Financial summary

Financial results

	2007–08 $m	2008–09 $m	2009–10 $m	2010–11 $m	2011–12 $m
State Government Grant	36.688	41.652	43.752	48.288	**49.077**
Other Grants and Contributions	0.000	0.079	1.081	0.370	**0.350**
Other Revenue	1.108	0.616	0.951	0.904	**1.013**
Total Revenue	**37.796**	**42.347**	**45.784**	**49.562**	**50.440**
Employee Expenses	27.750	30.191	31.100	34.354	**36.598**
Other Expenditure	10.046	12.350	13.050	15.444	**13.932**
Total Expenditure	**37.796**	**42.541**	**44.150**	**49.798**	**50.530**
Operating Surplus (Deficit)	–	(0.194)	1.634	(0.236)	**(0.090)**
Net Assets	14.639	14.445	16.079	15.843	**15.389**
State Government Grant/Total Revenue	97%	98%	96%	97%	97%
Employee Expenses/Total Expenditure	73%	71%	70%	69%	72%

The CMC's financial result for 2011–12 was that expenses exceeded revenue by $0.090m, resulting in an operating deficit (2010–11 — $0.236m operating deficit).

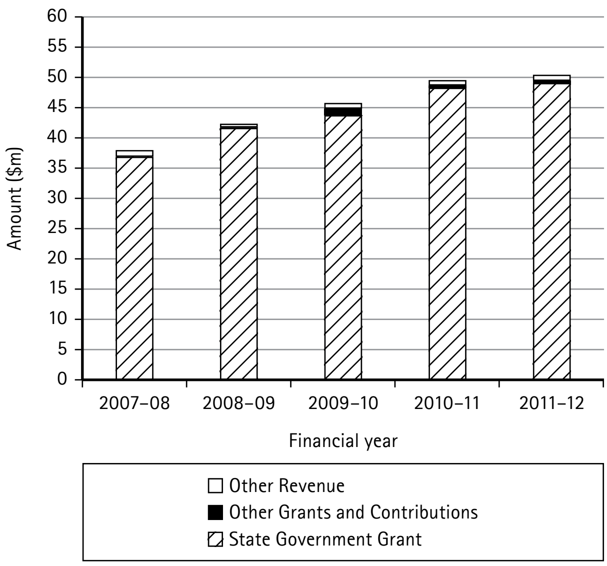
Revenue

The CMC is predominantly funded through grant funds received from the Queensland Government. In 2011–12, $49.077m or 97% of total revenue was received from the Queensland Government (2010–11 — $48.288m or 97% of total revenue).

In addition, the CMC recognised contributions of $0.335m (2010–11 — $0.363m) for services received free of charge from other Queensland Government agencies. An equal amount has been recognised as expenditure.

Other revenue mainly consists of interest of $0.844m earned on cash balances throughout the financial year (2010–11 — $0.801m).

Figure 13. Revenue $m, 2007–08 to 2011–12

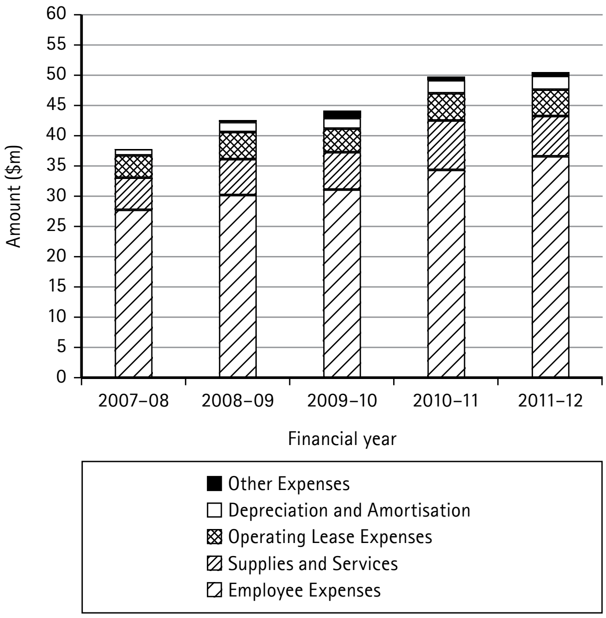


Total revenue for 2011-12 was $50.440m, an increase of $0.878m or 1% from the previous year, mainly as a result of additional grant funds received from the Queensland Government to offset increased labour costs due to annual salary increases.

