

Department of Local Government,
Racing and Multicultural Affairs

2019–2020 ANNUAL REPORT



Queensland
Government

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Any references to legislation are not an interpretation of the law. They are to be used as a guide only. The information in this publication is general and does not account for individual circumstances or situations. Where appropriate, independent legal advice should be sought.

An electronic copy of this report is available on the Department of Local Government, Racing and Multicultural Affairs' website at www.dlgrma.qld.gov.au.

A number of annual reporting requirements are also addressed through publication of information on the Queensland Open Data website at data.qld.gov.au.

Feedback on this annual report can be provided through the [Get Involved](#) website.

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Letter of compliance

The Honourable Stirling Hinchliffe MP
Minister for Local Government, Minister for Racing and Minister for Multicultural Affairs
1 William Street
BRISBANE QLD 4000

Dear Minister Hinchliffe

I am pleased to submit for presentation to the Parliament, the Annual Report 2019–20 and financial statements for the Department of Local Government, Racing and Multicultural Affairs.

This report is prepared in line with the current administrative arrangements for this department applying for the whole of the 2019–20 financial year. It reflects the structure, operations and performance of the department as it existed at 30 June 2020.

I certify that this annual report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* and the Financial and Performance Management Standard 2019
- the detailed requirements set out in the annual report requirements for Queensland Government agencies.

A checklist outlining the Queensland Government's annual reporting requirements is included in Appendix 6 of this report or can be accessed at www.dlgrma.qld.gov.au.

Yours sincerely



Warwick Agnew
Director-General
Department of Local Government, Racing and Multicultural Affairs

Message from the Director-General

2019–20 was a year like no other. Driven by a shared passion for the health and vibrancy of our communities, our department has responded with the expertise, energy and collaborative mindset needed to support Queensland communities.

I would like to express sincere thanks to all of our valued stakeholders for the ongoing commitment to a partnership approach, which enabled us, like most organisations around the world, to navigate the disruptions and respond to the outbreak of COVID-19.

As part of The Queensland Economic Recovery Strategy: Unite and Recover for Queensland Jobs — the government's overarching response to the pandemic — and in direct response to urgent community and economic need, the department reallocated resources to deliver new funding programs to support local communities and the racing industry and to create jobs.

Under our local government portfolio, we developed two new job-creating infrastructure programs for local governments — the state-wide \$200 million COVID Works For Queensland program and the \$50 million Unite and Recover Community Stimulus Package for South East Queensland councils — which will deliver \$250 million to support Queensland councils in 2020–21.

To support the successful and safe delivery of the 2020 Local Government elections we delivered information to our culturally and linguistically diverse (CALD) communities in multiple languages about how to vote safely.

In response to COVID-19 we reassigned \$900,000 in funding to the Community Connection Package to enable community organisations to provide much needed support to vulnerable Queenslanders from CALD backgrounds.

In the multicultural affairs portfolio, we worked to address one of the most challenging aspects of the pandemic — sharing vital health and community messaging to all Queenslanders, through a range of channels, formats and languages.

We also re-negotiated our contracts with 19 existing funded organisations across Queensland to ensure their work focused on supporting CALD communities through the pandemic.

And as we continue our support to create a sustainable racing industry for Queensland, we brought forward \$2 million in funding under the Track Training Subsidy Scheme to support race clubs struggling with funding shortfalls with the onset of COVID-19 and restrictions on public gatherings.

The pandemic did not mean we put our business as usual to the side, and I am proud of the department's efforts to continue delivering on our strategic objectives, albeit with big changes to our engagement and communication strategies.

Following the local government elections we worked quickly to reorganise councillor induction training into a virtual format, building on the successful delivery of mandatory So You Want To Be A Councillor training.

In a key milestone for our rolling program of local government reform, the Local Government Electoral (Implementing Stage 2 of Belcarra) and Other Legislation Amendment Bill 2019 and the Electoral and Other Legislation (Accountability, Integrity and Other Matters) Amendment Bill 2019 were passed.

We also delivered the Grants to Local Government Model, streamlining the funding process for councils and delivering on a key government commitment.

In line with our objective to deliver policies, programs and services responsive to Queensland's cultural diversity we released the Queensland Multicultural Action Plan 2019–22, the second under the Queensland *Multicultural Recognition Act 2016*.

We tabled the plan's First Progress Report and delivered another successful Multicultural Queensland Month and Multicultural Queensland Awards event, celebrating our diversity and reinforcing a sense of belonging for all Queenslanders.

We worked closely with Racing Queensland to administer the Racing Infrastructure Fund, Country Racing Program and Training Track Subsidy Scheme, committing over \$100 million to support the sustainability of the racing industry.

To achieve these important goals, it is vital our people take pride in the work they do, understand the connection between their work and the department's overarching strategy, and have the energy and enthusiasm to deliver. Working from home during the initial months of the pandemic presented a unique set of challenges and our people have stepped up for the benefit of all Queenslanders.

I am grateful to our team for their tireless efforts over the year. Their work directly supports well-managed local government, sustainable racing and healthy, vibrant communities and is highly responsive to the needs and opportunities of our cultural diversity.

In the coming year we will continue our mission to be a contemporary organisation enabling sustainable, vibrant, inclusive and confident local communities.

We will help local governments be efficient and sustainable and deliver long-lasting benefits.

We will develop policies, programs and services that meet government and community expectations, and deliver outcomes under our community-focused funding programs by ensuring we have sound funding agreements and clear measures in place.

We will help the racing industry bolster regional economies and the social capital it generates across the State, including providing stimulus for regional and rural race clubs.

We will connect employers with migrant and refugee job seekers across priority industries and help councils and the private sector boost local economies and create or expand industries.

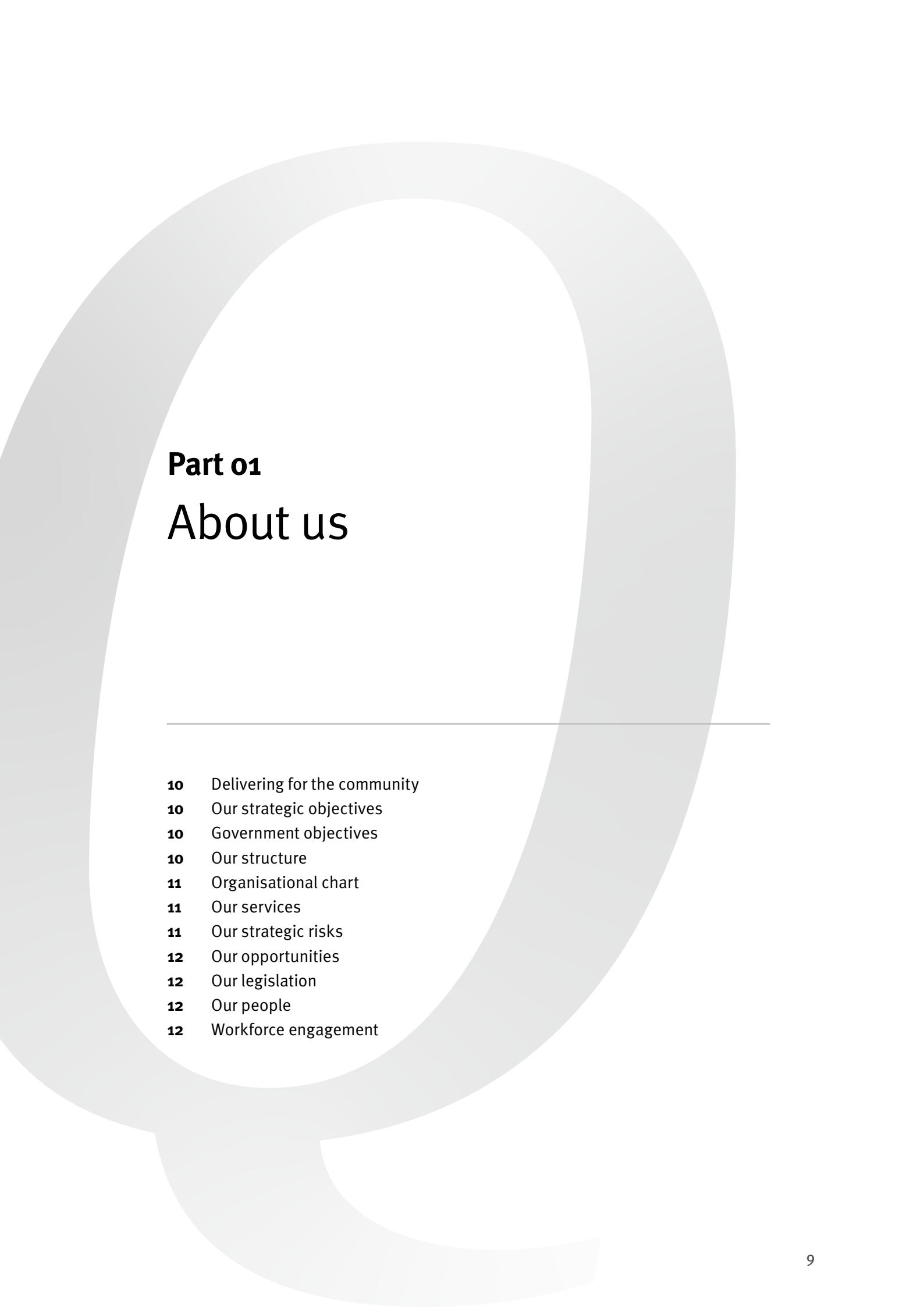
As our communities respond to the health and economic challenges presented by COVID-19, we will deliver responsive programs and initiatives that will help local governments, the racing industry and our communities rise above challenges they face and emerge strongly from the crisis.

With the fundamentals in place to help us be agile and responsive, we remain tightly focused on the task at hand.



Warwick Agnew
Director-General

Department of Local Government, Racing and Multicultural Affairs



Part 01

About us

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About us

Delivering for the community

We continue to deliver on our vision of being a contemporary organisation enabling sustainable, vibrant, inclusive and confident local communities.

Our purpose is to lead, engage and collaborate to:

- design and administer frameworks that inspire confidence and trust in systems of governance
- increase stakeholder capability
- encourage and support communities to thrive.

Our strategic objectives

Our Strategic Plan 2019–2023 sets out our departmental objectives:

- Accountable, well managed, community-focused local government
- A sustainable racing industry in Queensland
- Policies, programs and services responsive to Queensland's cultural diversity
- Efficient and effective funding programs promoting vibrant communities
- An engaged and responsive workforce.

Government objectives

We contribute directly to the realisation of Our Future State: Advancing Queensland's Priorities through the delivery of initiatives and strategies to:

-  create jobs in a strong economy, by funding local government infrastructure projects, racing industry activities and community focused projects to stimulate jobs growth
-  keep Queenslanders healthy, through programs and initiatives that promote cohesive communities and assist the provision of critical water and sewerage infrastructure in remote locations
-  be a responsive government, by ensuring that our partners, stakeholders and communities across Queensland have easy and consistent access to our information and services.

Our structure

The department is structured into two divisions to deliver on our strategic plan and government objectives — the Local Government Division and the Strategy, Racing and Multicultural Affairs division.

Local Government Division administers local government legislation, undertakes programs and initiatives to support and promote the state's 77 local governments and provides advice to local government and the community on the local government system. It delivers practical and useful capacity building

programs and resources and manages and administers a range of local government funding programs.

Strategy, Racing and Multicultural Affairs facilitates the social and economic participation of Queenslanders from CALD backgrounds with initiatives that build a united, harmonious and inclusive Queensland and supports the sustainability of Queensland's racing industry through funding programs, policy advice and legislation. It also provides whole-of-department corporate, strategic, policy, legal and strategic communication and engagement functions.

Organisational chart

Figure 1: The DLGRMA organisational structure as at 30 June 2020



Our services

The Queensland Government's Service Delivery Statements align to its annual budget and set out objectives for government departments under specific service areas. In 2019–20 we delivered a broad range of responsive services across the four service areas set out in our Service Delivery Statement.

They are:

Local Government

Service area objective: provide high quality and timely administration of both the local government system and local government funding programs.

Racing

Service area objective: administer the *Racing Act 2002* and manage programs that support a viable, prosperous racing industry in Queensland.

Multicultural Affairs

Service area objective: promote Queensland as a unified, harmonious and inclusive community.

Independent Assessor

Service area objective: enhance the integrity and sustainability of the local government system by administering the councillor complaints framework.

The operations of the Office of the Independent Assessor are outlined in the Office of the Independent Assessor annual report.

Our strategic risks

In delivering our services and working with our diverse stakeholders throughout the community the department has identified and continues to manage the following key strategic risks:

- The sustainability and integrity of local governments is compromised.
- The racing industry is not sustainable and viable.
- Government policies, programs and services do not support or align with the needs of CALD communities.
- Investment and/or grant outcomes are not realised.
- Policies and programs do not address the impact of changing social and economic conditions or meet community and stakeholder needs.
- Strategic objectives and departmental culture are not aligned.

We actively monitor and manage our strategic risks by:

- supporting and developing an engaged workforce by valuing capability and diversity and recognising and encouraging innovation
- ensuring business continuity and information and asset security

- using systems and resources effectively and efficiently
- maintaining strong governance frameworks and having a zero tolerance of fraud and corruption.

Our opportunities

In providing our services and managing our risks, as a small but versatile department we seize every opportunity to:

- build and sustain productive relationships with stakeholders through sound consultation and engagement practices
- develop sound policies, programs and services that reflect current priorities, meeting both government and community expectations
- deliver community-focused funding program outcomes by having sound funding agreements and clear outcome measures in place
- facilitate collaborative relationships with local government sector partners which support and promote integrity and sustainability.

Our legislation

In 2019–20 the department administered the following portfolio legislation from which its functions and powers are derived:

- *City of Brisbane Act 2010*
- *Local Government Act 2009*
- *Local Government Electoral Act 2011*
- *Multicultural Recognition Act 2016*
- *Racing Act 2002*
- *Aboriginal and Torres Strait Islander Communities (Justice, Land and Other Matters) Act 1984* (Part 9, Div 2 and Part 10)
- *Local Government (Dissolution of Ipswich City Council) Act 2018*

Appendix 1 provides further detail of this legislation.

Our people

Our employees work in offices across Queensland; in Brisbane central business district, Cairns, Townsville, Rockhampton, Bundaberg, Maryborough, Maroochydore and Toowoomba.

Important connections are made through our regional staff, enabling greater collaboration with local governments, supporting local communities in times of crisis, fostering closer relationships across regions and facilitating strong connections between our stakeholders and various levels of government.

The department is committed to the Queensland public service values and our people are encouraged to put our customers first, turn ideas into action, unleash potential, empower each other and be courageous.

Figure 2: Queensland Public Service Values



Workforce engagement

Our employees are the backbone of our department and have worked tirelessly to support the department's response to COVID-19 and, in turn, the people of Queensland.

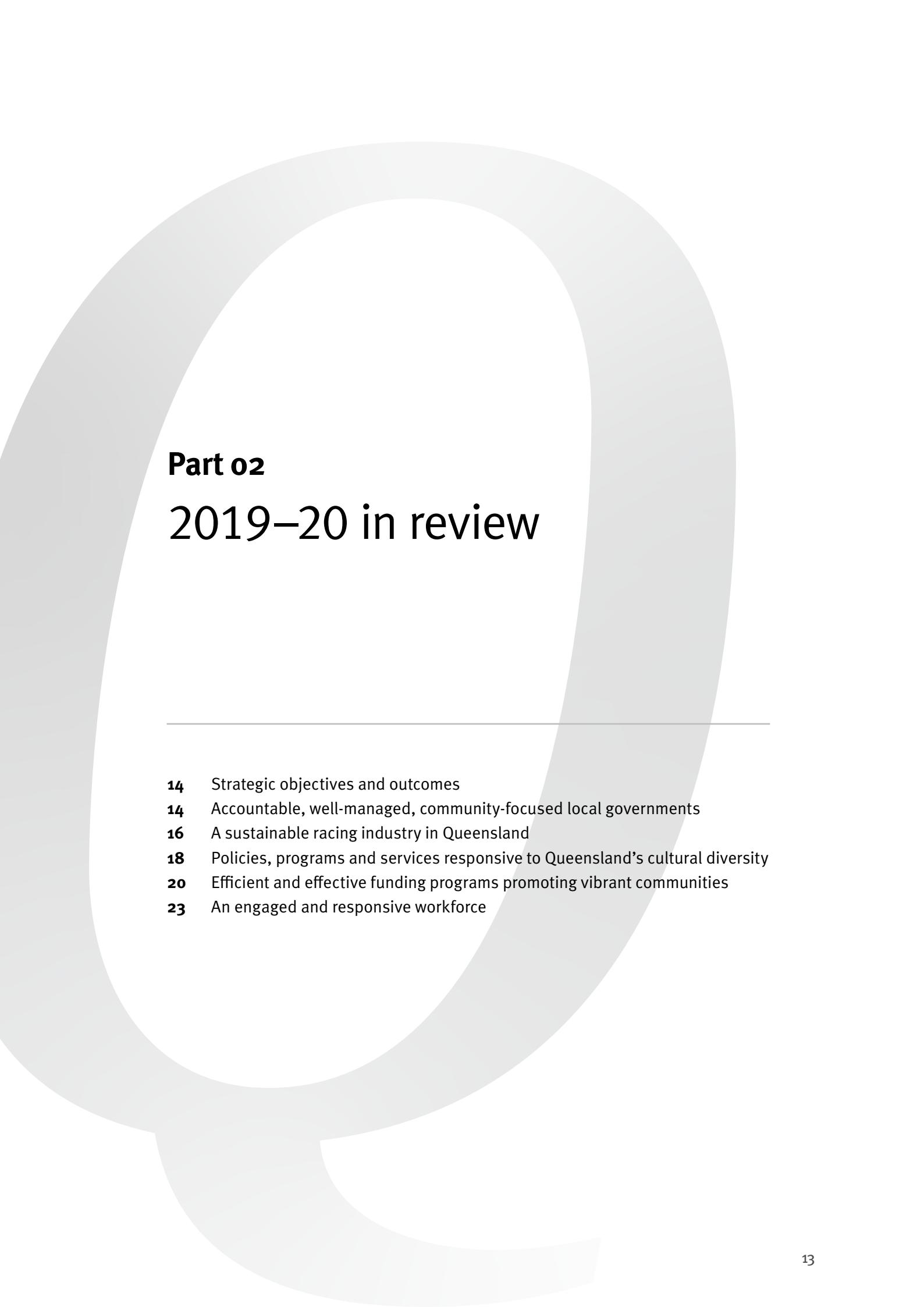
Every year we ask for genuine feedback from our people via the annual Working for Queensland Survey.

In 2019, 86 per cent of staff responded to the survey, reporting positive working relationships across the department and a greater sense of empowerment and autonomy that could lead to innovation in processes and systems.

They also highlighted a need for more focus on professional development, performance management and workload.

The focus of our improvements in 2019–20 was:

- organisational fairness, particularly relating to performance management
- workload and health
- opportunities that enable growth of skills and knowledge and career development.



Part 02

2019–20 in review

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2019–20 in review

Strategic objectives and outcomes

The 2019–20 financial year reinforced our continuing commitment to vibrant and connected communities, empowering the people who are the engine behind our service delivery and driving economic growth for our state.

The outcomes summarised below are directly linked to our Strategic Plan and have been delivered across the service areas set out in our Service Delivery Statement. Our service performance is detailed in Appendix 2.

We achieved significant milestones in the first half of the year through our direct funding support for councils and the racing and multicultural sectors, with programs and initiatives that helped to create job opportunities, deliver economic stimulus, support vulnerable people, and support vibrant and connected communities.

In the second half of the year our focus changed to responding to the needs of our stakeholders during the COVID-19 pandemic. In a demanding environment of fast-paced change, we developed and successfully delivered a range of additional programs and initiatives to respond to the needs of our communities struggling with sudden and severe economic and social impacts, helping them rebuild and stay safe and supporting and creating jobs.

Accountable, well-managed, community-focused local governments

Strategies

- Develop and implement an integrated program of policy, legislation and capacity building to support and build local government integrity and sustainability
- Design and implement a local government performance and reporting framework that identifies gaps and issues and informs departmental priorities
- Develop and implement knowledge-building programs which ensure that potential election candidates, elected councillors and the community understand the requirements of the electoral process and the responsibilities of councillors and councils
- Improve direct engagement and facilitation with local governments to support outcomes for local communities.

Performance

Key Performance Indicator	2019–20 Target	2019–20 Actual result	Target met
Percentage of local governments participating in training programs	85%	98.7%	Yes
Percentage of local governments with key governance documents and frameworks in place	90% for budgets, financial statements and annual reports completed	98.7% (76 out of 77 completed and audited)	Yes
Level of satisfaction of local governments with the effectiveness, timeliness and quality of advice services and support provided by the department	85%	90%	Yes

Key achievements



In 2019–20, we:

- progressed a rolling agenda of local government sector reform — aimed at strengthening integrity and transparency — with the key milestone being the passing of the Local Government Electoral (Implementing Stage 2 of Belcarra) and Other Legislation Amendment Bill 2019 and the Electoral and Other Legislation (Accountability, Integrity and Other Matters) Amendment Bill 2019
- provided capacity-building support for local governments with the following outcomes:
 - So You Want to be a Councillor? training delivered in the lead up to the quadrennial local government general elections in March 2020, to help local government election candidates and elected officials understand their obligations during the election campaign and as a councillor or mayor if elected
 - all candidates in the 2020 local government elections received mandatory training, with 2612 enrolments and 2235 participants completing both modules
 - online induction training in May and June to all councils on accountability and decision making ensured councillors and other local government officers are prepared to deliver on the needs of communities
- under section 118 of the *Local Government Act 2009*, appointed a Financial Controller and a Governance Advisor (16 July to 11 October 2019), following a request from the Palm Island Aboriginal Shire Council with the following key outcomes:
 - identification of concerns contributing to council's current financial position, focusing on revenue sources and expenditures
 - a thorough review of the council's operations and structure with recommendations made to the council on how to effectively address challenges moving forward
- assisted local governments with their response and recovery to the COVID-19 pandemic through collaboration with councils, the Local Government Association of Queensland and Local Government Managers Australia by:
 - undertaking a data collection exercise to understand and monitor the impacts of COVID-19 on the financial sustainability, economic impacts and vulnerability of councils
 - temporarily changing legislation to provide greater flexibility for the conduct of the 2020 local government elections to help minimise risks to the health and safety of persons caused by COVID-19
 - progressing legislative amendments to ensure local governments were well placed to respond to COVID-19, with an emphasis on budget and meeting processes.

A sustainable racing industry in Queensland

Strategies

- Administer the *Racing Act 2002* and manage funding programs to support the Queensland racing industry
- Provide policy advice to government on matters relevant to the commercial operation, viability and long-term sustainability of the racing industry
- Develop, implement and promote governance frameworks that support Racing Queensland to deliver its key strategic and operational objectives.

Performance

Key Performance Indicator	2019–20 Target	2019–20 Actual result	Target met
Initiatives undertaken that support the Queensland racing industry	To deliver demonstrable outcomes and results from initiatives undertaken to support the sustainability of the state's racing industry.	<ul style="list-style-type: none"> Administered and managed committed funding supporting the racing industry through the allocation of \$103.42 million. Provided policy advice on diversification of facilities and business case assessments for key priority infrastructure projects Supported development of a governance framework, to establish a re-homing and retraining program for retired racehorses in Queensland Worked closely with Racing Queensland and Queensland Health to deliver a COVID Safe Industry Plan 	Yes

Key achievements



In 2019–20, we:

- provided policy advice and direction to the Martin Inquiry into animal cruelty in the management of retired thoroughbred and standardbred horses in Queensland through two industry forums with representatives from government, Racing Queensland, the Queensland Racing Integrity Commission (QRIC), the racing industry and animal welfare experts

- supported Racing Queensland in the delivery of a broad range of racing industry reforms including the conversion of non-TAB racing to TAB racing, enhancing the industry's contribution to its participants and the broader community

- contributed towards a governance framework, with Racing Queensland and QRIC, to establish a re-homing and retraining program for retired racehorses in Queensland as an outcome of the Martin Inquiry, to be funded from a levy on prize money established on 1 January 2020
- implemented and promoted the governance operating model, project funding agreements and reporting arrangements as part of governance frameworks to support Racing Queensland to deliver its key strategic and operation objectives
- supported country racing and improvements to commercial outcomes and long-term sustainability through the funding of race meetings such as at Birdsville as TAB meetings
- delivered growth and sustainability to the Queensland racing industry through the administration of the Racing Infrastructure Fund including assessment and facilitation of the following priority infrastructure projects:
 - \$2.5 million towards the \$7 million replacement of the Sunshine Coast Turf Club's all-weather synthetic track
 - \$39.15 million for the new Greater Brisbane Greyhound Centre at Purga
 - \$11.8 million to support the completion of the Ipswich Turf Club's Bundamba Racecourse
- supported jobs and the viability of clubs and the broader racing industry through the COVID-19 pandemic with the early release of the \$2 million Training Track Subsidy Scheme to race clubs required to conduct races without public attendance
- supported regional communities with funding for country racing clubs to deliver infrastructure repairs, maintenance and asset replenishment (\$2.6 million) as well as prize money and operational costs (\$15 million) by allocating \$17.6 million from the \$70.4 million four-year Country Racing Program
- provided policy advice to government on matters such as diversification of facilities and business case assessments for large scale key infrastructure projects, relevant to the commercial operation, viability and long-term sustainability of the racing industry
- enabled the racing industry to continue to operate safely by working closely with Racing Queensland and Queensland Health to deliver a COVID Safe Industry Plan for the industry.

Policies, programs and services responsive to Queensland's cultural diversity

Strategies

- Lead the implementation of the *Multicultural Recognition Act 2016* and the Queensland Multicultural Policy and Action Plan
- Promote the principles of the Multicultural Queensland Charter across all levels of government, business and the community
- Facilitate and deliver collaborative projects and programs to address challenges and provide economic and social opportunities for migrants, refugees and people seeking asylum.

Performance

Key Performance Indicator	2019–20 Target	2019–20 Actual result	Target met
Percentage of government entities undertaking activities to promote the Queensland Multicultural Charter	80%	97%	Yes

Key achievements



In 2019–20, we:

- led the development of a new whole-of-government Queensland Multicultural Action Plan 2019–22, the second plan prepared under the Queensland *Multicultural Recognition Act 2016*
- tabled the First Progress Report outlining Queensland Government's progress against outcomes in the Queensland Multicultural Policy and Multicultural Action Plan 2016–17 to 2018–19 in August 2019, as required by the *Multicultural Recognition Act 2016*

- delivered Multicultural Queensland Month in August 2019 with more than 100 departmentally funded events across Queensland, culminating in the presentation of the Multicultural Queensland Awards
- assisted corporations to commit to the Multicultural Queensland Charter, strengthen their cultural capability and adopt best practices to promote cultural diversity and inclusion through the Multicultural Ambassador Program

- supported local governments to strengthen welcome and inclusion in their communities and welcome new arrivals in regional areas through our partnership with Welcoming Cities
- identified and responded to the communication and support needs of vulnerable cohorts from CALD backgrounds through COVID-19 including:
 - conducting community-specific meetings with Queensland's Chief Health Officer and key senior government personnel
 - providing key information in multiple languages
 - engaging in focused communication with community organisations and community leaders
 - seeking advice from the Multicultural Queensland Advisory Council
 - facilitating connections between government and faith communities including through two faith communities forums
- with the assistance of Griffith University and faith leaders, developed and implemented a COVID Safe Industry Plan for Places of Worship to ensure consistent, safe worship practices during the easing of restrictions in line with public health directives
- facilitated strategic discussions on COVID-19, secondary regional settlement, social inclusion, employment, language services and service gaps for vulnerable cohorts through the Ministerial Forum on Multicultural Affairs, which was the first meeting of Australia's Ministers responsible for multicultural affairs in over a decade
- worked with key state government partners to enhance skills utilisation of culturally diverse job seekers, social procurement opportunities and to increase diversity on Queensland Government boards
- developed an interactive online education and engagement tool Search Diversity Queensland, with Geografia, to help promote Queensland's diversity, and provide everyone the opportunity to explore and appreciate the rich diversity of their community
- completed and implemented the Multicultural Affairs Queensland Engagement Strategy facilitating consistent and appropriate engagement with people from CALD backgrounds.

Efficient and effective funding programs promoting vibrant communities

Strategies

- Design and deliver programs and investment that:
 - create jobs and economic growth
 - support community wellbeing
 - enhance sustainability
 - build community connectedness and celebrate cultural diversity
- Manage and administer portfolio funding and grants programs
- Implement the outcomes of the local government grants review.

Performance

Key Performance Indicator	2019–20 Target	2019–20 Actual result	Target met
Cost of administering funding programs as a percentage of funding provided	<1%	0.42%	Yes
Percentage of funded local government projects completed within agreed timeframes	90%	100%	Yes

Key achievements



Local Government

In 2019–20, we:

- supported regional councils to undertake job-creating maintenance and minor infrastructure projects by delivering the third round of the Works for Queensland program including an opportunity for councils to re-purpose 2019–21 program funding to fit with high priority COVID response initiatives
- supported councils to focus on delivering infrastructure and essential services through the Local Government Grants and Subsidies Program for 2019–21
- took immediate action to support councils to deliver job-creating and job-sustaining projects by implementing the new \$200 million COVID Works for Queensland program to be delivered

during 2020–21 — a key element of The Queensland Economic Recovery Plan: Unite and Recover for Queensland Jobs

- took action to stimulate the South East Queensland economy by fast-tracking investment in job-creating new infrastructure and community assets by developing the \$50 million Unite and Recover Community Stimulus Package for 12 councils, to be delivered in 2020–21
- delivered the Grants to Local Government Model in October 2019 to finalise implementation of the Review of Grants to Local Governments: Current and Future State Assessments — streamlining administration, providing greater certainty of funding and project timeframes, aligning funding programs with council budget cycles, improving early

- stakeholder engagement and providing ongoing capacity and capability support
- developed specifications for a new eGrants system to deliver a modern, user friendly system to meet the department's needs into the future, to be completed in 2020–21
 - won the Create Jobs in a Strong Economy category in the Premier's Awards for Excellence for the Works for Queensland program which funded 511 projects and is estimated to create and support 4655 jobs across 65 councils from 2019 to 2021
 - supported councils to respond to the COVID-19 pandemic by:
 - making temporary amendments to monthly reporting and project signage requirements under local government funding programs
 - amending Works for Queensland program guidelines to allow councils

subject to Commonwealth bio-security declarations to redirect their 2019–21 Works for Queensland program funds to COVID-19 response expenses or projects

- started the second stage of the \$40 million joint State/Commonwealth Torres Strait Seawalls Program, with coastal inundation mitigation works to be delivered over the next three years to protect residents and infrastructure located on Boigu, Poruma, Masig, Warraber and Iama Islands
- continued delivering essential major environmental health projects (upgrades of drinking water, wastewater and solid waste infrastructure) in the Torres Strait Island Regional Council, Torres Shire Council and the Northern Peninsula Area Regional Council, through the \$30 million sixth stage of the Major Infrastructure Program reaching practical completion in 2020.

Racing

In 2019–20, we:

- allocated and administered \$17.6 million from the Country Racing Program to Racing Queensland to support prize money, jockey fees, superannuation and WorkCover expenses and club meeting payments including \$2.6 million for infrastructure including repairs, maintenance and asset replenishment for country race clubs, with:
 - seven race clubs across the Wide Bay-Burnett region to share in almost \$600,000
 - five race clubs across Western Queensland to share in more than \$900,000
 - three race clubs across North Queensland to share in more than \$250,000
- four race clubs in Far North Queensland to share in almost \$90,000
- 13 race clubs across the Darling Downs, Maranoa and South West Queensland regions to share in more than \$750,000
- supported the delivery of an estimated 40 full-time equivalent jobs and improved outcomes for greyhound racing including animal welfare benefits through funding from the Racing Infrastructure Fund for development of the new \$39.15 million Greater Brisbane Greyhound Centre at Purga
- continued support for the redevelopment of the Ipswich Turf Club's Bundamba Racecourse, a key infrastructure project that supports the racing industry, through an additional \$11.8 million from the Racing Infrastructure Fund

- improved animal welfare and the safety and maintenance of training facilities at the Sunshine Coast Turf Club with \$2.5 million of funding from the Racing Infrastructure Fund towards the \$7 million replacement all-weather synthetic track
- supported race clubs to off-set the cost of maintaining training facilities at their venues

through the assessment and early release of the \$2 million Training Track Subsidy Scheme

- administered and delivered other approved racing funding including:
 - \$26.37 million provided as prize money to support TAB thoroughbred racing
 - \$4 million provided for greyhound and harness racing prize money.

Multicultural Affairs

In 2019–20, we:

- promoted inter-cultural connections and inclusion through the Celebrating Multicultural Queensland (CMQ) program by providing \$1.3 million for 165 events to be delivered across Queensland, including working with funded organisations to extend or vary contracts for projects impacted by COVID-19
- supported Balonne, Bulloo and Paroo Shire Councils to deliver Regional Partnerships Demonstrations Projects, implementing strategies that strengthen welcome and inclusion in these regional areas which could lead to the attraction and retention of new arrivals, by providing each council with funding of \$100,000 per year for three years under the CMQ program
- redirected \$900,000 to a new Community Connections Support Package which includes \$283,000 in new initiatives and \$617,000 to top-up existing programs supporting vulnerable Queenslanders from diverse backgrounds impacted by COVID-19, including:
 - \$132,000 towards scaling up the I Speak Your Language multilingual telephone support program delivered by the Multicultural Communities Council Gold Coast to assist those feeling socially isolated
- \$141,000 to fund a community connector role within the Australian Red Cross to support community-based organisations to respond to evolving refugee, asylum seeker, temporary visa holder and migrant community needs
- \$10,000 for a collaboration with Griffith University's Centre for Interfaith and Cultural Dialogue to support communication across various faith communities
- \$420,000 to Community Queensland as a funding boost to respond to increased demand from people seeking asylum who are on temporary visas to expand and coordinate assistance including mental health and wellbeing support during the pandemic as part of the Asylum Seeker and Refugee Assistance program
- \$90,000 boost for providers funded through Community Action for a Multicultural Society (CAMS) for technology improvements to support the provision of online services and engagement
- under the CAMS program, extended \$2.37 million in funding contracts with 19 organisations to 30 June 2021 and provided an additional \$110,000 in one-off payments to five organisations, enabling localised and culturally appropriate responses to community needs in relation to COVID-19, with a specific focus on supporting CALD communities

- facilitated educational activities that enhance community resilience and effective communication among diverse African groups

through funding of \$10,000 provided to the Queensland African Communities Council.

An engaged and responsive workforce

Strategies

- Use resources efficiently and effectively to manage risk and deliver value for money outcomes
- Create a diverse and inclusive workplace reflective of the communities we serve
- Promote increased workforce capability, embracing a digital mindset and a culture of innovation
- Promote a healthy and safe workforce
- Harness knowledge and connectedness across the department and foster regional engagement
- Engage with internal and external stakeholders fostering collaboration and promoting best practice to develop solutions.

Performance

Key Performance Indicator	Reporting frequency	2019–20 Target	2019–20 Actual result	Target met
Improvement in employee opinion survey results	<ul style="list-style-type: none"> • Quarterly reporting on implementation of previous survey outcomes • Annual reporting of survey results 	At least an average of 75% satisfaction rating for 5 of the 10 factors by 2023	67.4%	Yes ¹
Improvement in diversity and inclusion workforce data	<ul style="list-style-type: none"> • Frequency of reporting is dependent on provision of the report from Public Service Commission (PSC) • Quarterly reporting on progress towards achieving the targets 	<p>Whole of government targets are set by PSC and are:</p> <ul style="list-style-type: none"> • Women in all SO, SES and above roles – 50% • Aboriginal and Torres Strait Islander (ATSI) people – 3% • People with disability – 3.3% • People from CALD backgrounds – 10% 	<ul style="list-style-type: none"> • Women in SO and above – 54% • ATSI – 0.5% • People with disability – 3.3% • People from CALD backgrounds – 11% 	No ²

Variance explanation:

¹ Target is an average of 75% satisfaction by 2023. Performance is measured over a four-year period (2019–2023) commencing with 63% satisfaction in 2018–19. This requires an increase of three points per year with a 4.4% increase achieved in 2019–2020, therefore the target has been achieved.

² Recruitment was limited during the year, restricting our ability to increase diversity. The Strategic Workforce Plan sets out strategies to improve this in the coming year. The PSC is reviewing the data collection coding.

Key achievements



In 2019–20, we:

- stood up the department's Crisis Management Team to manage the response to COVID-19 with actions including:
 - interim flexible working arrangements put in place to enable all staff to work from home
 - return to work arrangements began in June with the workforce returning to the office at 25 per cent capacity and plans in place to gradually increase attendance
 - mandatory awareness training on COVID-19 provided through the department's online training system, with 46 per cent completing the training by 30 June 2020
- reprioritised resources within the department to focus on and deliver COVID-19 response activities
- created three diverse teams of current and future departmental leaders to progress a Capability Uplift Program in the priority areas of leadership development, client engagement and data analytics, to identify and progress innovative projects that promote the increased use of digital tools and lift business productivity
- achieved 86 per cent staff participation in the Working for Queensland survey in 2019, providing the Executive Leadership Team with valuable feedback to identify areas of strength and improvement
- in response to the survey, improved the use of our online performance development system by establishing measures for staff performance, identifying development opportunities and recording and tracking performance development agreements, and improved workload management by better identifying divisional priorities and responsibilities and streamlining approvals and correspondence flows
- improved workload management by identifying divisional priorities and responsibilities and streamlining approvals and correspondence flows
- continued delivering the 2018–21 Inclusion and Diversity Strategic Plan
- delivered several departmental initiatives to achieve a diverse, engaged and responsive workforce that included:
 - regular all-staff forums, with the September forum held in Cairns
 - ‘town hall’ meetings held specifically in relation to the COVID-19 response to give staff an opportunity to ask questions and provide feedback
 - encouraging staff to participate in the Community Recovery Ready Reserve, NAIDOC Week, Disability Action Week, R U OK? Day and Diversity Council Australia
 - events such as morning teas, raffles and pop-up shops to raise funds for the Drought Angels, bushfire relief and domestic and family violence prevention and the Atherton Women’s Shelter
 - Public Interest Disclosure training rolled out and completed by 53 per cent of staff
- participated in AccessAbility Day for jobseekers, a government initiative that connects employers with jobseekers who have a disability, providing two workers with practical work experience
- delivered a staff health and well-being program including the Red25 blood donation program, skin checks, flu vaccination and Mental Health Week promotions including Movember Walking Stars.

Part 03

Financial performance

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Financial performance

Statement by the Chief Finance Officer

In accordance with the requirements of section 77(2)(b) of the *Financial Accountability Act 2009*, the Chief Finance Officer has provided the Director-General with a statement confirming the department's financial internal controls are operating efficiently, effectively and economically in compliance with section 54 of the Financial and Performance Management Standard 2019.

The Chief Finance Officer has therefore fulfilled the responsibilities set out in section 77(1)(b) of the *Financial Accountability Act 2009*.

Summary of financial performance

The financial summary provides an overview of the department's financial statements for the year ended 30 June 2020, which are provided in detail in Appendix 4 of this report.

The department's 2019–20 result was an operating deficit of \$56.8 million which is mainly attributed to the transfer of infrastructure assets to Indigenous councils for nil consideration.

Table 1: Financial snapshot

	2020	2019
	\$'000	\$'000
Controlled revenue	273,316	411,609
Controlled expenses	(330,101)	(419,407)
Operating results for the year	(56,785)	(7,797)
Increase in asset revaluation reserve	-	4,389
Total comprehensive income	(56,785)	(3,408)
Total assets	44,215	133,493
Total liabilities	(29,845)	(62,071)
Net assets	14,370	71,422

Source: Department of Local Government, Racing and Multicultural Affairs.

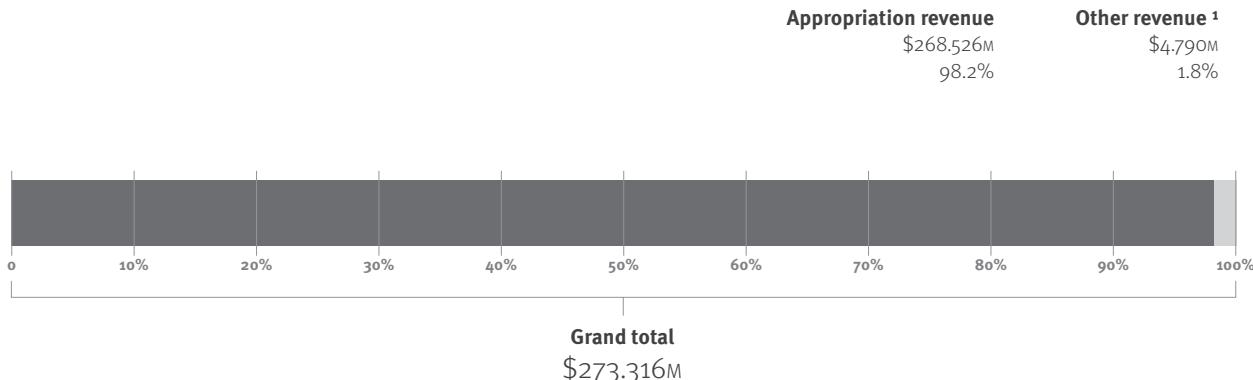
Income

The department received \$273.3 million for its operations, a decrease of \$138.3 million from the previous year, primarily due to \$100 million for the 2019–21 round of the Works for Queensland program being brought forward to 2018–19.

The decrease is partially offset by funding brought forward to 2019–20 for the Local Government Grants and Subsidies Program and the Racing Infrastructure Fund.

Appropriation revenue is the main source of income for the department at \$268.5 million (98.2 per cent of revenue).

Figure 3: Income by category for year ended 30 June 2020



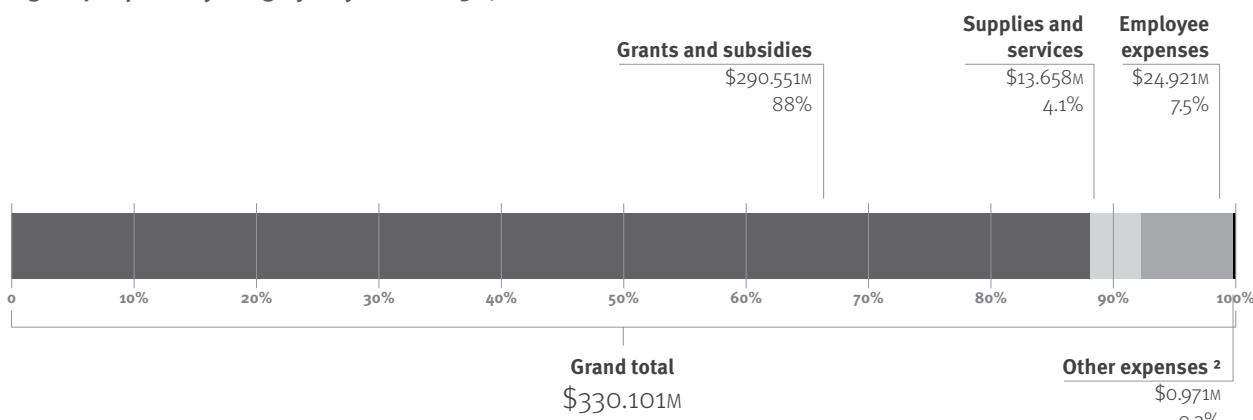
¹ Other revenue includes grants and other contributions, user charges and fees and interest revenue line items.

Expenses

Expenses from continuing operations totalled \$330.1 million for 2019–20, a decrease of \$89.3 million on the previous year, mainly due to a fluctuation of payments under the major grant programs and the transfer of infrastructure assets to Indigenous councils, which resulted in a grant expense for the department.

Grants and subsidies are the department's major expense category at \$290.6 million (88 per cent), employee expenses were \$24.9 million (7.5 per cent), followed by supplies and services which comprise \$13.7 million (4.1 per cent).

Figure 4: Expense by category for year ended 30 June 2020



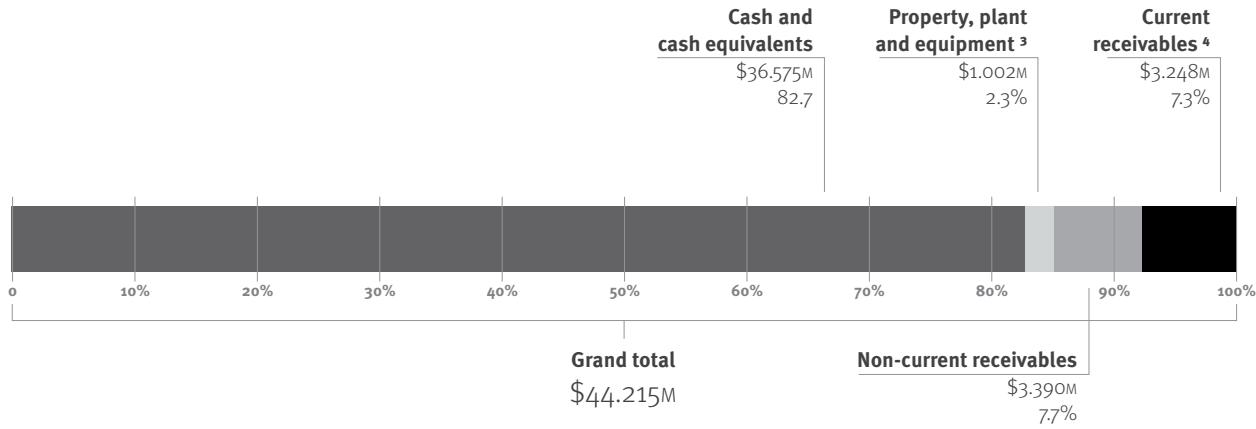
² Other expenses include the depreciation and amortisation financial statements line item.

Assets

As at 30 June 2020, the department held assets to the value of \$44.2 million, with \$36.6 million (82.7 per cent) held as cash and cash equivalents,

\$1 million as intangible assets (2.3 per cent) and the remainder as receivables.

Figure 5: Assets by category for year ended 30 June 2020

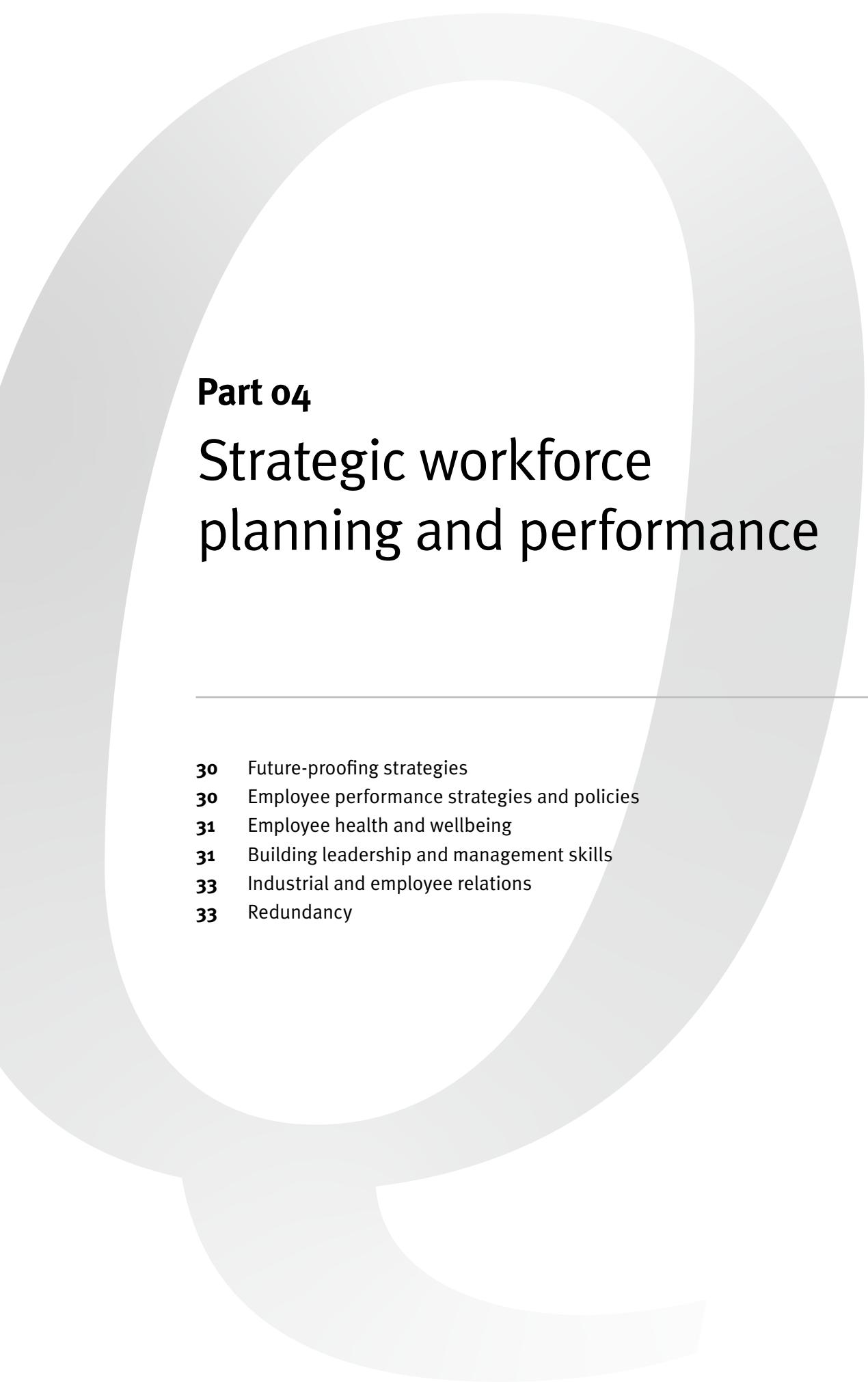


³ Property, plant and equipment includes the intangible assets line item.

⁴ Current receivables includes the other current assets financial statement line item.

Liabilities

As at 30 June 2020, the department held liabilities totalling \$29.8 million with \$29.2 million (98 per cent) relating to current payables, including \$17.1 million payable to Queensland Treasury for cash received for budgeted expenses that was unspent.



Part 04

Strategic workforce planning and performance

- 30** Future-proofing strategies
- 30** Employee performance strategies and policies
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- 31** Building leadership and management skills
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- 33** Redundancy

Strategic workforce planning and performance

The department's Strategic Workforce Plan 2019–24 sets out our goal of creating an engaged and responsive workforce that is agile and resilient. We aim to do this by:

- enhancing leadership capability
- maintaining a culture of innovation and collaboration
- supporting our workforce to be high performing and innovative.

As a department we aim to attract, recruit and retain an inclusive, diverse and capable workforce.

During the year we continued to progress the 2018–21 Inclusion and Diversity Strategic Plan and our achievements were:

- **Accountability and leadership**

Managers attended Performance Conversations through the Australian Institute of Management to improve their knowledge about leading diverse teams. Guest speakers attended Executive Leadership Team meetings to share key policy priorities.

- **Attract, develop and retain talent**

Policies and processes were revised to embed the Multicultural Queensland Charter principles. The SBS Cultural Competence program became mandatory for all employees to complete and unconscious bias training continues to be offered.

- **Become an employer of choice**

Role descriptions were reviewed to ensure non-discriminatory language and messaging. Our executives led by example in promoting flexible work arrangements for their teams.

Future-proofing strategies

The department aligns with the Public Service Commission's 10-year Human Capital Outlook by

developing transferable skills and improving capability amongst our employees, against a backdrop of increasing digitisation in the tools we use day-to-day.

Strategic actions taken include the implementation of Microsoft Teams, allowing staff to collaborate on projects and stay connected to their colleagues and attend meetings and virtual staff forums, which was especially useful during the pandemic and the shift to remote working.

Employee performance strategies and policies

Our Performance and Development Agreement framework provides a line of sight to the department's strategic objectives and an opportunity to reflect on an employee's competency and provide support for performance, development and engagement, reinforced with regular feedback and coaching conversations.

In 2019–20 we improved our online performance and development planning process. We also updated our policy, establishing clearer measures for performance as well as identifying development needs and providing more education for managers and employees. The department's induction program moved to an updated online format to further support inclusivity and ease of learning across our workplaces, with a comprehensive process including buddy support.

Twenty one staff accessed secondment or interchange arrangements outside the department in 2019–20, developing new skills and improving their networks and sharing learnings on their return.

Employee health and wellbeing

The department's health and wellbeing strategy is informed by the Public Service Commission's Be Healthy, Be Safe, Be Well framework.

We updated our policies on flexible work arrangements and telecommuting and created a safe travel policy.

Flexible work arrangements including working from home were highly successful during the COVID-19 pandemic with workforce productivity remaining stable throughout the year.

We ran five specific programs focused on health and wellbeing and participation levels were strong despite the impact of the pandemic.

Table 2: Participation in the department's employee health and wellbeing activities

Program	Year 2017–18	Year 2018–19	Year 2019–20
Employee Assistance Program (EAP)	5%	12.94%	11.58%
Online Resilience Training and Assessment	N/A	28%	24%
Flu Vaccination Program	70%	43%	42.8%
Skin Cancer Screening Program	N/A	19%	18.5%
Red25 Challenge	N/A	2.9%	9.2%

Building leadership and management skills

The sector wide LEAD4QLD program continued, with 21 employees at AO6 and AO7 levels (managers and team leaders) participating in this year's program.

The leadership capability uplift group, designed to enhance leadership capability to produce higher levels of performance, engagement and innovation and build a succession pathway for future leaders had the following objectives:

- Promote a 'one department' philosophy fostering internal collaboration
- Support alignment across the department with consistent messaging
- Participate in relevant community of practice sector networks

- Promote innovative thinking and best practice approaches to solutions
- Balance investment in transformation with business-as-usual
- Ensure accountability through fortnightly reporting to the Executive Leadership Team.

The 70:20:10 blended learning framework is the basis for developmental initiatives and capability uplift:

- 70 per cent of learning from experience, experiment and reflection
- 20 per cent from working with others and knowledge and skill transfer
- 10 per cent from formal interventions and planned learning solutions.

Workforce profile

As at 30 June 2020, the department had 173.93 full-time equivalent staff with a head count of 182. The permanent separation rate for the 2019–20 financial year was 7.27 per cent. The absenteeism rate for staff for the year ended 30 June 2020 was

4.34 per cent with the Queensland Public Sector benchmark being 4.65 per cent.

The graphs below show:

- salary levels by gender
- total number of employees by age group.

Figure 6: Number of employees by gender and annual earnings as if working fulltime as at 30 June 2020

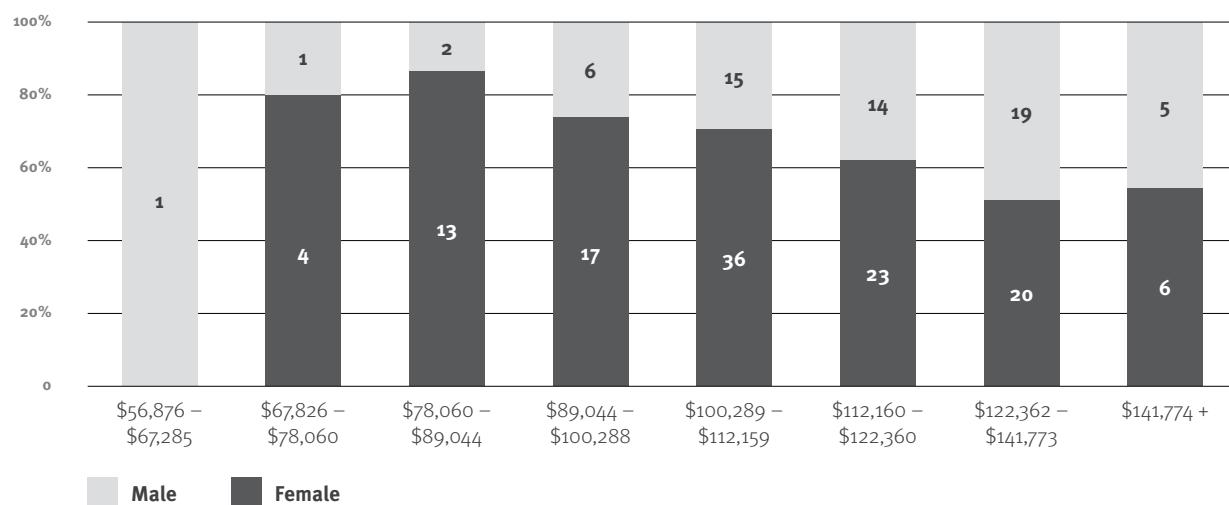
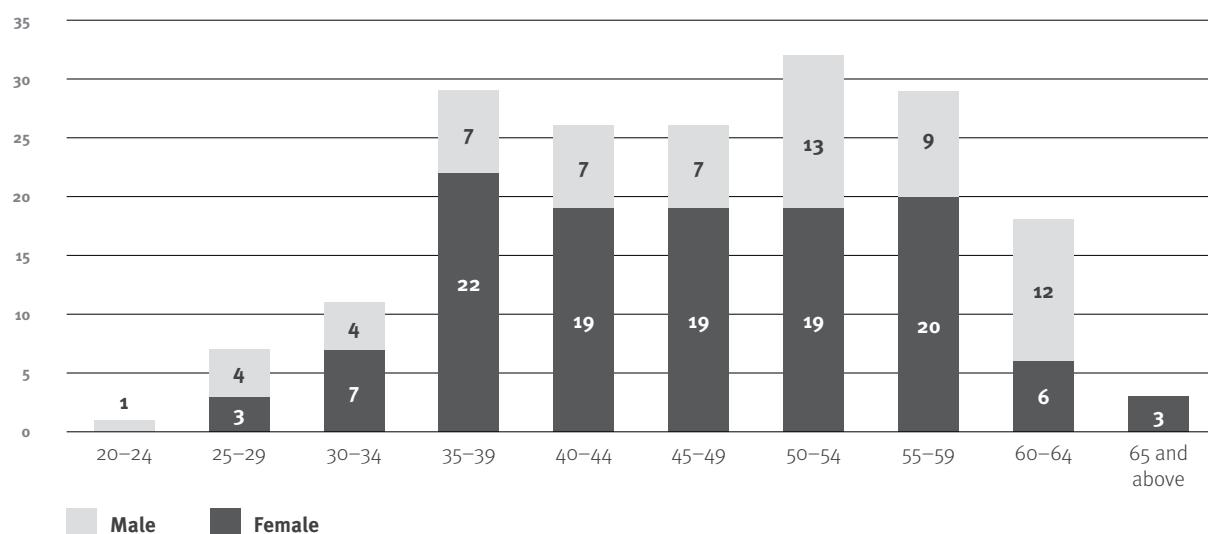


Figure 7: Number of employees by age and gender as at 30 June 2020



The department supports the Queensland Government's targets for diversity in the workforce. Our progress as at 30 June 2020 is outlined in the table below.

Table 3: Workforce diversity as at 30 June 2020

Headcount: 182							
Census return rate: 68%							
Gender split: Female 65.4% / Male 34.6%							
Measure	Suggested foundation 2022 target	Current data			Minimum target		
	%	%	n=	%	n=	n=	Gap
Total women at SES and above (incl. equivalent, S122 & chief executive officers) ¹	50	54.55%	6	50	6	6	0
Women at Senior Officer level ¹	50	51.28%	20	50	20	20	0
Aboriginal and/or Torres Strait Islander people	3	0.55%	1	3	5	5	-4
People with disability	8	3.30%	6	8	15	15	-9
Non-English-Speaking Background	10	10.99%	20	10	18	18	+2

¹ Based on salary not classification and may differ (more or less) than the measures by classification.

Industrial and employee relations

Advice and support is provided to the department's leaders and employees on workforce planning, capability development, performance management, entitlements, policies and processes. This includes intervention strategies to assist with the early resolution and management of issues.

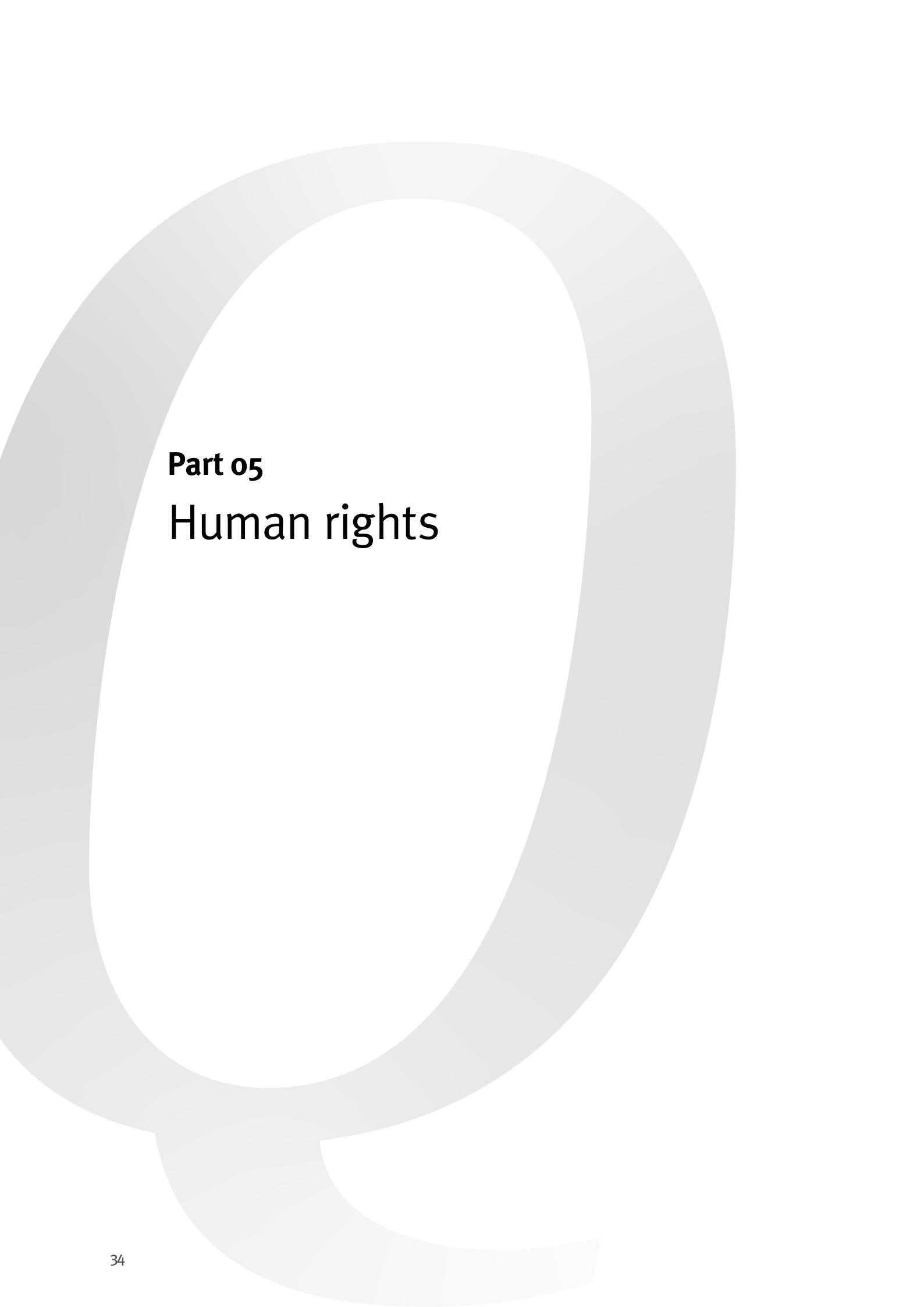
In 2019–20, continued improvement through review and revision of human resources policies and procedures and information on the department's intranet facilitated greater accessibility and increased use of the intranet for human resource related activities across the year.

Our Agency Consultative Framework continues to enable management and union representatives to meet regularly to discuss a broad range of issues impacting the workforce. The department's Consultative Committee convenes quarterly, and committee minutes are published on the department's intranet.

In 2019–20, the department was not party to any employee industrial disputes.

Redundancy

No redundancies, early retirements or retrenchment packages were paid during the year.



Part 05

Human rights

Human rights

The Human Rights Act 2019 (the Act) commenced on 1 January 2020 to:

- protect and promote human rights
- help build a culture in the Queensland public sector that respects and promotes human rights
- help promote a dialogue about the nature, meaning and scope of human rights.

Our actions to further the objects of the Act include:

- providing training to staff in key roles in the lead up to the commencement of the legislation on 1 January 2020
- providing staff with a dedicated intranet page on human rights
- updating the department's Strategic Plan 2020–24 to include a statement on human rights
- updating employee position description and performance development agreement templates to include a statement on human rights
- reviewing the legislation we administer to ensure compatibility with the Act.

During 2019–20, the department worked to ensure that our policies, legislation, practices and services were compatible with the spirit and purpose of the Act.

Legislative amendments to the Local Government Electoral (2020 Quadrennial Election) Regulation promoted protected human rights by:

- enabling the March 2020 local government elections to proceed with COVID-19 public health directives followed and social distancing observed
- promoting the right to life for councillors, committee members and the public and minimising the risk of spreading COVID-19 by allowing teleconferencing and live-broadcast meetings or closing meetings to the public which minimised the risk of spreading COVID-19.

Other initiatives undertaken to promote protect and respect human rights included:

- developing a COVID Safe Industry Plan for Places of Worship to enable Queenslanders to worship safely
- translating information about health and support services into a variety of languages
- providing a \$420,000 funding boost to the Asylum Seeker and Refugee Assistance Program for physical and mental health support services for people on temporary visas.

The department will continue to respect, protect and promote the human rights in our actions and decision-making.



Part 06

Governance

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Governance

A focus on good governance allows us to guarantee public confidence, engage our stakeholders effectively, deliver services competently and professionally and ensure the efficient and effective use of taxpayers' money.

In establishing good governance, we have embraced the principles outlined in the *Public Sector Ethics Act 1994*, which guide everyday business practices and reinforce our obligations to ethical and transparent processes and systems.

This commitment to good governance underpins our strategic planning, performance monitoring, risk and financial management processes and procedures and ensures governance is embedded in our daily work.

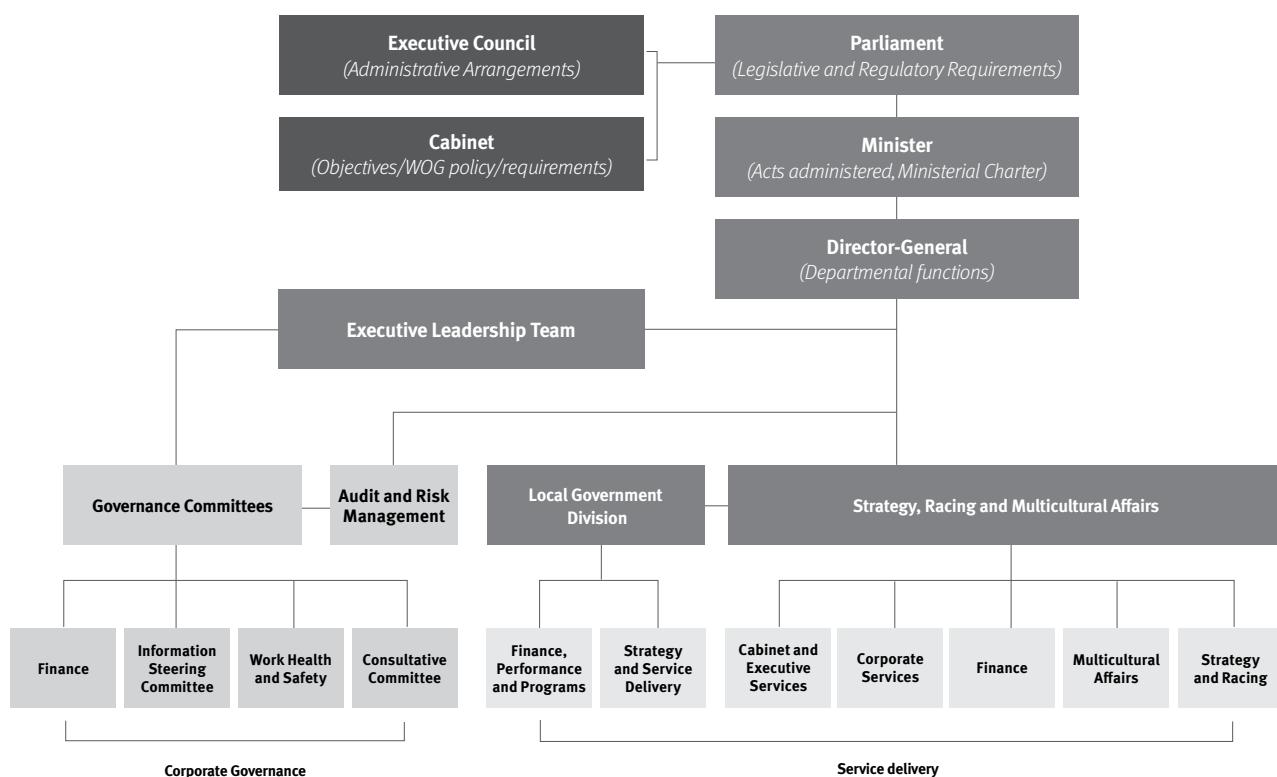
Our accountability for responsible governance is set out in the department's governance framework

which ensures we meet our obligations under the *Financial Accountability Act 2009* and *Public Sector Ethics Act 1994*.

The framework ensures we deliver our work with transparency, openness and integrity and to a high standard of ethical behaviour and is reinforced by strong leadership, a clear organisational and governance committee structure and well-defined roles, responsibilities and accountabilities. Appendix 3 details the department's governance boards and committees.

Governance framework

Figure 8: The DLGRMA governance framework as at 30 June 2020



Executive Leadership Team

Warwick Agnew – Director-General

Warwick is responsible for providing values-based leadership and management to ensure the department is responsive to community and business needs and government priorities.

Natalie Wilde – Deputy Director-General, Local Government Division (LGD)

Natalie is responsible for leading the development and implementation of strategies, policies and programs that support a sustainable local government sector.

Rebecca Atkinson – Deputy Director-General, Strategy, Racing and Multicultural Affairs (SRMA)

Rebecca is responsible for delivering responsive and robust governance and engagement strategies to the department, and oversight of the multicultural affairs and racing policy functions.

Paul Carlson – Executive Director, Corporate

Paul is responsible for overseeing legal services, human resources, contract management and service delivery of service level agreements and the Registrar Office to the Councillor Conduct Tribunal.

John Clifton – Chief Finance Officer

John is responsible for providing strategic leadership and direction for the efficient, effective and economic financial administration of the department.

Bronwyn Blagoev – Executive Director, Strategy and Service Delivery

Bronwyn is responsible for maintaining appropriate statutory and policy frameworks, developing local government strategy and policy and promoting the sustainability, integrity, capacity and performance of local government through a network of regional advisors.

Stephen Robbins – Executive Director Finance, Performance and Programs

Stephen is responsible for leading the development and administration of local government grants programs, including the monitoring of council financial performance, and the development and delivery of governance and capability programs and engineering services.

Wayne Briscoe – Executive Director, Multicultural Affairs

Wayne is responsible for the administration of the *Multicultural Recognition Act 2016* and the Queensland Multicultural Policy and Action Plan and works across Queensland Government, with Commonwealth Government agencies and community partners to drive equitable access to services and promote Queensland as a united, harmonious and inclusive community.

Kim Mahoney – Executive Director, Strategy and Racing (from 11 November 2019)

Kim is responsible for the administration of the *Racing Act 2002* and the provision of policy advice to the government relating to the long-term sustainability of the racing industry in Queensland, and leads the strategic communications and strategy and governance functions for the department.

Sarah Charlwood – Acting Executive Director, Racing Policy

Until 8 November 2019, Sarah was responsible for the administration of the *Racing Act 2002* and the provision of policy advice to the government relating to the long-term sustainability of the racing industry in Queensland.

Risk management

The department's enterprise risk management framework and strategy was approved by the Director-General in July 2019.

The framework provides an overarching structure for the risk management function and ensures our processes and systems are consistent with good governance principles.

All staff are responsible for managing risk, with managers and executive staff responsible for implementing risk treatments in line with the department's risk appetite.

During 2019–20, we continued to develop the maturity of the enterprise risk management framework, processes and systems, integrating risk management into our strategic and operational planning and project and program management. Internal audit planning is informed by the department's risk register.

Audit and Risk Management Committee

The Audit and Risk Management Committee was established pursuant to the Financial and Performance Management Standard 2019 (the Standard).

The committee's objective is to provide independent assurance and advice to the Director-General on the department's:

- risk management, control and compliance frameworks
- external accountability responsibilities as prescribed in legislation and standards.

The Audit and Risk Management Committee Charter establishes the authority and responsibilities of the committee and was prepared with reference to:

- relevant provisions of the *Financial Accountability Act 2009* (the Act) and the Standard
- Queensland Treasury Audit Committee Guidelines – Improving Accountability and Performance
- better practice guidance issued by the Institute of Internal Auditors, Australian Accounting Standards Board, Australian Institute of Company Directors and Australian National Audit Office including Audit Committees A Guide to Good Practice 3rd Ed.

The Audit and Risk Management Committee met on four occasions during 2019–20. Membership of the Audit and Risk Management Committee and remuneration (where applicable) in 2019–20 was:

- Karen Smith-Pomeroy – Chair and external member (appointed Chair 8 October 2018, previously external member). Remuneration: \$6822 (GST exclusive)
- Ian Rodin – external member (appointed 8 October 2018). Remuneration: \$8415 (GST exclusive)
- Natalie Wilde, Deputy Director-General, Local Government Division, internal member (appointed 8 October 2018)
- Rebecca Atkinson, Deputy Director-General, Strategy, Racing and Multicultural Affairs, internal member (appointed 13 August 2019).

Key achievements for the Audit and Risk Management Committee during 2019–20 included:

- reviewing and endorsing the department's annual report for the year ended 30 June 2020
- reviewing and endorsing the department's financial statements for the year ended 30 June 2020
- reviewing and endorsing the department's Internal Audit Strategic Plan 2020–23 and Annual Audit Plan 2020–21
- endorsing the Audit and Risk Management Committee Charter and the Internal Audit Charter for 2020–21
- endorsing the annual Queensland Government Enterprise Architecture Information Security Policy (IS18:2018) return for the year ended 30 June 2019
- receiving regular reports on Internal Audit activities, including audits and reviews completed as part of the Internal Audit Annual Audit Plans 2018–19 and 2019–20
- reviewing and considering the Queensland Audit Office (QAO) Strategic Audit Plan and the QAO Client Strategy for the department
- considering the scheduling, status, findings and audit recommendations of QAO financial and performance audits relevant to the department
- receiving regular reports on the implementation status of internal and external audit recommendations

- receiving regular trend and statistical reports on issues arising relating to ethics, and any fraud and corruption matters
- enhancing management's oversight of risk management and receiving regular reports on the department's risk status.

The Audit and Risk Management Committee considers it has observed the terms of its Charter and has had due regard to Queensland Treasury Audit Committee Guidelines: Improving Accountability and Performance.

Internal Audit

Pursuant to section 24(1) of the Financial and Performance Management Standard 2019 (the Standard), the department has established an independent internal audit function which provides independent and objective advice to the Director-General.

Through its assurance activities, Internal Audit aids the Director-General in the discharge of his functions and duties under the relevant provisions of the *Financial Accountability Act 2009* (the Act) and the Standard.

Internal Audit provides independent, objective assurance and consulting activity designed to add value and improve the department's operations and achieve its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

Internal Audit operates under an approved charter that sets the purpose, authority and responsibilities of the department's internal audit function which has been prepared with reference to:

- the relevant provisions of the Act and the Standard
- the Institute of Internal Auditors International Professional Practice Framework
- the Queensland Treasury Audit Committee Guidelines: Improving Accountability and Performance
- better practice guidance issued by the Australian National Audit Office.

The scope of Internal Audit coverage for 2019–20 was set out in the approved Internal Audit Strategic Plan 2019–22 and Annual Audit Plan 2019–20. This plan followed a risk-based methodology, balancing emerging issues against core business reviews and transactional processes. Audit areas were identified based on consultation and assurance mapping relative to risk.

In 2019–20, Internal Audit delivered seven reviews across a broad range of risk areas including governance arrangements, financial controls, grant administration, information security management and program and project management controls.

Internal Audit also delivers ongoing support to various governance activities and provides advice on emerging risk issues or on request of management. Additional governance and controls support in 2019–20 included:

- attending ICT project governance boards as advisor
- attending Information Steering Committee meetings as observer
- site visit with key stakeholders to CITEC Secure Operations Centre
- governance advice for decisions on various grant programs and activities
- providing management self-assessment tools to understand control impacts of COVID-19 response
- providing secretariat function for Audit and Risk Management Committee meetings.

External scrutiny

In addition to an annual audit of the department's financial statements, the Auditor-General conducted performance audits and whole-of-government audits in accordance with the Queensland Audit Office Strategic Audit Plan.

Queensland Audit Office

Queensland Audit Office audit reports tabled in the Legislative Assembly in 2019–20 directly applicable to the department included:

- Auditor-General of Queensland: Report to Parliament 2: 2019–20 — Managing the sustainability of local government services — tabled in Parliament 25 September 2019

Recommendations

The QAO recommended that the department supports councils to develop:

- models, benchmarks, and tools that are scalable for differently sized councils to allocate their corporate overheads to their services. The department could, where appropriate, provide examples (templates), access to technical expertise and facilitate the development of tools for groups of councils
- a set of measures of effectiveness and efficiency to help councils monitor the performance of their services. The department could develop a set of standard measures of councils' common services for reference. It could also facilitate groups of similar councils to share existing resources or coordinate the development of new resources in partnership with existing council networks.

Response

After initial discussions and stakeholder consultation a project was established to better understand stakeholder requirements and the potential outcomes of implementing the recommendations, to make a plan to deliver the project within all stakeholders' existing operational and resource constraints and provide updated guidance and support to councils in these areas.

- Auditor-General of Queensland: Report to Parliament 3: 2019–20 — Managing cyber security risks — tabled in Parliament 1 October 2019
- Auditor-General of Queensland: Report to Parliament 11: 2019–20 — Queensland Government state finances: 2018–19 results of financial audit — tabled in Parliament 11 February 2020.

Recommendations

The QAO recommended that the department:

- make changes to the *Local Government Act 2009* to require all councils to have audit committees and all audit committee chairs to be independent
- reviews the current sustainability ratios to determine if they are the most relevant and effective ratios for measuring the financial sustainability of councils and if supplementing them with additional ratios would provide a more comprehensive assessment

- continues to progress our previous recommendation to have entities controlled by councils make their financial statements publicly available.

Response

With respect to the first recommendation, changes to the *Local Government Act 2009* to mandate audit committees and require all committees to have independent chairs are not being progressed at this time. The department is considering options to address the other two recommendations.

Other QAO audit reports considered by the department:

- Auditor-General of Queensland: Report to Parliament 3: 2019–20 — Managing cyber security risks — tabled in Parliament 1 October 2019
- Auditor-General of Queensland: Report to Parliament 11: 2019–20 — Queensland Government state finances: 2018–19 results of financial audit — tabled in Parliament 11 February 2020.

Crime and Corruption Commission

The Crime and Corruption Commission Report: Operation Yabber — An investigation into allegations relating to Gold Coast City Council was tabled in January 2020 with the following recommendations addressed to the department:

- **Recommendation 1**
The Crime and Corruption Commission recommends that the department reviews the operation of section 170 and progresses amendments to ensure that section 170 directions cannot be used to undermine efforts of chief executive officers to carry out their responsibilities under the *Local Government Act 2009* and ensure that sound governance policies and procedures are observed and that the employees of their local government authority behave ethically and in the best interests of the authority.
- **Recommendation 2**
That amendments be made to the proposed sections 170AA and 197C of the *Local Government Act 2009* to impose further requirements relating to the guidelines and code of conduct.

Response

The department:

- reviewed and amended section 170 of the *Local Government Act 2009* and section 170 of the *City of Brisbane Act 2010* with amendments contained in the *Electoral and Other Legislation (Accountability, Integrity and Other Legislation) Amendment Act 2020* to commence on 12 October 2020
- amended the Councillor Code of Conduct to provide further information on the power of the mayor to direct the chief executive officer; and in the case of Brisbane City Council, for the mayor to also direct senior executive employees
- developed a Councillor Advisor Code of Conduct which contains communication protocols between councillor advisors and Local Government employees and guidance for councillor advisors about managing conflicts of interest
- amended the Councillor Code of Conduct to include a provision about councillors ensuring their advisors are aware of the obligations under the Councillor Advisor Code of Conduct relevant to the recommendations raised in the report.

Ethics

Under the *Public Sector Ethics Act 1994*, the department's Ethics and Integrity Framework ensures systems, policies, procedures and resources are in place to provide assurance that our activities are conducted in an ethical, accountable and transparent manner.

To support the framework and drive a culture of transparency and accountability, specialist ethics advice and services are undertaken to:

- manage customer, employee, privacy and human rights complaints, and complaints related to corrupt conduct
- coordinate public interest disclosures
- register declarations of interest and advice on management of conflicts of interest
- advice and review of gifts and benefits
- register and advise on contact with lobbyists
- assess and manage fraud and corruption risk.

Our employees uphold the Code of Conduct for the Queensland Public Service and receive regular training on the code. New employees receive information about the Code of Conduct at induction and all are required to complete online Code of Conduct and ethical decision-making training annually.

In 2019–20, employees were also required to complete public interest disclosure training — a general course about reporting wrongdoing and a supplementary course for supervisors and managers about their obligations.

The Ethics unit in the Department of State Development, Tourism and Innovation provides tailored information sessions and advice on management of alleged breaches of the Code of Conduct.

The Director — Ethics is also the Crime and Corruption Liaison Officer for matters involving departmental employees.

Complaints

In 2019–20, the department received three customer complaints, all responded to within the defined service standard of 15 working days, and two resulting in further action.

Following the implementation of the *Human Rights Act 2019*, one human rights complaint was received by the department for the period 1 January to 30 June 2020, with no further action deemed necessary.

Information systems and recordkeeping

The department continues to focus on recordkeeping best practice by ensuring compliance with the *Public Records Act 2002*, *Public Service Act 2008* and whole-of-government records governance and information security policies, ensuring that critical information assets are managed throughout their lifecycle from creation to disposal.

In 2019–20 we continued to develop digital technologies within our existing Microsoft Office 365 suite of tools, enabling us to pivot to new ways of communicating that support remote working and information sharing and allow us to be responsive to business needs and environmental changes.

We maintain our digital records using an established electronic documents and records management system. We create and manage records within the system that provide evidence of open, accountable and transparent decision-making and good business processes.

Documents are security-classified according to the requirements of our Information Security Policy, and during the year there were no serious security breaches. The department also uses whole-of-government systems for finance and human resource management.

All new business systems are appraised through established programs to assess whether they comply with our digital recordkeeping and information security requirements. Recordkeeping recommendations are also provided and addressed in the decommissioning of business systems.

The department continues to improve information security practices through the implementation of an Information Security Management System designed in accordance with ISO 27001: 2013 (ISO 27001) Information Security Standard and the Queensland Government Information Security Policy IS18: 2018. This provides a structured and systematic approach to securely protect the department's sensitive information against unauthorised access, alteration, disclosure or misuse.

The retention and disposal of the department's records are covered by several approved retention and disposal schedules and processes for disposing of records.

Paper recordkeeping has declined, and the number of records transferred to off-site storage has been reduced through a 'Born Digital, Stay Digital' approach. Off-site holdings continue to be assigned review periods to identify and assess records eligible for disposal.

As a commitment to embedding best practice recordkeeping and information security management practices across the department, mandatory staff training in recordkeeping and information security is in place to ensure awareness about their role in protecting the department's business information.

Part 07

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Appendix 1

Legislation

The Department of Local Government, Racing and Multicultural Affairs administers the following portfolio legislation from which its functions and powers are derived:

City of Brisbane Act 2010 — Is specific to Brisbane City Council and provides for the way in which the Brisbane City Council is constituted and the unique nature and extent of its responsibilities and powers and a system of local government in Brisbane that is accountable, effective, efficient and sustainable. *The City of Brisbane Act 2010* aligns with the *Local Government Act 2009* where appropriate.

Local Government Act 2009 — Provides a legal framework for a system of local government in Queensland that is accountable, effective, efficient and sustainable as well as for the way in which a local government is constituted and the nature and extent of its responsibilities and powers. It ensures that the local government jurisdiction is sufficiently recognised to support each local government to take responsibility for the good rule and governance of its area.

Local Government Electoral Act 2011 — Provides for the transparent management and conduct of elections of Queensland local government councillors.

Multicultural Recognition Act 2016 — Establishes the Multicultural Queensland Advisory Council, introduces the Multicultural Queensland Charter and provides for a Multicultural Policy and Action Plan. The Act also requires chief executives of government entities to ensure employees are aware of the Multicultural Charter, the Multicultural Policy and Action Plan and how those documents apply to the work of their employees. Employees of government entities must consider the Multicultural Charter when developing policies or providing services of the entity.

Racing Act 2002 — The department is one of two Queensland Government departments responsible for the oversight of legislation which enables the operation of the racing industry in Queensland and has administrative oversight of Racing Queensland.

Aboriginal and Torres Strait Islander Communities (Justice, Land and Other Matters) Act 1984 (Part 9, Div 2 and Part 10) — The department continues to be responsible for transitional provisions for any local law making process that was started but not finished at the time the *Community Services (Aborigines) Act 1984* was replaced (Part 9, Div 2), and transitional provisions for the continued appointment of police officers, members of certain boards and community groups under the *Local Government and Other Legislation (Indigenous Regional Councils) Amendment Act 2007* (Part 10).

Local Government (Dissolution of Ipswich City Council) Act 2018 — This Act was passed in 2018 to dissolve Ipswich City Council until such time as a new local government was elected. The Queensland local government quadrennial elections were held on 28 March 2020 and Ipswich City Council is now represented by a mayor and eight councillors. This Act will expire on 30 June 2021.

Appendix 2

Service performance

Local Government

Service area objective

Provide high quality and timely administration of both the local government system and local government funding programs

Service area description

In achieving its objective, the service area:

- administers the *Local Government Act 2009*, the *City of Brisbane Act 2010*, the *Local Government Electoral Act 2011* and the *Aboriginal and Torres Strait Islander Communities (Justice, Land and Other Matters) Act 1984* (Part 9, Div 2 and Part 10), providing a strategic policy and legislative framework for local government in Queensland
- administers local government funding programs, including the assessment and evaluation of funding submissions, supporting councils to deliver vital services and essential infrastructure in their communities
- develops and delivers targeted and high-quality capacity building resources, training and solutions for councils to underpin strong and responsive local government for Queensland
- assists local governments to identify opportunities for inter-council collaboration to build capacity and create efficiencies
- supports local governments to build their integrity, governance and financial sustainability.

Services

Administration of the local government system

Administration of funding programs

Local Government	2019–20 Target/Est	2019–20 Actual	Result
Service: Administration of the local government system			
Service standards			
<i>Effectiveness measure</i>			
Level of satisfaction of local governments (mayors and chief executive officers) with the effectiveness, timeliness and quality of advice, services and support provided by the department ¹	85%	90%	✓
<i>Efficiency measure</i>			
Cost of capacity building per local government ²	\$35,300	\$42,900	✗
Service: Administration of funding programs			
Service standards			
<i>Effectiveness measure</i>			
Level of satisfaction of local governments (mayors and chief executive officers) with the administration of local government funding programs ³	85%	90%	✓
<i>Efficiency measure</i>			
Administration costs as a percentage of all funding distributed ⁴	<0.65%	0.36%	✓

Notes:

¹ This service standard measures overall satisfaction with services and support provided to local governments considering timeliness, quality and effectiveness. The data is collected through an annual survey of local governments' mayors and chief executive officers.

² This service standard measures average cost of capacity building per local government. Costs used in the calculation include number of full-time equivalent positions delivering the capacity building programs, provision of external facilitators and non-labour costs of venue hire, equipment hire, travel, catering, allowances and accommodation. The variance between the 2019–20 target estimate and the 2019–20 actual is due to the provision of additional training and the delivery of online resources to support the ongoing implementation of recommendations from the Crime and Corruption Commission report – *Operation Belcarra: A blueprint for integrity and addressing corruption risk in local government* – and the provision of induction training for newly elected local government councillors following the 2020 local government elections.

³ This service standard measures overall satisfaction with administration of local government funding programs. The data is collected through an annual survey of local governments' mayors and chief executive officers.

⁴ Total administration costs include labour and related costs and are expressed as a percentage of the total value of local government funding programs distributed. The variance between the 2019–20 target estimate and the 2019–20 actual is due to introduction of more efficient funding administration processes.

Racing

Service area objective

Administer the *Racing Act 2002* and manage programs that support a viable, prosperous racing industry in Queensland.

Service area description

The service area:

- provides policy advice to government on the administration of the *Racing Act 2002* and matters relevant to the commercial operation and sustainability of the racing industry

- administers programs related to the provision of Queensland Government funding to the racing industry.

Racing	2019–20 Target/Est	2019–20 Actual	Result
Service standards			
<i>Effectiveness measure</i> Percentage of country race meetings in the approved schedule that are conducted ^{1 2}	95%	76%	✗
<i>Efficiency measure</i> Average cost per hour of policy advice and support ³	\$98	\$84	✓

Notes:

¹ The Country Racing Program (CRP) is administered by the department and supports the continued provision of country race meetings. Under the CRP Grant Deed, Racing Queensland provides a race meeting schedule to the department in April each year, for the following financial year. The service standard reports on the proportion of scheduled race meetings held and is considered a measure of the effectiveness of the department in delivering ongoing funding support for country race events across the state. In 2019–20 funding from the CRP enabled Racing Queensland to attain the targeted 95% delivery of scheduled country racing meetings until the end of March 2020. The end of year result was impacted by the COVID 19 pandemic in the final quarter of the year.

² The variance between the 2019–20 target and actual is due to the impact of the COVID-19 pandemic resulting in a reduced number of scheduled race meetings being held in 2019–20.

³ This service standard measures the average cost per hour for the provision of policy advice and support related to racing. Costs are based on the number of full-time equivalent positions providing racing related policy advice and support. A staff vacancy for part of the year resulted in the variance between the 2019–20 target estimate and the 2019–20 actual result.

Multicultural Affairs

Service area objective

Promote Queensland as a unified, harmonious and inclusive community.

Service area description

The service area:

- leads the implementation of the *Multicultural Recognition Act 2016* and the Queensland Multicultural Policy and Action Plan
- promotes the principles of the Multicultural Queensland Charter across all levels of government, business and the community
- leads strategies to improve access and opportunities for people from culturally and linguistically diverse backgrounds

- invests in community events that celebrate and promote Queensland's multiculturalism and intercultural connections
- invests in projects that support pathways to participation, particularly for migrants and refugees
- invests in programs that facilitate social connectedness across and between groups.

Multicultural Affairs	2019–20 Target/Est	2019–20 Actual	Result
Service standards			
<i>Effectiveness measure</i>			
Number of people attending events funded by Multicultural Affairs ^{1 2}	1 million	677,844 ³	✗
<i>Efficiency measure</i>			
Average cost per hour of policy advice and support ⁴	\$68	\$66	✓

Notes:

¹ The attendance count at funded events is a key proxy measure of inter-cultural connections, respect for and valuing of diversity within communities. Attendance at events is estimated through funding proposals and acquittal reports submitted by organisations funded under the *Celebrating Multicultural Queensland* (CMQ) grants program.

² The 2019–20 actual has been collated by counting the total number of attendances as reported in event funding acquittals and the attendance numbers as anticipated by event organisers who are yet to submit acquittal reports.

³ The variance between the 2019–20 target and the 2019–20 actual was largely due to the impact of the COVID-19 pandemic. For example 61 events with total anticipated attendance of 502,210 have been postponed to a later date in 2020–21 or beyond.

⁴ This service standard informs on the total cost per hour for the provision of policy advice and support. The calculation methodology applied to determine the average cost per hour is the total cost of budgeted FTEs per financial year divided by the total of cumulative recurrent standard hours per financial year.

Independent Assessor

Service area objective

Enhance the integrity and sustainability of the local government system by administering the councillor complaints framework.

Service area description

The Office of the Independent Assessor (OIA) was established on 3 December 2018 as part of a wider reform designed to streamline and simplify the councillor complaints framework. The service area:

- undertakes the initial assessment of all complaints about councillor conduct
- investigates misconduct complaints against local government mayors and councillors and where appropriate, prosecutes those complaints in the Councillor Complaints Conduct Tribunal and the Magistrates Court
- works with local governments to improve integrity and reduce instances of inappropriate conduct, misconduct and corrupt conduct.

Service Standards

Service Standards for the OIA have not been included in the 2019–20 Service Delivery Statement as it was the first year of operation.

Service area achievements

In 2019–20 the Independent Assessor:

- designed and implemented a new case management software system resulting in improved efficiency and enhanced complaints management processes across all aspects of work undertaken
- utilised complaints and investigations data to identify recurring misconduct risks and worked with stakeholders to strengthen capacity, accountabilities and ethical practice.

Appendix 3

Governance committees

The department has a well-designed group of key governance committees responsible for high level direction and control. Included are the Executive Leadership Team (ELT) and committees to manage and oversee finance, work health and safety, audit and risk, information and consultation. The objectives, roles and powers of each committee is set out in the following table.

Committee	Membership	Purpose and role
Executive Leadership Team (ELT)	Director-General (Chair) Deputy Director-General, Strategy, Racing and Multicultural Affairs Deputy Director-General, Local Government Division Executive Director, Multicultural Affairs Executive Director, Corporate Executive Director, Strategy & Racing Executive Director, Strategy and Service Delivery Executive Director, Finance, Performance and Programs Chief Finance Officer Secretariat-Director, Office of the Director-General.	Governed by its Charter, the ELT supports the Director-General in complying with his corporate governance responsibilities by providing advice and information on policy, strategy, goals and performance as well as any emerging risks, issues and opportunities. ELT meets weekly and the Director-General approves recommendations made by the ELT and any established ELT sub-committees.
Finance Committee	Director-General (Chair) Deputy Director-General, Strategy, Racing and Multicultural Affairs Deputy Director-General, Local Government Division All members of ELT are also members of the Finance Committee.	The Finance Committee assists the Director-General in the management of the department's finances, through the provision of advice and direction to deliver departmental services in the most efficient, effective and economical manner. The Committee meets quarterly.
Audit and Risk Management Committee (ARMC)	Deputy Director-General, Strategy, Racing and Multicultural Affairs Deputy Director-General, Local Government Division 2 external members The Committee Chair is an external member.	The ARMC is established pursuant to the Financial and Performance Management Standard 2009. The committee meets at least four times each year and provides independent assurance and assistance to the Director-General on the risks, control and compliance frameworks of the department and external accountability responsibilities as prescribed in legislation and standards.

Committee	Membership	Purpose and role
Information Steering Committee (ISC)	<p>Deputy Director-General, Strategy, Racing and Multicultural Affairs (Chair)</p> <p>Deputy Director-General, Local Government Division</p> <p>Executive Director, Multicultural Affairs (until February 2020)</p> <p>Executive Director, Corporate</p> <p>Chief Finance Officer</p> <p>Chief Information Officer, Department of State Development, Tourism and Innovation</p> <p>Director, Strategic Communications.</p>	<p>The purpose of the ISC is to provide strategic management of information and technology resources to ensure that new investments support the department's strategic plan, and security oversight.</p> <p>The ISC meets quarterly or as otherwise determined by the Chair.</p>
Work Health and Safety (WHS)	<p>Membership of the Work Health and Safety (WHS) Committee is established in accordance with the <i>Work Health and Safety Act 2011</i>.</p> <p>The Committee is comprised of:</p> <ul style="list-style-type: none"> • Director, Human Resources (Chair) • Executive Director, Corporate • Two employee representatives. 	<p>The WHS Committee's role is to:</p> <ul style="list-style-type: none"> • identify risks and solutions and make recommendations on work health and safety • assist in developing standards, policies, procedures and training programs • promote best practice and continuous improvement approaches • facilitate cooperation between the Director-General and employees regarding health and safety issues through an agreed action plan.
Consultative Committee	<p>The parties to the Consultative Committee are Department of Local Government, Racing and Multicultural Affairs and the Together Queensland Industrial Union of Employees.</p>	<p>The committee is the consultative body for the union and management created pursuant to Part 9 of the State Government Entities Certified Agreement 2015 and provides a forum for a collaborative approach to employee relations in the department. The committee considers:</p> <ul style="list-style-type: none"> • workload management • organisational change & restructuring • training • union encouragement • work-life balance • organisational matters including workforce management policies. <p>The committee meets quarterly.</p>

Boards and committees

Councillor Conduct Tribunal

Title	Description
Act or instrument	<i>Local Government Act 2009</i>
Functions	<p>The functions of the Tribunal are to:</p> <ul style="list-style-type: none"> hear and decide complaints of misconduct and connected inappropriate conduct by councillors as referred by the Office of the Independent Assessor investigate the suspected inappropriate conduct of a councillor referred to the local government, by the assessor and to be dealt with by the local government make recommendations to the local government about dealing with the conduct.
Achievements	<ul style="list-style-type: none"> 6 new members appointed to the Tribunal on 20 February 2020 until 31 October 2023 Finalised 15 alleged misconduct applications made to the Tribunal by the Office of the Independent Assessor Investigated and reported to the local government on three inappropriate conduct referrals.
Financial reporting	Transactions of the Tribunal are accounted for in the financial statements of the Department.

Remuneration					
Position	Name	Meetings/sessions attendance	Approved annual, sessional or daily fee	Approved sub-committee fees if applicable	Actual fees received
President	June Anstee ¹	124	\$325 per 4 hour block or part thereof	N/A	\$40,500
Casual Member	Avelina Tarago ²	56	\$250 per 4 hour block or part thereof	N/A	\$14,050
Casual Member	Jane Bishop		\$250 per 4 hour block or part thereof	N/A	Nil
Casual Member	David Gill ³	12	\$250 per 4 hour block or part thereof	N/A	\$3000
Casual Member	Gail Hartridge ^{3,4}	102	\$250 per 4 hour block or part thereof	N/A	\$25,695
President	John Boyd ^{3,4}	79	\$325 per 4 hour block or part thereof	N/A	\$25,675
Casual Member	Rodney Metcalfe ³	60	\$250 per 4 hour block or part thereof	N/A	\$15,000
Casual Member	Susan Johnson ³	56	\$250 per 4 hour block or part thereof	N/A	\$14,075
President	Peter Lyons ^{3,4}	13	\$325 per 4 hour block or part thereof	N/A	\$4225

Remuneration					
Position	Name	Meetings/sessions attendance	Approved annual, sessional or daily fee	Approved sub-committee fees if applicable	Actual fees received
Casual Member	Jane Stuckey		\$250 per 4 hour block or part thereof	N/A	Nil
Casual Member	Brendan Walker-Munro	2	\$250 per 4 hour block or part thereof	N/A	\$500
Casual Member	Timothy Ryan		\$250 per 4 hour block or part thereof	N/A	Nil
Casual Member	Sally Robb		\$250 per 4 hour block or part thereof	N/A	Nil
No. scheduled meetings/sessions	2 induction sessions. Meetings/sessions included hearings, preliminary hearings, reading, research, writing decisions and are conducted as and when required.				
Total out of pocket expenses	\$45				

1 June Anstee was appointed as president of the Tribunal on 20 February 2020.

2 Avelina Tarago was appointed as a member of the Tribunal in 2019–20.

3 This member resigned from the Tribunal in 2019–20.

4 This member served as president of the Tribunal during 2020.

Local Government Grants Commission

Title	Description
Act or instrument	Sections 228–233 of the <i>Local Government Act 2009</i> ; Sections 308–311 Local Government Regulation 2012
Functions	The Local Government Grants Commission provides recommendations to the Minister responsible for local government in Queensland on the distribution of the Commonwealth Government's Financial Assistance Grant to all local governing bodies within the state. This must be done in accordance with the requirements of the <i>Commonwealth Local Government (Financial Assistance) Act 1995</i> and the National Principles prescribed under the Act.
Achievements	Finalised the recommendations to the Minister of the 2019–20 Financial Assistance Grant. Formed a policy position on the 2020–21 Financial Assistance Grant. Held deputations with four councils and the Torres Cape Indigenous Council Alliance, representing 13 Far Northern Councils, during the Local Government Association of Queensland State Conference in October 2019 and held a dedicated hearing with the Yarrabah Aboriginal Shire Council. On 7 and 8 October 2019, the National Forum of Grants Commissions was hosted by Queensland at Rydges Southbank in Brisbane. The forum was opened by the Honourable Stirling Hinchliffe MP, Minister for Local Government, Minister for Racing and Minister for Multicultural Affairs and the Honourable Mark Coulton MP, Minister for Regional Services and Local Government Decentralisation, Assistant Trade and Investment Minister. All states and the Northern Territory were represented, in addition to representatives from the Commonwealth Grants Commission and the Commonwealth Department of Infrastructure, Transport, Cities and Regional Development.
Financial reporting	Under the <i>Commonwealth Local Government (Financial Assistance) Act 1995</i> section 15(b), the State Treasurer must provide the Commonwealth Minister with a schedule of Financial Assistance Grant payments (amounts and dates) that has been certified by the State Auditor-General. This is to be provided as soon as practicable after 30 June each year. Funding for the operations of the Commission, including secretariat staff, is provided by the department.

Remuneration					
Position	Name	Meetings/sessions attendance	Approved annual, sessional or daily fee	Approved sub-committee fees if applicable	Actual fees received
Chair	Paul Bell AM	4 formal meetings 1 dedicated meeting with a council LGAQ Conference, including five deputations National Forum of Grants Commissions (as hosts)	\$10,000	N/A	\$10,000
Deputy Chair	Natalie Wilde	4 formal meetings 1 dedicated meeting with a council LGAQ Conference, including five deputations National Forum of Grants Commissions (as hosts)	\$0 (as Ms Wilde is a departmental employee)	N/A	\$0
Member	Deidre Comerford	4 formal meetings 1 dedicated meeting with a council LGAQ Conference, including five deputations National Forum of Grants Commissions (as hosts)	\$6000	N/A	\$6000
Member	Jo Sheppard	4 formal meetings 1 dedicated meeting with a council LGAQ Conference, including five deputations National Forum of Grants Commissions (as hosts)	\$6000	N/A	\$6000
Member	Janelle Menzies	4 formal meetings 1 dedicated meeting with a council LGAQ Conference, including five deputations National Forum of Grants Commissions (as hosts)	\$0	N/A	\$0
Member	Cr Les Walker	4 formal meetings 1 dedicated meeting with a council LGAQ Conference, including five deputations National Forum of Grants Commissions (as hosts)	\$6000	N/A	\$6000
No. scheduled meetings/ sessions	7 meetings inclusive of the LGAQ Conference, National Forum and a single council meeting.				
Total out of pocket expenses	\$3788				

Local Government Remuneration Commission

Title	Description
Act or instrument	<i>Local Government Act 2009</i>
Functions	<p>The functions of the Commission are:</p> <ul style="list-style-type: none"> • to establish the categories of local governments • to decide the category to which each local government belongs • to decide the maximum amount of remuneration payable to the councillors in each of the categories • another function related to the remuneration of councillors directed, in writing, by the Minister.
Achievements	<ul style="list-style-type: none"> • The inaugural meeting of the Commission was held 10 October 2019 • Attended LGAQ Conference 14–16 October 2019 and met with 6 councils • Made determinations on submissions from councils as well as referred matters from the previous Local Government Remuneration and Discipline Tribunal • Reviewed and decided the remuneration categories of Queensland local governments (excluding Brisbane City Council) by 29 November 2019 • Gazetted the Remuneration Schedule and published the 2019 annual report on 13 December 2019.
Financial reporting	Transactions of the Commission are accounted for in the financial statements of the department.

Remuneration					
Position	Name	Meetings/sessions attendance	Approved annual, sessional or daily fee	Approved sub-committee fees if applicable	Actual fees received
Chair Commissioner	Robert (Bob) Abbot OAM	3 meetings LGAQ Conference 22 sessions	\$325 per session	N/A	\$0 ¹
Commissioner	Andrea Ranson	3 meetings LGAQ Conference 21 sessions	\$250 per session	N/A	\$5250
Commissioner	Reimen Hii	3 meetings LGAQ conference 14.5 sessions	\$250 per session	N/A	\$3625
No. scheduled meetings/ sessions	4 meetings inclusive of the LGAQ conference. Sessions included reading, research, report/correspondence writing, meeting/conference attendance and are conducted as and when required.				
Total out of pocket expenses	\$1265				

¹ Bob Abbot OAM was paid meeting entitlement fees in August 2020 of \$7150, outside the 2019–20 financial year.

Note: No commissioners were appointed prior to 1 October 2019.

Multicultural Queensland Advisory Council

Title	Description
Act or instrument	<i>Multicultural Recognition Act 2016</i>
Functions	The Multicultural Queensland Advisory Council advises the Minister for Multicultural Affairs on opportunities and barriers facing people from CALD backgrounds and how to promote the Multicultural Queensland Charter to support a unified, harmonious and inclusive community.
Achievements	<ul style="list-style-type: none"> • Led a consultation on the Gold Coast on improving mental health outcomes and reducing the risk of suicide in CALD communities • Met with senior executives from Queensland Health, Department of Employment, Small Business and Training and the Queensland Public Service Commission to discuss diversity and inclusion in the public sector and agencies' progress on actions in the Queensland Multicultural Action Plan • Provided advice to Queensland Health and the Department of Home Affairs on the issues impacting on people from CALD backgrounds as a result of COVID-19 • Made a statement, through the Chair of the Council, in support of communities directly or indirectly impacted by COVID-19 • Met with the Australian Human Rights Commission to discuss the increase in racism due to the impacts of COVID-19 and a national anti-racism strategy • distributed information about COVID-19, social restrictions and assistance available to Queensland's diverse communities.
Financial reporting	Transactions of the Council are accounted for in the financial statements of the department.

Remuneration					
Position	Name	Meetings/ sessions attendance	Approved annual, sessional or daily fee	Approved sub-committee fees if applicable	Actual fees received
Chair	The Honourable Stirling Hinchliffe MP	5	N/A	N/A	N/A
Member	Dr Nora Amath	4	\$300	N/A	\$1050
Member	Ms Kerrin Benson ¹	0	N/A	N/A	N/A
Member	Mr Elijah Buol OAM ¹	0	\$300	N/A	\$300
Member	Ms Chammie Kamara ¹	0	\$300	N/A	0
Member	Mrs Gitie House OAM ¹	0	\$300	N/A	0
Member	Mr Ali Kadri ¹	0	\$300	N/A	0
Member	Ms Joon-Yee Kwok ¹	0	\$300	N/A	0
Member	Mr Jason Steinberg ¹	0	\$300	N/A	\$300

Remuneration					
Position	Name	Meetings/ sessions attendance	Approved annual, sessional or daily fee	Approved sub-committee fees if applicable	Actual fees received
Member	Mr Serge Voloschenko OAM ¹	0	\$300	N/A	\$300
Member	Ms Tracy Watson ¹	0	\$300	N/A	0
Member	Dr Aparna Hebbani ²	4	\$300	N/A	\$750
Member	Ms Dealonna Bickey ²	4	\$300	N/A	\$900
Member	Ms Irene Biedak OAM ²	4	\$300	N/A	\$900
Member	Dr Ignacio Correa-Velez ²	5	\$300	N/A	\$1050
Member	Ms Faiza El-Higzi OAM ²	4	\$300	N/A	\$750
Member	Mr Nkosana Mafico ²	4	\$300	N/A	\$750
Member	Mr Tej Man Monger ²	4	\$300	N/A	\$750
Member	Cr Natalia Muszkat ²	5	\$300	N/A	\$1050
Member	Mr Giridharan Sivaraman ²	5	\$300	N/A	\$1050
Member	Ms Vicky Yu ²	4	\$300	N/A	\$750
No. scheduled meetings/ sessions	5 meetings, including an induction for the commencement of new members in August 2019.				
Total out of pocket expenses	\$143.14				

¹ This member's term ended on 31 July 2019.

² This member's term commenced on 1 August 2019.

Independent Assessor

Title	Description
Act or instrument	<i>Local Government Act 2009</i>
Annual report arrangements	Details of the Independent Assessor are reported in the Office of the Independent Assessors annual report.

