increase/(decrease) in accounts payable	93,027	16,353
Increase/(decrease) in employee benefits	(87,928)	5,758
Increase/(decrease) in unearned revenue	2,968	(13,970)
Increase/(decrease) in GST payable	619	-
Increase/(decrease) in accruals	11,183	(1,592)
Net cash from operating activities	78,976	65,202

25. Non-Cash Financing and Investing Activities

Assets and liabilities received or donated/transferred by the department are detailed in Note 20 and included as revenues and expenses in Notes 4 and 8 respectively.

460	1,145
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26. Asset Revaluation Reserve by Class

	Land \$'000	Buildings \$'000	Plant and Equipment \$'000	Total \$'000
Balance 1 July 2007	291,981	407,884	700	700,565
Revaluation increments	70,197	11,125	-	81,322
Sale of revalued assets	35	(1,832)	-	(1,797)
Balance 30 June 2008	362,213	417,177	700	780,091

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

27. Commitments for Expenditure

(a) Non-Cancellable Operating Lease Commitments

	2008 \$'000	2007 \$'000
Commitments under non-cancellable operating leases at reporting date are inclusive of anticipated		
Not later than one year	6,811	5,584
Later than one year and not later than five years	18,128	12,207
Later than five years	4,815	6,058
Total	29,754	23,849

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. No renewal or purchase options exist in relation to operating leases and no operating leases contain restrictions on financing and other leasing activities.

(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 \$'000	Plant and Equipment \$'000
2008		
<i>Payable:</i>		
Not later than one year	67,879	7,096
Total	67,879	7,096
2007		
<i>Payable:</i>		
Not later than one year	38,692	3,735
Total	38,692	3,735

28. Contingencies

Guarantees and Undertakings

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

(a) Litigation in Process

At 30 June 2008, the following cases were filed with the respective jurisdiction naming the Queensland Police Service as defendant:

	Number
Supreme Court	13
Magistrates Court	7
District Court	13
Total cases	33

The department's legal advisors and management believe that it would be misleading to estimate the final amounts payable (if any) in respect of this litigation.

The department also has received notification of a number of other cases that are not yet subject to court action. These cases may or may not result in subsequent litigation.

(b) Native Title Claims over Departmental Land

At 30 June 2008, there were 68 native title claims affecting about 231 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.

29. Controlled Entities

The Department has no controlled entities.

30. Financial Instruments

(a) Categorisation of Financial Instruments

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

Category	Note	2008 \$'000	2007 \$'000
Financial Assets			
Cash and cash equivalents	14	135,687	118,676
Receivables	15	24,506	21,200
Total		160,193	139,876
Financial Liabilities			
Financial Liabilities measured at amortised cost:			
Payables	21	145,639	52,612
Total		145,639	52,612

(b) Credit Risk Exposure

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	Maximum Exposure to Credit Risk	Note	2008 \$'000	2007 \$'000
Financial Assets				
Cash		14	135,687	118,676
Receivables		15	24,506	21,200
Total			160,193	139,876

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.

No financial assets and financial liabilities have been offset and presented net in the Balance Sheet.

The method for calculating any provisional impairment for risk 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 \$73,000 for the current year. This is an increase of \$47,000 from 2007 and is due to a number of loss events.

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.

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

30. Financial Instruments (cont)

2008 Financial Assets Past Due But Not Impaired

	Contractual Repricing/Mature Date:						Total	Total Financial Assets
	Not Overdue	Less than 30 days	30-60 days	61-90 days	More than 90 days			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Financial Assets								
Receivables	-	24,595	291	323	(703)	24,506	24,506	
Total	-	24,595	291	323	(703)	24,506	24,506	

2007 Financial Assets Past Due But Not Impaired

	Contractual Repricing/Mature Date:						Total	Total Financial Assets
	Not Overdue	Less than 30 days	30-60 days	61-90 days	More than 90 days			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Financial Assets								
Receivables	-	19,362	759	459	620	21,200	21,200	
Total	-	19,362	759	459	620	21,200	21,200	

2008 Impaired Financial Assets

	Contractual Repricing/Mature Date:						Total	Total Financial Assets
	Not Overdue	Less than 30 days	30-60 days	61-90 days	More than 90 days			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Financial Assets								
Receivables	-	-	-	-	45	45	45	
Total	-	-	-	-	45	45	45	

2007 Impaired Financial Assets

	Contractual Repricing/Mature Date:						Total	Total Financial Assets
	Not Overdue	Less than 30 days	30-60 days	61-90 days	More than 90 days			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Financial Assets								
Receivables	-	-	-	-	13	13	13	
Total	-	-	-	-	13	13	13	

30. Financial Instruments (cont)

(c) Liquidity Risk

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 cash flows relating to the repayment of the principal amount outstanding at balance date.