Expenses

The CMC's major expenditure consists of employee costs which, in 2011–12, comprised 72% of total expenditure or $36.598m (2010–11 — 69% or $34.354m)

Figure 14. Expenditure $m, 2007–08 to 2011–12



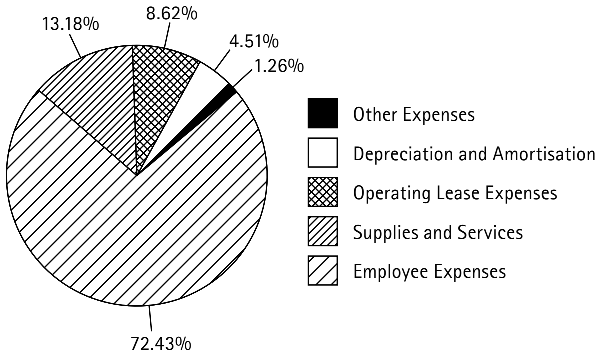
Total expenditure increased by almost 1.5% or $0.732m since the previous year. Employee costs rose by 7% or $2.244m, while supplies and services expenditure decreased by 18% or $1.507m.

Although the number of established positions remains virtually unchanged since the 2010–11 financial year, the increase in employee costs is mainly due to annual enterprise bargaining increases and a higher number of full-time equivalent (FTE) staff numbers during the 2011–12 financial year (2011–12 — 357.5 FTEs, compared with 2010–11 — 325 FTEs).

The decrease in supplies and services expenditure since the previous year is mainly due to the $0.966m spent in the 2010–11 financial year on the CMC's 4-yearly cyclical standard operating environment (SOE) replacement program. Additionally, legal costs and contractors and consultants costs decreased by $0.610m since 2010–11.

All other expenditure remained consistent with the previous financial year.

Figure 15. Expenditure by type (as a % of 2011–12 total expenditure)



Capital Acquisitions

The CMC invested $2.269m in capital acquisitions during the 2011–12 financial year, mainly as part of the ongoing asset replacement and maintenance program. In accordance with the 2011–2015 Asset Strategic Plan, $0.556m was spent on motor vehicle purchases, $0.984m was spent on computer and other equipment, and $0.517m on leasehold improvements. In addition, development costs of $0.212m for the CMC's new Web Content and Intranet Management System were capitalised.

Further information on capital acquisitions can be found in Notes 14 and 15 of the Financial Statements — Reconciliation of Property, Plant and Equipment and Intangible Assets.

Assets

As at 30 June 2012, the CMC assets were valued at $26.253m, decreasing by $0.517m since 2010–11. The decrease is mainly attributable to the equity withdrawal of $0.372m in the 2011–12 year, to fund temporary high-priority initiatives, including the Web Content and Intranet Management System.

Liabilities

As at 30 June 2012, the CMC's liabilities were valued at $15.389m, decreasing by $454m since 2010–11. This was due to a higher amount owing to trade creditors at 30 June 2011 as a result of outstanding payments for the SOE program.

Comparison of original budget and actual results

Statement of Comprehensive Income

	2011–12 Budget $m	2011–12 Actual $m	2011–12 Variance $m
Grants and Contributions	49.817	49.427	(0.390)
Other Revenue	0.716	0.993	0.277
Gains from Sale of Property, Plant and Equipment	0.020	0.020	–
Total Income	**50.553**	**50.440**	**(0.113)**
Employee Expenses	36.795	36.598	(0.197)
Supplies and Services	7.189	6.658	(0.531)
Operating Lease Expenses	4.288	4.358	0.070
Depreciation and Amortisation	2.175	2.280	0.105
Other Expenses	0.106	0.636	0.530
Total Expense	**50.553**	**50.530**	**(0.023)**
Operating Surplus/(Deficit)	**–**	**(0.090)**	**(0.090)**

Significant variances explained:

Grants and Contributions

Included in the original budget is a non-appropriated equity transfer from cash reserves that was initially approved by Treasury to be utilised to fund temporary initiatives identified in the Commission's strategic plan as high priority. The decrease in grant funding is primarily due to the CMC requiring a lower than budgeted equity withdrawal from its cash reserves (Budget $1.504m; Actual $0.372m) — see explanation of employee expenses (right).

The decrease is offset by the recognition of a contribution of $0.335m for services received free of charge from other Queensland Government Agencies (refer to Financial Statements — Note 2 — Grants and Other Contributions).

Other Revenue

The increase in other revenue is mainly the result of greater interest earnings than budgeted. This was due to more efficient cash management processes and higher than anticipated interest rates. In addition, the Commission accounted for its equal share of the profit for the 2011 Australian Public Sector Anti-Corruption Conference (APSACC) of $0.44m (refer to Notes 2 and 27 in the Financial Statements for further details).

Employee Expenses

The Commission underwent a Governance Review in the 2010–11 financial year. Employee expenses were under budget mainly as a result of delays in recruitment in the first half of the financial year due to some organisational re-structure following the review. Consequently, some of these budget savings were used to fund the Commission's temporary initiatives, thereby resulting in a lower than budgeted equity withdrawal.

Supplies and Services

Supplies and services expenditure was lower than budgeted mainly as a result of lower than anticipated telephone interception access costs and travel costs, combined with some savings in contractors fees due to operational efficiencies.

Operating Lease Expenses

Operating lease expenditure was higher than budgeted due to increased building maintenance costs of common areas in the leased premises.

Depreciation and Amortisation

A management decision during the financial year to reduce the useful life of motor vehicles from 5 years to 3 years, which was more representative of the period of economic benefit, resulted in an increase in depreciation costs.

Other Expenses

The increase in other expenses is mainly due to the recognition of the services received free of charge from other Queensland Government agencies of $0.335m. In addition, the Commission recognised an expense for its share of the 2011 APSACC surplus, which was re-invested as seed money to fund future APSACCs (refer to Notes 10 and 27 in the Financial Statements for further details).

Operating deficit

The operating budget deficit of $0.90m was mainly due to a financial year-end adjustment of $0.71m to discount the provision for restoration costs of leased premises to its present value (refer to Note 19 in the Financial Statements for further details).

Statement of Financial Position

	2011–12 Budget $m	2011–12 Actual $m	2011–12 Variance $m
Current Assets	6.828	10.656	3.828
Non-Current Assets	14.713	15.597	0.884
Total Assets	**21.541**	**26.253**	**4.712**
Current Liabilities	4.275	5.168	0.893
Non-Current Liabilities	2.944	5.696	2.752
Total Liabilities	**7.219**	**10.864**	**3.645**
Total Equity	**14.322**	**15.389**	**1.067**

Significant variances explained:

Current Assets

The increase in current assets is mainly due to a higher than budgeted cash balance as a result of not utilising the full equity withdrawal of $1.504m from cash reserves, an increase in creditors, and a build-up of cash due to lower asset purchases compared with depreciation write-offs.

Non-Current Assets

The Commission re-assessed its provision for restoration costs as at 30 June 2012, leading to an increase in property plant and equipment of $0.433m which was not budgeted for. In addition, computer and other acquisitions were more than budgeted (Budget — $0.743m; Actual — $0.985m).

Current Liabilities

Current liabilities were higher than expected due mainly to an increase in payables and accrued employee benefits at 30 June 2012.

Non-Current Liabilities

The increase in non-current liabilities is mainly due to the Commission recognising a provision for costs to restore its leased premises to their original condition (for further explanation, refer to Financial Statements — Note 19 — Provisions).

Equity

The increase in equity is due to utilising lower than budgeted funds from cash reserves. The budgeted movement in equity was $1.504m compared with the actual equity movement of $0.454m, which was made up of a non-appropriated equity adjustment of $0.372m, an operating deficit of $0.090m and a revaluation increment of $0.008m.

Financial risk management

The CMC operates in an internal control and risk management framework that ensures compliance with our financial responsibilities, cost minimisation and value for money. These controls include:

- Ensuring that financial records are properly maintained
- Regular financial audits by the Queensland Audit Office and the CMC's internal auditor
- Regular monitoring and assessment of financial internal controls
- A Budget Management Committee that ensures the budget is framed to maximise outputs from the strategic plan and monitors the budget to ensure that targets are achieved
- Continued engagement with the CMC's Audit Committee
- Regular internal and external financial reporting, including quarterly reports to the PCMC
- Maintaining an updated Financial Management Practice Manual
- Ensuring on-going training and development of finance staff.

Purchasing and Expense Management

The CMC manages its procurement processes in accordance with *Queensland Government State Procurement Policy 2010*. Our aim is to maximise value for money when purchasing goods and services and to ensure that there is probity and accountability of procurement outcomes. We do this by ensuring compliance with the CMC's policies and procedures, on-going monitoring and improvement of systems and processes.

The CMC's expense management system ensures prompt recognition and recording of expenditure in a manner which satisfies monitoring and reporting objectives and accountability requirements. Creditors are generally settled on 30-day terms. The CMC paid all its accounts on time during the financial year and took advantage of discounts on early settlement of accounts.

Asset Management

The Commission adheres to Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector*. The Commission performs an asset stock-take on an annual basis. As part of the stock-take process, a review of the useful lives of assets is conducted, and assets are assessed for indicators of impairment. The CMC did not impair any assets during the financial year.

Chief Finance Officer (CFO) Statement

In terms of section 77 of the *Financial Accountability Act 2009*, the CFO statement is a mandatory requirement for state government departments only. However, the CMC has adopted best practice by providing the Chairperson with a CFO statement for the financial year ended 30 June 2012, attesting to the financial internal controls of the CMC operating efficiently, effectively and economically.

The CFO statement has been presented to the CMC's Audit Committee.