Racing Queensland Board

Title	Description
Act or instrument	<i>Racing Queensland Act 2002</i>
Annual report arrangements	Details of the Racing Queensland Board are reported in the Racing Queensland annual report.

Local Government Change Commission

Title	Description
Act or instrument	<i>Local Government Act 2009</i>
Annual report arrangements	Details of the Local Government Change Commission are reported in the Electoral Commission of Queensland's annual report.

Appendix 4

Financial statements

DEPARTMENT OF LOCAL GOVERNMENT, RACING AND MULTICULTURAL AFFAIRS
Financial Statements for the period ended 30 June 2020

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DEPARTMENT OF LOCAL GOVERNMENT, RACING AND MULTICULTURAL AFFAIRS
Statement of comprehensive income for the year ended 30 June 2020

	Note	2020 Actual \$'000	2020 Original budget \$'000	2020 Budget variance \$'000	2019 Actual \$'000
Income					
Appropriation revenue	2	268,526	271,551	(3,025)	409,763
User charges and fees		95	195	(100)	104
Grants and other contributions		2,515	-	2,515	820
Interest		289	289	-	332
Other revenue		1,891	-	1,891	590
Total income		273,316	272,035	1,281	411,609
Expenses					
Employee expenses	3	24,921	23,418	1,503	24,044
Supplies and services	5	13,658	15,059	(1,401)	14,190
Grants and subsidies	6	290,551	245,394	45,157	321,608
Deferred appropriation payable (expense) to consolidated fund		-	-	-	57,168
Depreciation and amortisation	8, 9	581	155	426	1,910
Other expenses		390	271	119	487
Total expenses		330,101	284,297	45,804	419,407
Operating result for the year					
		(56,785)	(12,262)	(44,523)	(7,797)
Other comprehensive income					
Items that will not be reclassified to operating result:					
Increase in asset revaluation surplus	11	-	-	-	4,389
Total other comprehensive income		-	-	-	4,389
Total comprehensive income		(56,785)	(12,262)	(44,523)	(3,408)

An explanation of major variances is included under budgetary reporting disclosures (page 7).
The accompanying notes form part of these statements.

DEPARTMENT OF LOCAL GOVERNMENT, RACING AND MULTICULTURAL AFFAIRS
Statement of financial position as at 30 June 2020

	Note	2020 Actual \$'000	2020 Original budget \$'000	2020 Budget variance \$'000	2019 Actual \$'000
Current assets					
Cash and cash equivalents	14	36,575	8,860	27,715	68,094
Receivables	7	3,015	2,585	430	2,333
Other assets		233	-	233	92
Total current assets		39,823	11,445	28,378	70,519
Non-current assets					
Receivables	7	3,390	3,385	5	4,010
Property, plant and equipment	8	10	46,356	(46,346)	58,964
Intangible assets	9	992	1,170	(178)	-
Total non-current assets		4,392	50,911	(46,519)	62,974
Total assets		44,215	62,356	(18,141)	133,493
Current liabilities					
Payables	10	29,209	2,882	26,327	60,756
Accrued employee benefits		636	914	(278)	1,048
Other current liabilities		-	-	-	45
Total current liabilities		29,845	3,796	26,049	61,849
Non-current liabilities					
Payables		-	126	(126)	-
Other non-current liabilities		-	-	-	222
Total non-current liabilities		-	126	(126)	222
Total liabilities		29,845	3,922	25,923	62,071
Net assets		14,370	58,434	(44,064)	71,422
Equity					
Contributed equity		78,834	-	-	79,101
Accumulated surplus/(deficit)		(64,464)	-	-	(21,893)
Asset revaluation surplus	11	-	-	-	14,214
Total equity		14,370	58,434	(44,064)	71,422

An explanation of major variances is included under budgetary reporting disclosures (page 7).
The accompanying notes form part of these statements.

DEPARTMENT OF LOCAL GOVERNMENT, RACING AND MULTICULTURAL AFFAIRS
Statement of changes in equity for the year ended 30 June 2020

	Note	Contributed equity \$'000	Accumulated surplus/ (deficit) \$'000	Asset revaluation surplus \$'000	Total \$'000
Balance - 1 July 2018		79,162	(14,036)	9,825	74,951
Net effect of changes in accounting policies		-	(60)	-	(60)
Operating result		-	(7,797)	-	(7,797)
Other comprehensive income					
Increase in asset revaluation surplus	11	-	-	4,389	4,389
Total comprehensive income for the year		-	(7,797)	4,389	(3,408)
Transactions with owners as owners:					
Appropriated equity injections		853	-	-	853
Appropriated equity withdrawals		(914)	-	-	(914)
Net transactions with owners as owners		(61)	-	-	(61)
Balance - 30 June 2019		79,101	(21,893)	14,214	71,422
Operating result					
Operating result from continuing operations		-	(56,785)	-	(56,785)
Total comprehensive income for the year		-	(56,785)	-	(56,785)
Transactions with owners as owners:					
Appropriated equity injections		1,030	-	-	1,030
Appropriated equity withdrawals		(1,297)	-	-	(1,297)
Transfer of asset revaluation surplus to accumulated surplus/(deficit)	11	-	14,214	(14,214)	-
Net transactions with owners as owners		(267)	14,214	(14,214)	(267)
Balance - 30 June 2020		78,834	(64,464)	-	14,370

The accompanying notes form part of these statements.

DEPARTMENT OF LOCAL GOVERNMENT, RACING AND MULTICULTURAL AFFAIRS
Statement of cash flows for the year ended 30 June 2020

	Note	2020 Actual \$'000	2020 Original budget \$'000	2020 Budget variance \$'000	2019 Actual \$'000
Cash flows from operating activities					
Inflows:					
Appropriation receipts	2	228,428	271,774	(43,346)	380,431
User charges and fees		245	195	50	331
Grants and other contributions		1,657	-	1,657	41
GST input tax credits received from ATO		4,393	-	4,393	5,593
GST collected from customers		55	-	55	52
Interest receipts		289	-	289	332
Other		259	-	259	600
Outflows:					
Employee expenses		(25,039)	(23,418)	(1,621)	(23,297)
Supplies and services		(12,445)	(15,059)	2,614	(15,498)
Grants and subsidies		(223,637)	(232,843)	9,207	(316,615)
GST paid to suppliers		(4,336)	-	(4,336)	(4,348)
GST remitted to ATO		(57)	-	(57)	(75)
Other		(403)	(494)	91	(453)
Net cash used in/provided by operating activities		(30,591)	155	(30,746)	27,094
Cash flows from investing activities					
Inflows:					
Loans and advances redeemed		625	914	(289)	587
Outflows:					
Payments for property, plant and equipment		(267)	(1,725)	1,458	(2,345)
Payments for intangible assets		(1,019)	(1,109)	90	-
Net cash used in/provided by investing activities		(661)	(1,920)	1,259	(1,758)
Cash flows from financing activities					
Inflows:					
Equity injections		1,030	2,809	(1,779)	853
Outflows:					
Equity withdrawals		(1,297)	(1,044)	(253)	(914)
Net cash used in/provided by financing activities		(267)	1,765	(2,032)	(61)
Net increase/(decrease) in cash and cash equivalents		(31,519)	-	(31,519)	25,275
Cash and cash equivalents - opening balance	14	68,094	8,860	59,234	42,818
Cash and cash equivalents - closing balance	14	36,575	8,860	27,715	68,094

An explanation of major variances is included under budgetary reporting disclosures (page 7).
The accompanying notes form part of these statements.

DEPARTMENT OF LOCAL GOVERNMENT, RACING AND MULTICULTURAL AFFAIRS
Notes to the statement of cash flows for the year ended 30 June 2020

	2020 \$'000	2019 \$'000
Reconciliation of operating result to net cash provided by operating activities		
Operating surplus/(deficit)	(56,785)	(7,797)
Non-cash items included in operating result:		
Depreciation and amortisation expense	581	1,910
Impairment losses	8	52
Net losses on disposal of property, plant and equipment	-	1
Transfer of non-current physical assets to local councils	58,072	5,279
Change in assets and liabilities:		
(Increase)/decrease in receivables	(1,263)	194
(Increase)/decrease in GST input tax credits receivable	55	1,222
(Increase)/decrease in ALCS and LSL reimbursement receivables	290	615
(Increase)/decrease in other assets	(141)	(92)
Increase/(decrease) in payables	(30,954)	25,081
Increase/(decrease) in accrued employee benefits	(413)	594
Increase/(decrease) in other liabilities	(41)	36
Net cash used in/provided by operating activities	(30,591)	27,094

DEPARTMENT OF LOCAL GOVERNMENT, RACING AND MULTICULTURAL AFFAIRS
Budgetary reporting disclosures for the year ended 30 June 2020

Explanation of major variances - statement of comprehensive income

Appropriation revenue

The actual appropriation revenue is \$3.03 million less than the budgeted figure. This is primarily due to funds deferred to future years for the Indigenous Councils Critical Infrastructure Program (ICCP) of \$18.82 million following a further one-year extension of the program necessitated in part by the COVID-19 pandemic which has placed restrictions on contractors from visiting indigenous communities to undertake infrastructure works.

This is offset by:

- new funding of \$3 million to assist the Burdekin Shire Council in commencing the Ayr water supply infrastructure (stage 2) project (a total of \$10 million will be provided over three years to complete the project)
- a draw-down of additional funds from the \$129 million Racing Infrastructure Fund (RIF) to support higher than anticipated payments following the approval of the Greater Brisbane Greyhound Centre in October 2019.

Grants and other contributions

The actual grants and other contributions are \$2.52 million greater than budget mainly due to:

- a \$1.5 million Commonwealth grant received to commence the Palm Island rising main project to connect the water treatment plant to the main reservoir
- a \$0.5 million contribution from the Queensland State Archives via archival services provided free of charge
- unanticipated sponsorship revenue of \$0.41 million to support Multicultural Queensland Month (held in August 2019).

Employee expenses

The actual employee expenses are \$1.5 million greater than budget due to additional temporary resources employed to assist with key deliverables in 2019–20. This included but is not limited to:

- investigation and administrative tasks of the Office of the Independent Assessor
- preparation and provision of training to prospective councillors preceding the local government elections in March 2020
- provision of engineering and project management services to indigenous councils within the ICCP.

Supplies and services

The actual supplies and services is \$1.4 million less than budget primarily due to the employment of temporary staff to deliver key initiatives of the department in place of procuring external service providers as originally budgeted.

Grants and subsidies

Additional grants and subsidies expenditure of \$45.16 million in 2019–20 was principally due to:

- the unbudgeted transfer of the \$46.24 million Northern Peninsula Area water supply system to the Northern Peninsula Area Regional Council (NPARC) on 1 October 2019
- unplanned expenditure of \$12.16 million within the RIF following approval of the Greater Brisbane Greyhound Centre in October 2019
- unplanned expenditure of \$3 million due to new funding provided to Burdekin Shire Council for the Ayr water supply infrastructure (stage 2) project.

These overspends are offset by:

- planned expenditure of \$17.65 million in 2019–20 that was deferred to future years for the ICCP following a further one-year extension of the program necessitated in part by the COVID-19 pandemic which has placed restrictions on contractors from visiting indigenous communities to undertake infrastructure works.

Explanation of major variances - statement of financial position

Cash and cash equivalents

The variance of \$27.72 million is mainly due to unspent appropriation received by the department for budgeted expenses that were unspent at 30 June 2020 of \$17.07 million and grants payable to councils under the 2019–21 Works for Queensland program of \$9.81 million.

Unspent appropriation of \$17.07 million principally relates to lower than anticipated claims by councils under the ICCP due to a further one-year extension of the program necessitated in part by the COVID-19 pandemic which has placed restrictions on contractors from visiting indigenous communities to undertake infrastructure works.

Property, plant and equipment

The variance of \$46.35 million is primarily due to the unbudgeted transfer of the \$46.24 million Northern Peninsula Area water supply system to the NPARC on 1 October 2019.

Current payables

The current payables are higher than the budgeted figure due to the same factors outlined in the variance for cash and cash equivalents.

Explanation of major variances - statement of cash flows

Appropriation receipts

The actual appropriation receipts are lower than the budgeted figure by \$43.35 million due to:

- unspent appropriation of \$57.17 million at 30 June 2019 returned to Queensland Treasury during the year
- a \$3.03 million variance in appropriation required for 2019–20 due to the same factors outlined for the major variances in the statement of comprehensive income.

This is offset by unspent appropriation payable to Queensland Treasury at 30 June 2020 of \$17.07 million.

Employee expenses

Cash outflows for employee expenses were greater than the budgeted figure due to the same factors outlined in the major variances for the statement of comprehensive income.

DEPARTMENT OF LOCAL GOVERNMENT, RACING AND MULTICULTURAL AFFAIRS
Budgetary reporting disclosures for the year ended 30 June 2020**Explanation of major variances - statement of cash flows (continued)****Supplies and services**

Payments made for supplies and services were \$2.61 million less than the budgeted figure due to:

- the reallocation of resources to employee expenses (as outlined in the major variances for the statement of comprehensive income)
- \$0.5 million in archival services provided free of charge by the Queensland State Archives
- \$0.37 million in support provided in-kind for Multicultural Queensland Month (held in August 2019).

Grants and subsidies

The actual grants and subsidies payments are lower than the budgeted figure by \$9.21 million principally due to grants payable to councils at 30 June 2020 for the 2019–20 Works for Queensland program of \$9.81 million.

Payments for property, plant and equipment

Cash outflows for property, plant and equipment are lower than the budgeted figure by \$1.46 million due to the reclassification of the Northern Peninsula Area water supply system asbestos pipeline replacement project to a grant following the transfer of the water supply system to the NPARC on 1 October 2019.

Equity injections

Equity injections received are lower than the budgeted figure due to the reclassification of projects relating to the Northern Peninsula Area water supply system as outlined in the above variance in payments for property, plant and equipment.

	Local Government		Multicultural Affairs		Racing		Independent Assessor ⁽¹⁾		Total
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	
Income									
Appropriation revenue	204,385	350,123	14,483	15,010	45,247	41,804	4,411	2,826	268,526
User charges and fees	81	104	14	-	-	-	-	-	409,763
Grants and other contributions	1,818	373	622	405	17	17	58	25	95
Interest	289	327	-	-	-	5	-	-	2,515
Other revenue	1,860	97	26	5	5	428	-	-	320
Total income	208,433	351,024	15,145	15,477	45,269	42,254	4,469	2,824	273,316
Expenses									
Employee expenses	15,778	16,468	5,224	5,224	857	809	3,042	1,543	24,921
Supplies and services	9,185	10,875	2,812	2,224	290	241	1,371	650	13,658
Grants and subsidies	239,567	281,057	6,863	5,561	44,115	34,989	6	1	290,551
Deferred appropriation payable (expense) to consolidated fund	-	48,219	-	2,097	-	6,207	-	646	321,608
Depreciation and amortisation	564	1,909	-	-	-	-	27	-	57,188
Other expenses	134	293	226	171	7	9	23	14	1,909
Total expenses	265,218	358,821	15,145	15,477	45,269	42,254	4,469	2,824	330,101
Operating result for the year	(56,795)	(7,797)	-	-	-	-	-	-	(419,406)
Other comprehensive income									
Items that will not be reclassified to operating result:									
Increase in asset revaluation surplus	-	-	-	-	-	-	-	-	4,389
Total comprehensive income	(56,795)	(3,409)	-	-	-	-	-	-	(56,785)
									(3,408)

⁽¹⁾ In 2019 the Independent Assessor was included in the Local Government service. Corresponding 2018–19 comparative balances have been restated to be consistent with the current reporting period.

DEPARTMENT OF LOCAL GOVERNMENT, RACING AND MULTICULTURAL AFFAIRS
Statement of assets and liabilities by major departmental service for the period ended 30 June 2020

	Local Government		Multicultural Affairs		Racing		Independent Assessor ⁽¹⁾		Total
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	
Current assets									
Cash and cash equivalents	32,138	57,030	560	2,696	3,519	7,636	358	731	36,575
Receivables	2,810	1,974	135	271	16	36	54	53	3,015
Other assets	146	64	52	21	8	3	27	4	233
Total current assets	35,094	59,069	747	2,988	3,543	7,875	439	788	39,823
Non-current assets									
Receivables	3,390	4,010	-	2	3	-	-	1	3,390
Property, plant and equipment	7	58,960	-	-	-	-	-	-	4,010
Intangible assets	618	-	-	-	-	-	374	-	58,964
Total non-current assets	4,015	62,369	2	2	3	-	375	-	62,392
Total assets	39,109	122,038	749	2,991	3,543	7,875	814	789	133,492
Current liabilities									
Payables	25,009	50,054	417	2,417	3,497	7,603	286	681	29,209
Accrued employee benefits	399	731	143	234	21	33	73	49	636
Other current liabilities	-	-	-	45	-	-	-	-	1,048
Total current liabilities	25,408	50,786	560	2,696	3,518	7,636	359	731	29,845
Non-current liabilities									
Other non-current liabilities	-	-	-	-	-	-	-	-	45
Total non-current liabilities	25,408	50,786	560	2,745	3,518	7,643	359	741	61,849
Total liabilities	50,841	101,572	1,121	560	7,127	15,286	710	1,482	62,071

⁽¹⁾ In 2019 the Independent Assessor was included in the Local Government service. Corresponding 2018–19 comparative balances have been restated to be consistent with the current reporting period.

DEPARTMENT OF LOCAL GOVERNMENT, RACING AND MULTICULTURAL AFFAIRS
Basis of financial statement preparation for the period ended 30 June 2020

General information

The Department of Local Government, Racing and Multicultural Affairs is a Queensland government department established under the *Public Service Act 2008* and controlled by the State of Queensland, which is the ultimate parent.

The head office and principal place of business of the department is level 34, 1 William Street, Brisbane QLD 4000.

For information in relation to the department's financial statements, please call 13 74 68, email info@dlgrma.qld.qov.au or visit the department's website www.dlgrma.qld.gov.au.

Compliance with prescribed requirements

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

The department is a not-for-profit entity and these general purpose financial statements are prepared on an accrual basis (except for the statement of cash flows which is prepared on a cash basis) in accordance with Australian Accounting Standards and Interpretations applicable to not-for-profit entities.

First year application of new accounting standards

The department applied AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities and AASB 16 Leases for the first time in 2019–20. There is no material impact on the department's financial statements as a result of the adoption of the new accounting standards. The department applied the modified retrospective transition method and has not restated comparative information for 2018–19. These continue to be reported under relevant standards applicable in 2018–19.

a) AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

Under the new income recognition model, the department first considers whether AASB 15 applies to a revenue transaction. AASB 15 introduces a new five-step revenue recognition process applicable to all revenue from contracts with customers:

1. identify the contract
2. identify the performance obligations
3. determine the transaction price
4. allocate the transaction price to the performance obligations
5. recognise revenue progressively as individual performance obligations are satisfied.

The new model has the potential to alter the timing and/or revenue amount being recognised, based on specific contractual terms. For this to apply, the performance obligations from the transaction needs to be 'sufficiently specific' and enforceable.

Where AASB 15 does not apply, the department assesses the revenue transaction under AASB 1058. AASB 1058 applies to transactions where the department acquires an asset for significantly less than fair value to enable the department to further its objectives, and to the receipt of volunteer services. The department's revenue line items recognised under this standard from 1 July 2019 include appropriation revenue from Queensland Treasury and most grants and other contributions (including archival services received free of charge).

The revenue recognition framework for transactions under AASB 1058, other than specific-purpose capital grants, is as follows.

- Recognise the asset (e.g. cash)
- Recognise any related amounts (grants and donations in many cases can have nil related amounts)
- Recognise the difference as income upfront.

In addition, AASB 1058 allows for deferral of income from specific-purpose capital grants where

- the grant requires the department to use the funds to acquire or construct a recognisable non-financial asset to identified specifications
- the grant does not require the department to transfer the asset to other parties and
- the grant agreement is enforceable.

A review has been performed of all material revenue contracts the department entered into during 2019–20. In most instances, there are no further enforceable performance obligations attached that give rise to a change in the timing and/or amount of revenue recognition under AASB 15 in 2019–20.

The department's main source of revenue is appropriations. Revenue recognition for the department's controlled and administered appropriations will not change under AASB 1058, as compared to AASB 1004. Appropriation revenue will continue to be recognised when the department gains control of the asset (e.g. cash), which is upon receipt.

The department administers grants from the government for which there are no sufficiently specific performance obligations. These continue to be recognised upon receipt under AASB 1058.

b) AASB 16 Leases

AASB 16 introduced new guidance on the definition of a lease.

For leases and lease-like arrangements existing at 30 June 2019, the department elected to apply the practical expedient to grandfather the previous assessments made under AASB 117 and Interpretation 4 Determining whether an Arrangement contains a Lease about whether those contracts contained leases. However, arrangements were reassessed under AASB 16 where no formal assessment had been done in the past or where lease agreements were modified on 1 July 2019.

Amendments to former operating leases for office accommodation and employee housing

In 2018–19, the department held operating leases under AASB 117 from the Department of Housing and Public Works (DHPW) for non-specialised commercial office accommodation through the Queensland Government Accommodation Office (QGAO).

Effective 1 July 2019, the framework agreements that govern QGAO were amended with the result that these arrangements would not meet the definition of a lease under AASB 16 and therefore are exempt from lease accounting.

From 2019–20 onward, the costs for these services are expensed as supplies and services expenses when incurred. The new accounting treatment is due to a change in the contractual arrangements rather than a change in accounting policy.

DEPARTMENT OF LOCAL GOVERNMENT, RACING AND MULTICULTURAL AFFAIRS
Basis of financial statement preparation for the period ended 30 June 2020

b) AASB 16 Leases (continued)

Changes to lessee accounting

Previously, the department classified its leases as operating or finance leases based on whether the lease transferred significantly all of the risks and rewards incidental to ownership of the asset to the lessee.

This distinction between operating and finance leases no longer exist for lessee accounting under AASB 16. From 1 July 2019, all leases, other than short-term leases and leases of low value assets, are now recognised on the balance sheet as lease liabilities and right-of-use assets.

The lease arrangements between the department and DHPW for non-specialised, commercial office accommodation through the QGAO are exempt from lease accounting under AASB 16 as per advice from Queensland Treasury. Lease arrangements relating to motor vehicles under DHPW's QFleet program were also identified as being exempt from AASB 16. This is due to DHPW holding substantive substitution rights within these agreements. Costs for these services continue to be expensed under supplies and services (note 5) when incurred.

For 2019–20, \$2.24 million (2018–19: \$1.56 million) was recognised by the department as an expense in the statement of comprehensive income in respect of office accommodation. This is contained under property and building expenses in note 5.

The department holds no other material leases which require accounting for under AASB 16.

Presentation

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1,000 or where the amount is \$500 or less, to zero. Amounts shown in these financial statements may not add to the correct sub-totals or totals due to rounding.

Comparative information reflects the audited 2018–19 financial statements and has been restated, where necessary, to be consistent with disclosures in the current reporting period.

Authorisation of financial statements for issue

The financial statements are authorised for issue by the Director-General and Chief Finance Officer at the date of signing the management certificate.

The reporting entity

The financial statements include all income, expenses, assets, liabilities and equity of the department. The department has no controlled entities.

Major departmental services

At reporting date, the reporting entity consists of the following four major departmental services:

- **Local Government**
Provide high quality and timely administration of both the local government system and local government funding programs.
- **Multicultural Affairs**
Promote Queensland as a unified, harmonious and inclusive community.
- **Racing**
Administer the *Racing Act 2002* and manage programs that support a viable, prosperous racing industry in Queensland.
- **Independent Assessor**
Enhance the integrity and sustainability of the local government system by administering the councillor complaints framework.

Impacts from COVID-19

In response to the COVID-19 pandemic, the department commenced formal emergency management activities from 17 March 2020 for the purposes of protecting workforce health and well-being and maintaining its public services.

The department's responses to the COVID-19 pandemic included reprioritising funding for a \$0.9 million COVID-19 package to support vulnerable multicultural communities, including a dedicated connections package for refugees, asylum seekers and migrants.

Funding was also reallocated to future years for indigenous council infrastructure programs, necessitated in part by the COVID-19 pandemic which placed restrictions on contractors from visiting indigenous communities to undertake infrastructure works.

The department will help to support communities in 2020–21 through future committed funding provided as part of the COVID-19 Queensland Government Economic Recovery Strategy: Unite and Recover Queensland Jobs. Funding programs under this strategy include \$200 million for the COVID-19 Works for Queensland and the \$50 million COVID-19 Unite and Recover community stimulus package.

DEPARTMENT OF LOCAL GOVERNMENT, RACING AND MULTICULTURAL AFFAIRS
Notes to the financial statements for the period ended 30 June 2020

1. Objectives and principal activities of the department

The department has a vision for a contemporary organisation enabling sustainable, vibrant, inclusive and confident local communities. The vision and objectives will be realised through the department's primary purpose to lead, engage and collaborate to design and administer frameworks that inspire confidence and trust in systems of governance, increase stakeholder capability and encourage and support communities to thrive.

The department actively contributes to the Queensland government's objectives for the community *Our Future State - Advancing Queensland's Priorities* to:

- Create jobs in a strong economy by funding local government infrastructure projects, racing industry activities and community-focused projects to stimulate job growth
- Keep Queenslanders healthy through programs and initiatives that promote cohesive communities and assist in the provision of critical water and sewerage infrastructure in remote locations
- Be a responsive government by ensuring that our partners, stakeholders and communities across Queensland have easy and consistent access to our information and services.

2. Appropriation revenue

	Note	2020 \$'000	2019 \$'000
Reconciliation of payments from consolidated fund to appropriation revenue recognised in operating result			
Original budgeted appropriation revenue		271,774	422,299
Supplementary amounts:			
Treasurer's transfers		(43,346)	(41,868)
Total appropriation receipts (cash)		228,428	380,431
Less: opening balance of appropriation revenue receivable		(223)	-
Plus/less: effect of adoption of new accounting standards		223	
Plus: closing balance of appropriation revenue receivable	7	-	223
Plus: opening balance of deferred appropriation payable to consolidated fund		57,168	29,109
Less: closing balance of deferred appropriation payable to consolidated fund	10	(17,070)	(57,168)
Net appropriation revenue		268,526	352,595
Plus: deferred appropriation payable to consolidated fund (expense in 2018–19)		-	57,168
Appropriation revenue recognised in statement of comprehensive income		268,526	409,763
Reconciliation of payments from consolidated fund to equity adjustment recognised in contributed equity			
Budgeted equity adjustment appropriation		1,765	2,351
Treasurer's transfers		(2,032)	(2,412)
Equity adjustment recognised in contributed equity		(267)	(61)

Accounting policy - appropriation revenue

Appropriations provided under the *Appropriation Act 2019* and the *Appropriation (COVID-19) Act 2020* are recognised as revenue when received. Where the department has an obligation to return unspent (or unapplied) appropriation receipts to the consolidated fund at year end (a deferred appropriation payable to the consolidated fund), a liability is recognised with a corresponding reduction to appropriation revenue, reflecting the net appropriation revenue position with the consolidated fund for the reporting period. Prior to 1 July 2019, any liability at the end of the financial year for deferred appropriation payable was debited to expense under the requirements of the superseded AASB 1004 Contributions. Capital appropriations are recognised as adjustments to equity.

Amounts appropriated to the department for transfer to other entities in accordance with legislative or other requirements are reported as administered item appropriations (refer note 15).

3. Employee expenses

		2020 \$'000	2019 \$'000
Employee benefits			
Salaries and wages ⁽¹⁾		18,621	17,952
Employer superannuation contributions		2,566	2,502
Annual leave levy		2,020	1,918
Sick leave expense		725	632
Long service leave levy		451	371
Termination benefits		61	78
Other employee benefits		142	45
Employee related expenses			
Workers' compensation premium		40	29
Other employee related expenses		296	517
Total employee expenses		24,921	24,044

Full-time equivalent employees

⁽¹⁾ Salaries and wages includes \$0.2 million of \$1,250 one-off, pro-rata payments for 162 full-time equivalent employees (announced in September 2019).

DEPARTMENT OF LOCAL GOVERNMENT, RACING AND MULTICULTURAL AFFAIRS
Notes to the financial statements for the period ended 30 June 2020

3. Employee expenses (continued)

Accounting policy - employee expenses

Salaries and wages

Salaries and wages due but unpaid at reporting date are recognised in the statement of financial position at current salary rates. As the department expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

Sick leave

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 and long service leave

Under the Queensland government's annual leave central scheme and long service leave scheme, the department is required to pay a levy to cover the cost of employees' annual leave (including leave loading and on-costs) and long service leave. The levies are expensed in the period in which they are payable. Amounts paid to employees for leave are claimed from the scheme quarterly in arrears. No provision for 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.

Superannuation

Post-employment benefits for superannuation are provided through defined contribution (accumulation) plans or the Queensland government's QSuper defined benefit plan as determined by the employee's conditions of employment.

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

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

Workers' compensation premiums

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

a) Key management personnel and remuneration

The department's responsible Minister is identified as part of the department's key management personnel (KMP). That Minister is the Minister for Local Government, Minister for Racing and Minister for Multicultural Affairs.

The following details for non-Ministerial KMP reflect those departmental positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2019–20 and 2018–19. Further information about these positions can be found in the body of the annual report under the section relating to the executive leadership team.

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

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

Remuneration expenses for KMP comprise the following elements:

- short-term employee expenses including:
 - salaries, allowances and leave entitlements earned and expensed for the entire year, or for that part of the year during which the employee occupied a KMP position
 - non-monetary benefits consisting of provision of car parking together with fringe benefits tax applicable to the benefit
- long-term employee benefits include amounts expensed in respect of long service leave entitlement earned
- post-employment expenses include amounts expensed in respect of employer superannuation obligations
- termination benefits include payments in lieu of notice on termination and other lump sum separation entitlements (excluding annual and long service leave entitlements) payable on termination of employment or acceptance of an offer of termination of employment.

DEPARTMENT OF LOCAL GOVERNMENT, RACING AND MULTICULTURAL AFFAIRS
Notes to the financial statements for the period ended 30 June 2020

a) Key management personnel and remuneration (continued)

The following disclosures focus on the expenses incurred by the department attributable to non-ministerial KMP during the respective reporting periods. The amounts disclosed are determined on the same basis as expenses recognised in the statement of comprehensive income.

2020

Position ⁽¹⁾	Responsibilities	Short-term employee expenses		Long-term employee expenses	Post employment expenses	Total expenses ⁽²⁾
		Monetary expenses \$'000	Non-monetary expenses \$'000	\$'000	\$'000	\$'000
Director-General	Provides values-based leadership and management to ensure the department is responsive to community and business needs and government priorities.	327	5	8	41	381
Deputy Director-General (Local Government Division)	Leads the development and implementation of strategies, policies and programs that support a sustainable local government sector.	236	5	5	25	271
Deputy Director-General (Strategy, Racing and Multicultural Affairs) from 8 July 2019	Delivers responsive and robust governance and engagement strategies to the department and oversight of the multicultural affairs and racing policy functions.	222	5	5	23	255
Executive Director (Strategy and Service Delivery, Local Government)	Maintains appropriate statutory and policy frameworks, develops local government strategy and policy and promotes the sustainability, integrity, capacity and performance of local government through a network of regional advisors.	191	5	5	21	222
Executive Director (Finance, Performance and Programs, Local Government)	Leads the development and administration of local government grants programs, including the monitoring of council financial performance and the development and delivery of governance and capability programs.	187	5	4	21	217
Executive Director (Strategy and Racing) from 11 November 2019	Manages the administration of the <i>Racing Act 2002</i> , strategic policy setting and planning, corporate governance and reporting; and coordination and provision of policy advice on government submissions including the long-term sustainability of the racing industry in Queensland.	121	3	3	13	140
A/Executive Director (Racing) to 10 November 2019	Administers the <i>Racing Act 2002</i> and the provision of policy advice to the government relating to the long-term sustainability of the racing industry in Queensland.	71	3	2	7	83
Executive Director (Corporate)	Provides strategic advice, legal services, human resources, service delivery and contract management of people, procedures and service level agreements; and provides a secretariat to the Councillor Conduct Tribunal.	203	5	5	22	235
Executive Director (Chief Finance Officer)	Provides strategic leadership and direction for the efficient, effective and economic financial administration of the department.	203	5	5	22	235
Executive Director (Multicultural Affairs)	Administers the <i>Multicultural Recognition Act 2016</i> and promotes Queensland as a united, harmonious and inclusive community across government and the broader community.	198	5	5	22	230
Executive Director (Grants Review) to 10 November 2019	Leads the implementation planning phase of the review of state government grants provided to local governments and delivers a new grants to local government model.	68	3	2	7	80

⁽¹⁾ Some positions have been excluded from the table on the basis of being immaterial in relation to time in the role and dollar value.

⁽²⁾ The department does not have termination benefits to disclose in relation to its KMP.

DEPARTMENT OF LOCAL GOVERNMENT, RACING AND MULTICULTURAL AFFAIRS
Notes to the financial statements for the period ended 30 June 2020

a) Key management personnel and remuneration (continued)

2019

Position ⁽¹⁾	Responsibilities	Short-term employee expenses		Long-term employee expenses \$'000	Post employment expenses \$'000	Total expenses ⁽²⁾ \$'000
		Monetary expenses \$'000	Non-monetary expenses \$'000			
Director-General	Provides values-based leadership and management to ensure the department is responsive to community and business needs and government priorities.	320	7	7	41	375
Deputy Director-General (Local Government Division) from 13 August 2018	Leads the development and implementation of strategies, policies and programs that support a sustainable local government sector.	197	6	4	22	229
Deputy Director-General (Strategy, Governance and Engagement) from 25 February to 30 June 2019	Delivers responsive and robust governance and engagement strategies to the department and oversight of the multicultural affairs and racing policy functions.	79	2	2	7	89
Deputy Director-General (Strategy, Governance and Engagement) - former to 15 February 2019	Delivers responsive and robust governance and engagement strategies to the department and oversight of the multicultural affairs and racing policy functions.	104	5	2	12	123
Executive Director (Strategy and Service Delivery) ⁽³⁾	Maintains appropriate statutory and policy frameworks, develops local government strategy and policy and promotes the sustainability, integrity, capacity and performance of local government through a network of regional advisors.	178	7	4	19	208
Executive Director (Finance, Performance and Programs) from 11 April 2019	Leads the development and administration of local government grants programs, including the monitoring of council financial performance and the development and delivery of governance and capability programs.	45	2	1	4	51
Executive Director (Grants Review) from 1 March 2019	Leads the implementation planning phase of the review of state government grants provided to local governments and delivers a new grants to local government model.	62	-	1	7	70
Executive Director (Corporate)	Provides strategic advice, legal services, human resources, service delivery and contract management of people, procedures, corporate reporting and planning, service level agreements and change.	183	7	4	19	213
Executive Director (Chief Finance Officer)	Provides strategic leadership and direction for the efficient, effective and economic financial administration of the department.	199	7	4	22	232
Executive Director (Multicultural Affairs Queensland and Engagement)	Promotes Queensland as a united, harmonious and inclusive community and manages the communication and engagement functions of the department.	197	7	4	21	228
A/Executive Director (Racing) from 1 March 2019	Administers the <i>Racing Act 2002</i> and the provision of policy advice to the government relating to the long-term sustainability of the racing industry in Queensland.	63	2	1	7	73

⁽¹⁾ Some positions have been excluded from the table on the basis of being immaterial in relation to time in the role and dollar value.⁽²⁾ The department does not have termination benefits to disclose in relation to its KMP.⁽³⁾ Due to a restructure that took effect on 4 February 2019, Executive Director (Strategy, Governance and Engagement) was changed to Executive Director (Strategy and Service Delivery).

b) Performance payments

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

DEPARTMENT OF LOCAL GOVERNMENT, RACING AND MULTICULTURAL AFFAIRS
Notes to the financial statements for the period ended 30 June 2020

4. Related party transactions

a) Transactions with people/entities related to key management personnel

The department had no transactions with people and entities related to its KMP during the financial year.

b) Transactions with other Queensland government controlled entities

The department's primary ongoing sources of funding from government for its services are appropriation revenue (note 2) and equity injections (note 2), both of which are provided in cash via Queensland Treasury.

The department has service level and partnering agreements with the following Queensland government controlled entities:

- Department of State Development, Tourism and Innovation (DSDTI) who provides corporate services relating to ethics and integrity, information management and technology, facilities management, internal audit and procurement. Corporate services fees paid to DSDTI in 2019–20 were \$1.42 million (2018–19: \$0.87 million)
- Queensland Shared Services (QSS) who provides corporate business services and technology solutions to support finance and human resources transactions. Business services and technology solutions fees paid to QSS in 2019–20 were \$0.91 million (2018–19: \$1.05 million).

The department holds rental arrangements with DHPW for commercial office accommodation, storage facilities and car park spaces (refer note 5).

5. Supplies and services

	2020 \$'000	2019 \$'000
Contractors and consultants	3,969	6,491
Property rental and building expenses	3,572	2,819
Shared service provider fee	2,312	1,749
Information technology and computer equipment	1,903	1,166
Marketing and communications	543	542
Other	1,359	1,423
Total supplies and services	<u>13,658</u>	<u>14,190</u>

Total audit fees quoted by the Queensland Audit Office (QAO) relating to the 2019–20 financial statements are \$102,000 (2018–19: \$99,500).

Accounting policy – distinction between grants and procurement

For a transaction to be classified as supplies and services, the value of goods or services received by the department must be of approximately equal value to the value of the consideration exchanged for those goods or services. Where this is not the substance of the arrangement, the transaction is classified as a grant in note 6.

6. Grants and subsidies

	2020 \$'000	2019 \$'000
Local governments ⁽¹⁾	237,819	278,640
Statutory bodies	44,114	34,988
Charities and community groups ⁽²⁾	8,344	7,425
Queensland government departments	-	356
Industry	-	10
Contributions	274	189
Total grants and subsidies	<u>290,551</u>	<u>321,608</u>

⁽¹⁾ Includes transfer of infrastructure assets to the NPARC (\$46.24 million) and Cherbourg Aboriginal Shire Council (\$11.83 million).

⁽²⁾ Includes grants expense for Community Connections Support Package (\$0.65 million) as a result of the COVID-19 pandemic which was reallocated from existing program and project funding.

Accounting policy - grants and subsidies

A grant or subsidy is a payment or contribution made to an organisation or person which is not to be repaid, but which must be spent by the recipient for a specific purpose. Accordingly grants and subsidy payments are expensed when payment is made.

7. Receivables

	2020 \$'000	2019 \$'000
Current		
Trade debtors	1,717	1,098
Less: Loss allowance	(62)	(694)
	1,655	404
GST input tax credits receivable	242	297
Appropriation revenue receivable	-	223
Loans receivable ⁽¹⁾	908	914
Other	210	495
Total current receivables	<u>3,015</u>	<u>2,333</u>
Non-current		
Loans receivable ⁽¹⁾	3,390	4,010
Total non-current receivables	<u>3,390</u>	<u>4,010</u>

⁽¹⁾ These amounts represent interest free loans to councils under the Smaller Communities Assistance Program.

DEPARTMENT OF LOCAL GOVERNMENT, RACING AND MULTICULTURAL AFFAIRS
Notes to the financial statements for the period ended 30 June 2020

7. Receivables (continued)

Accounting policy - receivables

Receivables are measured at amortised cost which approximates their fair value at reporting date.

Trade debtors are recognised at the amounts due at the time of sale or service delivery (i.e. the agreed purchase/contract price). Settlement of these amounts is required within 30 days from the invoice date. Some payment extensions have been granted to debtors affected by COVID-19.

Loans are measured at fair value upon initial recognition and amortised over the life of the loan using the effective interest method. Where loans are provided at concessional below market interest rates, they are considered to have a fair value less than the actual amount lent. Any additional amount lent above the fair value is initially recognised as a grant in the statement of comprehensive income and notional interest income is recognised over the term of the loan.

Accounting policy - impairment of receivables

The loss allowance reflects lifetime expected credit losses and incorporates reasonable and supportable forward-looking information. Economic changes impacting the department's debtors, and relevant industry data form part of the department's impairment assessment.

Key judgement: No loss allowance is recorded for the department's receivables from Queensland or Australian government agencies on the basis of materiality. All other debtors have been individually assessed with the implications of COVID-19 and are deemed a low credit risk.

Refer to note 14 for the department's credit risk management policies.

Where the department has no reasonable expectation of recovering an amount owed by a debtor, the debt is written off by directly reducing the receivable against the loss allowance. This occurs when the department has ceased enforcement activity. If the amount of debt written off exceeds the loss allowance, the excess is recognised as an impairment loss.

Credit risk exposure of receivables

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

Key judgement: As the department has very few debtors, receivables are assessed individually per type of debtor to measure the expected credit losses. Amounts outstanding are assessed for probability of default and loss given default. The probability of default reflects historical observed default rates calculated using credit losses experienced on past transactions during the last 10 years preceding 30 June 2020 for each type of debtor.

In addition, reasonable and supportable forward-looking information for expected economic changes that affect the future recovery of receivables, specifically as a result of COVID-19, have been considered.

Set out below is the credit risk exposure on the department's trade and other debtors broken down by type of debtor

Type of debtor	2020			2019		
	Gross receivables \$'000	Loss rate %	Expected credit losses \$'000	Gross receivables \$'000	Loss rate %	Expected credit losses \$'000
Queensland government agencies	231	0.00	-	739	0.00	-
Australian government agencies	259	0.00	-	308	0.00	-
Queensland local government	5,902	0.00	-	5,261	0.00	-
Private entities - grantees	61	100.00	61	693	100.00	693
Private entities	7	0.00	-	29	0.00	-
Other	7	10.50	1	7	9.00	1
	6,467		62	7,037		694
Movement in loss allowance						
Balance - 1 July					2020 \$'000	2019 \$'000
Net effect of changes in accounting policy					694	582
Increase in allowance recognised in operating result					-	60
Amounts written off during the year					8	52
Amounts recovered during the year					(488)	-
Balance - 30 June					(152)	-
					62	694

8. Property, plant and equipment

a) Closing balances and reconciliation of carrying amount

	Infrastructure			Plant and equipment			Capital work in progress			Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	
Gross	-	94,186	41	57	-	-	12,161	41	106,404		
Less: Accumulated depreciation	-	(47,398)	(31)	(42)	15	-	-	(31)	(47,440)		
Carrying amount - 30 June	-	46,788	10	15	15	-	12,161	10	59,364		
Represented by movements in carrying amount:											
Carrying amount - 1 July	46,788	49,552	15	21	12,161	9,987	58,964	59,560			
Acquisitions	-	-	-	39	-	2,174	-	-	2,213		
Disposals	-	-	-	(8)	(328)	-	(328)	-	(8)		
Transfer out to local government entities	(58,072)	(5,248)	-	(31)	(11,833)	-	(58,072)	(5,279)			
Transfers between asset classes	11,833	-	-	-	-	-	-	-	-		
Net revaluation increment	-	4,389	-	-	-	-	-	-	4,389		
Depreciation expense	(549)	(1,905)	(5)	(5)	-	-	(554)	(1,910)			
Carrying amount - 30 June	-	46,788	10	15	15	-	12,161	10	59,364		

DEPARTMENT OF LOCAL GOVERNMENT, RACING AND MULTICULTURAL AFFAIRS
Notes to the financial statements for the period ended 30 June 2020

8. Property, plant and equipment (continued)

b) Significant asset disclosures

The transfer of ownership of the water infrastructure assets from the department to the NPARC occurred on 1 October 2019. The net book value of the water supply system at transfer date was \$46.24 million. Due to the assets being donated to the council at nil consideration, the department recognised a grant expense of \$46.24 million in 2019–20 (refer note 6).

Key judgement: Specific appraisals of the water infrastructure assets, including physical condition assessments, were undertaken by Gray Robinson and Cottrell Quantity Surveyors in 2018–19. Due to the specialised nature of these assets and lack of observable market data, current replacement cost was determined as the most relevant valuation basis. The 2018–19 comprehensive valuation process resulted in fair value adjustments to the water infrastructure assets as at 30 June 2019. The fair value of these assets at the transfer date of 1 October 2019 was assessed as not being materially different from the asset values derived during the last specific appraisal. Hence, no further revaluations were required to be undertaken prior to the asset transfer in 2019–20.

The department undertook replacement of the Cherbourg sewage treatment plant, associated water reticulation infrastructure and rehabilitation works. Practical completion was reached during 2019–20 and the assets were donated to the council at nil consideration. The department recognised a grant expense of \$11.83 million in 2019–20 (refer note 6).

Accounting policy - recognition

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

Plant and equipment	\$5,000
Infrastructure	\$10,000

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

Expenditure is only capitalised if it increases the service potential or useful life of the existing asset. Maintenance expenditure that merely restores original service potential is expensed.

Accounting policy - cost of acquisition

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

Where assets are received free of charge from a Queensland government entity (whether as a result of a machinery-of-government or other involuntary transfer), the acquisition cost is recognised as the carrying amount in the books of the other entity immediately prior to the transfer.

Assets acquired at no cost or for nominal consideration, other than from another Queensland government entity, are recognised at their fair value at the date of acquisition.

Accounting policy - measurement

Infrastructure assets are measured at fair value. With respect to this asset class, the cost of items acquired during the financial year (prior to transfer to the council) has been judged by management to materially represent their fair value at the end of the reporting period.

Plant and equipment is measured at historical cost in accordance with Queensland Treasury's Non-Current Asset Policies for the Queensland public sector. The carrying amounts for these is not materially different from their fair value.

Work in progress is recognised at cost. All costs relating to items of property, plant and equipment constructed in-house are recorded as work in progress until construction is complete using all direct and indirect costs, where the latter are reliably attributable. Work in progress performed under external contracts is recorded using the invoice amount supplied by the contractor.

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

Accounting policy - revaluation

Infrastructure assets are revalued on an annual basis, either by appraisals undertaken by an independent professional valuer or by the use of appropriate and relevant indices. For financial reporting purposes, the revaluation process is overseen by the Chief Finance Officer who determines the specific revaluation practices and procedures in conjunction with the asset managers.

Specific appraisals using an independent professional valuer are undertaken at least once every five years. However, if a particular asset class experiences significant and volatile changes in fair value (that is, where indicators suggest that the value of the asset class may have changed by 20% or more since the previous reporting period), that asset class is subject to a specific appraisal in the reporting period, where practicable, regardless of the timing of previous such method of revaluation.

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

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

On revaluation, for assets revalued using a cost valuation approach (e.g. current replacement cost), accumulated depreciation is adjusted to equal the difference between the gross amount and carrying amount, after taking into account accumulated impairment losses. This is generally referred to as the 'gross method'. This method was applied to the department's infrastructure assets.

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Notes to the financial statements for the period ended 30 June 2020

8. Property, plant and equipment (continued)

Accounting policy - depreciation

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

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

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

Key estimate: The department uses the below depreciation rates:

Class	2020 Rate %	2019 Rate %
Infrastructure ⁽¹⁾	-	1.25 - 16.67
Plant and equipment	20.00 - 25.00	10.00 - 25.00

⁽¹⁾ The department's infrastructure assets were transferred to the NPARC on 1 October 2019.

Accounting policy - impairment

Key judgement: Assets measured at cost 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.

For assets measured at fair value, the impairment loss is treated as a revaluation decrease and offset against the asset revaluation surplus of the relevant class to the extent available. Where no asset revaluation surplus is available in respect of the class of asset, the loss is expensed as a revaluation decrement.

9. Intangible assets

a) Closing balances and reconciliation of carrying amount

	Software internally generated		Software work in progress		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Gross	400	-	619	-	1,019	-
Less: Accumulated amortisation	(27)	-	-	-	(27)	-
Carrying amount - 30 June	373	-	619	-	992	-
Represented by movements in carrying amount:						
Carrying amount - 1 July	-	-	-	-	-	-
Acquisitions through internal development	400	-	619	-	1,019	-
Amortisation	(27)	-	-	-	(27)	-
Carrying amount - 30 June	373	-	619	-	992	-

DEPARTMENT OF LOCAL GOVERNMENT, RACING AND MULTICULTURAL AFFAIRS
Notes to the financial statements for the period ended 30 June 2020

9. Intangible assets (continued)

Accounting policy - recognition

Intangible assets of the department comprise internally generated software and work in progress software. Intangible assets with a historical cost or other equal to or greater than \$100,000 are recognised in the financial statements. Items with a lesser value are expensed. Any training costs are expensed as incurred.

There is no active market for any of the department's intangible assets. As such, the assets are recognised and carried at historical cost less accumulated amortisation.

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 internal development of computer software are capitalised and amortised under the amortisation policy below.

No intangible assets have been classified as held for sale.

Accounting policy - amortisation

Key judgement: All intangible assets of the department have finite useful lives and are amortised on a straight line basis over their estimated useful life to the department. Straight line amortisation is used reflecting the expected consumption of economic benefits on a progressive basis over the intangible's useful life. The residual value of all the department's intangible assets is zero.

Key estimate: The department uses the below amortisation rate:

Class	2020 Rate %	2019 Rate %
Software internally generated	20.00	-

Accounting policy - impairment

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

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

10. Payables

	2020 \$'000	2019 \$'000
Current		
Trade creditors	1,889	2,183
Grants payable	10,215	1,372
Deferred appropriation payable to consolidated fund	17,070	57,168
Other	35	33
Total current payables	29,209	60,756

Accounting policy - payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the contracted amount (net of any discounts). Amounts owing are unsecured and are generally settled on 30-day terms unless otherwise specified by the creditor. Payables of a capital nature are settled within 12 months.

11. Asset revaluation surplus

	Infrastructure \$'000
Balance - 1 July 2018	9,825
Revaluation increment	4,389
Balance - 30 June 2019	14,214
Transfer of asset revaluation surplus to accumulated surplus/(deficit)	(14,214)
Balance - 30 June 2020	-

Accounting policy - asset revaluation surplus

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

12. Commitments

	2019 \$'000
Operating lease commitments at 30 June 2019	
2018–19 disclosures under AASB 117	
Not later than one year	2,258
Later than one year and not later than five years	9,250
Later than five years	19,086
	30,594

DEPARTMENT OF LOCAL GOVERNMENT, RACING AND MULTICULTURAL AFFAIRS
Notes to the financial statements for the period ended 30 June 2020

12. Commitments (continued)

Capital expenditure commitments

Infrastructure capital commitments (inclusive of non-recoverable GST input tax credits) contracted for at reporting date but not recognised in the accounts are payable:

	2020 \$'000	2019 \$'000
Not later than one year	44	2,013
Later than one year and not later than five years	-	2,546
	<u>44</u>	<u>4,559</u>

Grants and subsidies expenditure commitments

As at 30 June 2020, approval has been given to various grantees in accordance with formal agreements to pay the following grants and subsidies (inclusive of non-recoverable GST input tax credits) provided certain criteria are met:

Not later than one year	171,145	202,814
Later than one year and not later than five years	74,334	131,883
	<u>245,479</u>	<u>334,697</u>

The above commitments for grants and subsidies expenditure are allocated to the following categories:

Charities and community groups	5,289	7,360
Local governments	183,209	281,383
Statutory bodies	56,981	45,954
	<u>245,479</u>	<u>334,697</u>

Other expenditure commitments

Other expenditure committed at the end of the period, but not recognised in the accounts, are as follows:

Not later than one year	4,928	2,010
Later than one year and not later than five years	2,104	-
	<u>7,032</u>	<u>2,010</u>

13. Contingencies

Financial guarantees and associated risk

Bank guarantees are mainly held for financial security against non-conformance of contracts across the department. The department has no bank guarantees as at 30 June 2020 (2018–19: \$0.09 million).

There are no claims against the department through the Queensland Government and Insurance Fund as at 30 June 2020.

Native title claims over departmental land

The transfer of ownership of the administered land from the department to the NPARC on 1 October 2019 also transferred the two native title determinations made by the Federal Court in respect of the land (refer to note 15).

14. Financial and other risk disclosures

Financial instrument categories

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

	2020 \$'000	2019 \$'000
Financial assets		
Cash and cash equivalents	36,575	68,094
Financial assets at amortised cost:		
Receivables (note 7)	6,405	6,343
Total financial assets	<u>42,980</u>	<u>74,437</u>

The Under Treasurer has approved an overdraft limit of \$30 million for the department's controlled bank account. There is no overdraft interest charged on this facility. This facility was undrawn at 30 June and is available for use in the next reporting period.

Accounting policy - cash and cash equivalents

For the purposes of the statement of financial position and the statement of cash flows, cash assets include all cash and cheques received but not banked at 30 June 2020.

Departmental bank accounts are grouped within the whole-of-government set-off arrangement with Queensland Treasury and do not earn interest on surplus funds. Interest earned on the aggregate set-off arrangement balance accrues to the consolidated fund.

Financial liabilities

Financial liabilities at amortised cost:

Payables (note 10)	29,209	60,756
Total financial liabilities	<u>29,209</u>	<u>60,756</u>

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

DEPARTMENT OF LOCAL GOVERNMENT, RACING AND MULTICULTURAL AFFAIRS
Notes to the financial statements for the period ended 30 June 2020

14. Financial and other risk disclosures (continued)

Financial risk management

a) Risk exposure

Financial risk management is implemented pursuant to government and departmental policies. 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 which relate to financial arrangements as required by Queensland Treasury.

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

Risk exposure	Definition	Exposure
Credit risk	The risk that the department may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.	The department is exposed to credit risk in respect of its receivables (note 7).
Liquidity risk	The risk that the department may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.	The department is exposed to liquidity risk in respect to its payables (note 10).
Market risk	The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.	The department does not trade in foreign currency and is not materially exposed to interest rate changes, commodity price changes or other market prices.

b) Risk measurement and management strategies

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

Risk exposure	Measurement method	Risk management strategies
Credit risk	Ageing analysis	Credit risk is managed through the use of a credit management policy articulated in the department's financial management practice manual. This policy aims to reduce the exposure to credit default by ensuring that credits are granted to customers with good credit history that have the capacity to repay the department within the agreed timeframe. The department monitors all funds owed on a monthly basis.
Liquidity risk	Sensitivity analysis	The department manages liquidity risk through the use of the Under Treasurer approved overdraft limit for the department's controlled bank account. This overdraft limit reduces the exposure to liquidity risk by ensuring the department has sufficient funds available to meet employee and supplier obligations as they fall due.
Market risk	Interest rate sensitivity analysis	The department does not undertake any hedging in relation to interest risk and manages its risk as per the department's risk management policy.

Credit risk management practices

The department considers financial assets that are over 30 days past the due date to have a significantly increased credit risk, and measures the loss allowance of such assets at lifetime expected credit losses instead of 12-month expected credit losses. The exception is trade receivables (note 7), for which the loss allowance is always measured at lifetime expected credit losses.

Key judgement: All financial assets with Queensland and Australian government agencies are considered to have low credit risk as the department has no prior experience of default from these counterparties. Financial assets with other debtors have been assessed individually, and economic changes resulting from COVID-19 have been considered. The department assumes that credit risk has not materially changed for these low credit risk assets.

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

The department's write-off policy is disclosed in note 7.

Credit risk exposure

Credit risk exposure relating to receivables is disclosed in note 7.

Liquidity risk - contractual maturity of financial liabilities

The following tables set out the liquidity risk of financial liabilities held by the department. They represent the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at reporting date.

Financial liabilities	2020 payable in			
	< 1 year \$'000	1 - 5 years \$'000	> 5 years \$'000	Total \$'000
Payables	29,209	-	-	29,209
Total	29,209	-	-	29,209
2019 payable in				
Financial liabilities	< 1 year \$'000	1 - 5 years \$'000	> 5 years \$'000	Total \$'000
	60,756	-	-	60,756
Payables	60,756	-	-	60,756
Total	60,756	-	-	60,756

Climate risk exposure

The department has not identified any direct material climate related risks relevant to the financial report at the reporting date, however constantly monitors the emergence of such risks under the Queensland government's Climate Transition Strategy.

DEPARTMENT OF LOCAL GOVERNMENT, RACING AND MULTICULTURAL AFFAIRS
 Notes to the financial statements for the period ended 30 June 2020

14. Administered activities

Schedule of administered items

	Note	Local Government		Racing		Actual		Budget		Budget variance 2020 \$'000
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	
Administered income										
Appropriation revenue	a)	504,473	493,026	65,135	50,630	569,608	543,656	326,714	242,894	
Grants and other contributions	b)	503,514	496,889	-	-	503,514	496,889	250,600	252,914	
User charges and fees	c)	314	382	-	-	314	382	444	(130)	
Total administered income		1,008,301	990,297	65,135	50,630	1,073,436	1,040,927	577,758	495,678	
Administered expenses										
Grants and subsidies	d)	504,571	497,854	65,135	50,630	569,706	548,484	326,714	242,992	
Transfers of administered revenue to government		503,828	492,291	-	-	503,828	492,291	251,044	252,784	
Other expenses		-	152	-	-	-	152	-	-	
Total administered expenses		1,008,399	990,297	65,135	50,630	1,073,534	1,040,927	577,758	495,776	
Operating surplus/(deficit)		(98)	—	—	—	(98)	—	—	—	(98)
Administered assets										
Current		132	303	2,726	3,667	2,858	3,970	3,750	(892)	
Cash		132	303	2,726	3,667	2,858	3,970	3,750	(892)	
Total current assets										
Non-current		-	98	-	-	-	98	98	(98)	
Land		-	98	-	-	-	98	98	(98)	
Total non-current assets										
Total assets		132	401	2,726	3,667	2,858	4,068	3,848	(90)	
Administered liabilities										
Current		1	152	2,726	3,667	2,727	3,818	3,750	(1,023)	
Payables	a)	131	152	-	-	131	152	-	131	
Payables to government		132	303	2,726	3,667	2,858	3,970	3,750	(892)	
Total current liabilities										
Net administered assets								98	(98)	

DEPARTMENT OF LOCAL GOVERNMENT, RACING AND MULTICULTURAL AFFAIRS
Notes to the financial statements for the period ended 30 June 2020

15. Administered activities (continued)	2020 \$'000	2019 \$'000
a) Reconciliation of payments from consolidated fund to administered income		
Budgeted appropriation	326,714	242,144
Treasurer's transfers	45,378	44,280
Unforeseen expenditure	197,495	257,158
Total administered receipts	569,587	543,582
Plus: opening balance of appropriation revenue payable to consolidated fund	152	74
Less: closing balance of deferred appropriation payable	(131)	(152)
Net appropriation revenue	569,608	543,504
Plus: deferred appropriation payable (expense in 2018–19)	-	152
Administered revenue recognised	569,608	543,656
b) Grants and other contributions		
Commonwealth	503,514	496,889
Total grants and other contributions	503,514	496,889
c) User charges and fees		
Levy - Queensland government entities ⁽¹⁾	314	382
Total user charges and fees	314	382
⁽¹⁾ Kuranda Skyrail levy is collected by Queensland Rail and forwarded to the department.		
d) Grants and subsidies		
Administered grants and subsidies were made to the following entities:		
Local governments	504,571	497,854
Racing Queensland	65,135	50,630
Total grants and subsidies	569,706	548,484

Explanations of major variances - administered activities

The large variances for appropriation revenue, grants and other contributions, grants and subsidies and transfers of administered revenue to government are mainly due to the early payment of the Financial Assistance Grants of \$259.59 million by the Australian government in May 2020 that applies to 2020–21.

The department as trustee for the State of Queensland held seven parcels of deed of grant in trust land located in the remote NPARC (2018–19: \$98,000). The transfer of ownership of the land from the department to the NPARC occurred on 1 October 2019. This was a result of the transfer of the water infrastructure system which is attached to the land (refer to notes 6 and 8b).

Accounting policy - administered activities

The department administers, but does not control, certain resources on behalf of the government. In doing so, it has responsibility for administering those activities and related transactions and balances efficiently and effectively, but does not have the discretion to deploy those resources for the achievement of the department's own objectives. Major administered revenues include appropriations and grants received from the Australian and the Queensland government that are forwarded onto local governments and other Queensland government bodies.

The Under Treasurer has approved an overdraft limit of \$150 million for the department's administered bank account. There is no overdraft interest charged on this facility. This facility was undrawn at 30 June and is available for use in the next reporting period.

Fair value for land is determined by establishing its market value by reference to observable prices in an active market or recent market transactions using direct comparison to the sales history of similar properties based on location, area, access and typography.

Key judgement: State Valuation Services (SVS) performed a specific appraisal on the land assets in 2017–18. Due to the use of market observable prices from similar assets, land is valued using a market approach. In 2018–19, SVS provided market-based indices for the land assets, which resulted in no movements to the land asset's fair value. The use of market-based indices are observable inputs that are developed using market data and publicly available information on market transactions. No further valuations were performed prior to the land assets' transfer date of 1 October 2019.

Accounting policies applicable to administered items are consistent with the equivalent policies for controlled items, unless stated otherwise.

DEPARTMENT OF LOCAL GOVERNMENT, RACING AND MULTICULTURAL AFFAIRS
Management certificate for the period ended 30 June 2020

These general purpose financial statements have been prepared pursuant to s.62(1) of the *Financial Accountability Act 2009* (the Act), section 38 of the Financial and Performance Management Standard 2019 and other prescribed requirements. In accordance with s.62(1)(b) of the Act, we certify that in our opinion:

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects
- (b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the department for the financial year ended 30 June 2020 and of the financial position of the department as at the end of that year.

We acknowledge responsibility under s.7 and s.11 of the Financial and Performance Management Standard 2019 for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.



John Clifton CPA

Chief Finance Officer

Date: 21/08/20



Warwick Agnew

Director-General

Date: 21 August 2020



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INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of Department of Local Government, Racing and Multicultural Affairs

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Department of Local Government, Racing and Multicultural Affairs.

In my opinion, the financial report:

- a) gives a true and fair view of the department's financial position as at 30 June 2020, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards.

The financial report comprises the statement of financial position and statement of assets and liabilities by major departmental service as at 30 June 2020, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comprehensive income by major departmental service for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

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

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

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

Responsibilities of the department for the financial report

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



Queensland Audit Office

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2020:

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

Prescribed requirements scope

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



24 August 2020

Melissa Read
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Appendix 5

Contacts

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Appendix 6

Compliance checklist

Summary of requirement	Basis for requirement	Annual report reference	
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs – section 7	Page 6
Accessibility	Table of contents	ARRs – section 9.1	Page 3
	Glossary		Glossary not required – all terms have been explained in full on first mention and in new sections as required.
	Public availability	ARRs – section 9.2	Page 2
	Interpreter service statement	<i>Queensland Government Language Services Policy</i> ARRs – section 9.3	Page 2
	Copyright notice	<i>Copyright Act 1968</i> ARRs – section 9.4	Page 2
General information	Information Licensing	<i>QGEA – Information Licensing</i> ARRs – section 9.5	Page 2
	Introductory Information	ARRs – section 10.1	Pages 7 and 8
	Machinery of Government changes	ARRs – section 10.2, 31 and 32	Not applicable
	Agency role and main functions	ARRs – section 10.2	Pages 10 and 11
Non-financial performance	Operating environment	ARRs – section 10.3	Pages 7, 8, 10, 11, 12, and 14–24
	Government's objectives for the community	ARRs – section 11.1	Page 10
	Other whole-of-government plans / specific initiatives	ARRs – section 11.2	Not applicable
	Agency objectives and performance indicators	ARRs – section 11.3	Pages 14–24
	Agency service areas and service standards	ARRs – section 11.4	Pages 46–50

Financial performance	Summary of financial performance	ARRs – section 12.1	Pages 26 to 28
Governance – management and structure	Organisational structure	ARRs – section 13.1	Page 11
	Executive management	ARRs – section 13.2	Page 38
	Government bodies (statutory bodies and other entities)	ARRs – section 13.3	Pages 53–59
	Public Sector Ethics	<i>Public Sector Ethics Act 1994</i> ARRs – section 13.4	Page 42
	Human Rights	<i>Human Rights Act 2019</i> ARRs – section 13.5	Page 35
	Queensland public service values	ARRs – section 13.6	Page 12
Governance – risk management and accountability	Risk management	ARRs – section 14.1	Page 39
	Audit committee	ARRs – section 14.2	Page 39
	Internal audit	ARRs – section 14.3	Page 40
	External scrutiny	ARRs – section 14.4	Page 40
	Information systems and recordkeeping	ARRs – section 14.5	Page 42
Governance – human resources	Strategic workforce planning and performance	ARRs – section 15.1	Pages 30–33
	Early retirement, redundancy and retrenchment	<i>Directive No.04/18 Early Retirement, Redundancy and Retrenchment</i> ARRs – section 15.2	Page 33
Open Data	Statement advising publication of information	ARRs – section 16	Page 2
	Consultancies	ARRs – section 33.1	https://data.qld.gov.au
	Overseas travel	ARRs – section 33.2	https://data.qld.gov.au
	Queensland Language Services Policy	ARRs – section 33.3	https://data.qld.gov.au

Financial statements	Certification of financial statements	FAA – section 62 FPMS – sections 38, 39 and 46 ARRs – section 17.1	Pages 61, 62
	Independent Auditor's Report	FAA – section 62 FPMS – section 46 ARRs – section 17.2	Pages 91–93

FAA *Financial Accountability Act 2009*

FPMS Financial and Performance Management Standard 2019

ARRs Annual report requirements for Queensland Government agencies