	Note	2008 Payable in			Total
		< 1 year \$'000	1 - 5 years \$'000	> 5 years \$'000	\$'000
Financial Liabilities					
Payables	21	145,639	-	-	145,639
Total		145,639	-	-	145,639

	Note	2007 Payable in			Total
		< 1 year \$'000	1 - 5 years \$'000	> 5 years \$'000	\$'000
Financial Liabilities					
Payables	21	52,612	-	-	52,612
Total		52,612	-	-	52,612

(d) 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 and manages its risk as per the liquidity risk management strategy.

31. Schedule of Administered Items

Administered Revenues

Commonwealth grants		
Taxes, fees and fines	4,776	2,754
Administered item revenue	448	750
Other	249	298
Total	5,473	3,802

Administered Expenses

Supplies and services	43	6
Grants and subsidies	405	744
Total	448	750

Administered Assets

Current

Cash	2,416	2,649
Receivables	380	5
Total	2,796	2,654

Administered Liabilities

Current

Payables	(48)	201
Transfers to Government	49	-
Other	2,795	2,453
Total	2,796	2,654

Transfers to Government of Taxes, Fees and Fines	5,025	3,052
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32. Reconciliation of Payments from Consolidated Fund to Administered Item Revenue

Budgeted appropriation	405	391
Transfers from/to other headings	-	353
Total administered receipts	405	744
Plus: Opening balance of administered revenue payable	2,446	2,452
Less: Closing balance of administered revenue payable	(2,402)	(2,446)
Administered revenue recognised in note 31	448	750

33. 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 service cheques.

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

Trust Assets and Liabilities

Current Assets

Cash	8,106	8,583
Total	8,106	8,583

The Queensland Auditor-General performed the audit of the department's trust transactions for 2007-08.

34. Agency Transactions

The department acts as an agent in the collection and distribution of charges and levies for various public sector agencies and local governments and in the collection of authorised deductions from employees' wages and salaries for on-payment to third parties. A reconciliation of amounts collected and distributed follows:

	2008	2007
	\$'000	\$'000
Balance 1 July	193	133
Collections during reporting period	304,435	285,254
Distributions to principals during reporting period	<u>(304,360)</u>	<u>(285,194)</u>
Balance 30 June *	<u>268</u>	<u>193</u>

* Held in the department's collection account and cleared in July but not recognised in financial report. Commissions for salary deductions of \$63,670 (2007: \$178,672) received by the department for providing agency services are recognised in Note 3 User Charges.

The Queensland Auditor-General performed the audit of the department's agency transactions for 2007-08.

35. Events Occurring After Balance Date

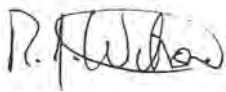
There were no events occurring after balance date which would have a material impact on the information provided in these statements.



Recruit training at the Townsville Academy.

This general purpose financial report has been prepared pursuant to section 40(1) of the *Financial Administration and Audit Act 1977* (the Act), and other prescribed requirements. In accordance with section 40(3) 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 financial report has 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 2008 and of the financial position of the department at the end of that year.



R. Wilson
Director, Finance Division
29/08/2008



R. Atkinson
Commissioner
29/08/2008

INDEPENDENT AUDITOR'S REPORT

To the Commissioner of the Department of Police

Matters relating to the Electronic Presentation of the Audited Financial Report

The audit report relates to the financial report of the Department of Police for the financial year ended 30 June 2008 included on the Department of Police's web site. The Accountable Officer is responsible for the integrity of the Department of Police's web site. We have not been engaged to report on the integrity of the Department of Police's web site. The audit report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from the Department of Police, to confirm the information included in the audited financial report presented on this web site.

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

Report on the Financial Report

I have audited the accompanying financial report of the Department of Police, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity, cash flow statement and income statement by outputs/major activities for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the certificates given by the Director of Finance and the Commissioner.

The Accountable Officer's Responsibility for the Financial Report

The Accountable Officer is responsible for the preparation and fair presentation of the financial report in accordance with prescribed accounting requirements identified in the *Financial Administration and Audit Act 1977* and the *Financial Management Standard 1997*, including compliance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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*. These Auditing Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance 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 risks of material misstatement in 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 and fair presentation of the financial report 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 and the reasonableness of accounting estimates made by the Accountable Officer, as well as evaluating the overall presentation of the financial report any mandatory financial reporting requirements as 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 *Financial Administration and Audit Act 1977* promotes the independence of the Auditor-General and QAO 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.

Auditor's Opinion

In accordance with s.40 of the *Financial Administration and Audit Act 1977* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report has been drawn up so as to present 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 2007 to 30 June 2008 and of the financial position as at the end of that year.



J F WELSH FCPA
Director of Audit
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane