Financial summary

Financial results

Financial Results	2009–10 $m	2010–11 $m	2011–12 $m	2012–13 $m	2013–14 $m
State Government Grant	43.752	48.288	49.077	49.661	**50.752**
Other Grants and Contributions	1.081	0.370	0.350	0.482	**0.543**
Interest Revenue	0.505	0.801	0.844	0.611	**0.587**
Other Revenue	0.446	0.103	0.169	0.123	**0.282**
Total Revenue	**45.784**	**49.562**	**50.440**	**50.877**	**52.164**
Employee Expenses	31.100	34.354	36.598	36.005	**35.868**
Supplies and Services	10.071	12.644	11.016	10.763	**12.141**
Depreciation and Amortisation	1.751	2.158	2.280	2.544	**2.550**
Other Expenses	1.228	0.642	0.636	0.709	**1.023**
Total Expenditure	**44.150**	**49.798**	**50.530**	**50.021**	**51.582**
Operating Surplus (deficit)	1.634	(0.236)	(0.090)	**0.856**	**0.582**
Net Assets	16.079	15.843	15.389	14.894	**15.476**
State Government Grant/Total Revenue	**96%**	**97%**	**97%**	**98%**	**97%**
Employee Expenses/Total Expenditure	**70%**	**69%**	**72%**	**72%**	**70%**

Revenue	2009–10	2010–11	2011–12	2012–13	2013–14
State Government Grant	43.752	48.288	49.077	49.661	50.752
Other Grants and Contributions	1.081	0.370	0.350	0.482	0.543
Interest Revenue	0.505	0.801	0.844	0.611	0.587
Other Revenue	0.446	0.103	0.169	0.123	0.282
Total Revenue	**45.784**	**49.562**	**50.440**	**50.877**	**52.164**

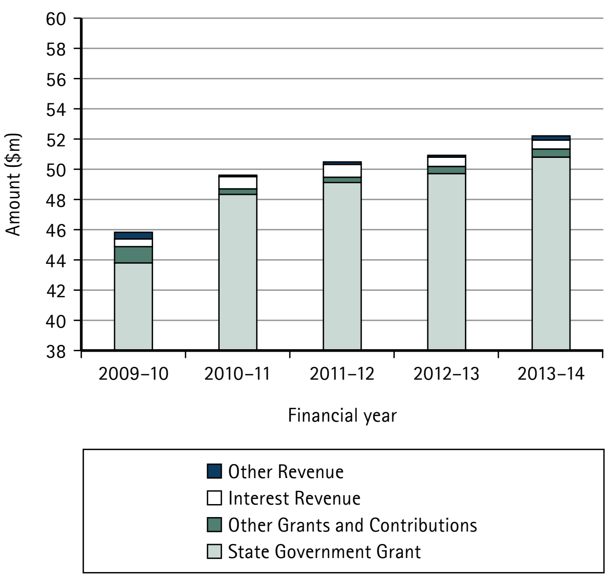
The CMC's financial result for 2013–14 was that revenue exceeded expenses by $0.582m, resulting in an operating surplus (2012–13, $0.856m operating surplus). Refer to page 54, "Comparison of budget and actual results", for further details about the 2013–14 operating surplus.

Revenue

The CMC is predominantly funded through grant funds received from the Queensland Government. In 2013–14, $50.752m or 97% of total revenue was received from the Queensland Government (2012–13, $49.661m or 98% of total revenue). See Figure 15.

In addition, the CMC recognised contributions of $0.543m (2012–13, $0.475m) for services received free of charge predominantly from other Queensland Government agencies. An equal amount has been recognised as expenditure.

Figure 15. Revenue $m, 2009–10 to 2013–14



During the 2013–14 financial year, the CMC earned $0.587m (2012–13, $0.611m) in interest on its cash balances, a slight decrease from the previous financial year due to lower interest rates on investments.

Other revenue includes the CMC's share of the surplus funds for the Australian Public Sector Anti-Corruption Conference (APSACC), which was hosted by the Independent Commission against Corruption (ICAC) in November 2013. Refer to Note 26 in the financial report for further information.

Total revenue for 2013–14 was $52.164m, an increase of $1.287m or almost 3% from the previous year. This is mainly due to an increase of $1.091m in State Government grants in 2013–14, when the CMC received additional grant funding of $6.7m over four years to support legislative amendments resulting in greater criminal motorcycle gang (CMG) related activity, including increased crime hearings, investigations, surveillance and civil confiscations.

Expenses

Total expenditure for 2013–14 was $51.582m (2012–13, $50.021m), increasing by 3% or $1.561m from the previous year.

Employee Expenses

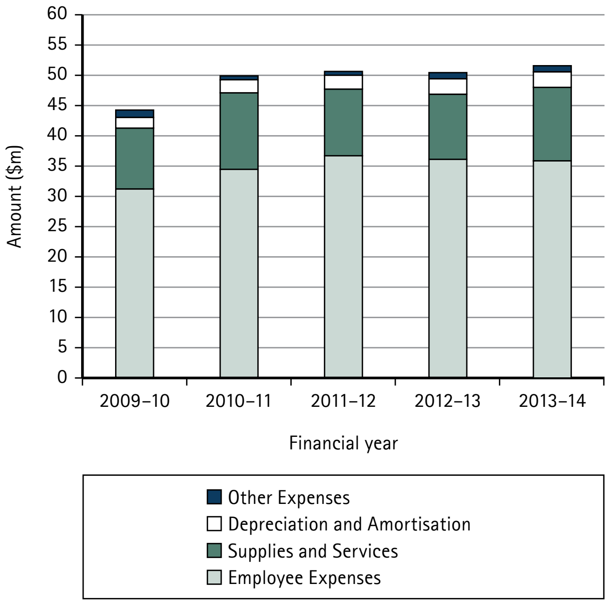
Employee expenses are the CMC's major form of expenditure and comprised 70% of total expenditure or $35.868m in 2013–14 (2012–13, 72% or $36.005m).

Although there were more full-time equivalent staff (FTEs) at 30 June 2014, compared with 30 June 2013 (2013–14, 329 FTEs; 2012–13, 303 FTEs), employee expenses decreased slightly from the previous year.

As part of the Commission's strategy to realign the staff establishment to its employee expenses budget, during the 2012–13 financial year 28 permanent positions were disestablished, resulting in 13 permanent employees receiving severance and supplementary payments (comparable to the Queensland Government staff redundancy package) of almost $1m. This was included in the 2012–13 employee expenditure.

The increase in the number of FTEs and associated employee costs in 2013–14 is primarily due to additional resources being dedicated to enhance the overall law enforcement response to the activities of CMGs in Queensland since January 2014.

Figure 16. Expenditure $m, 2008–09 to 2012–13



Supplies and Services

The CMC spent $12.141m in supplies and services expenditure during 2013–14 (2012–13, $10.763m), an increase of 13% or $1.378m from the previous year. Lease expenses for office accommodation is the highest supplies and services expenditure at $4.348m (almost 39% of total supplies and services expenditure). Computer maintenance and software costs and furniture and equipment (non asset) had the highest increases in expenditure from the previous year.

The CMC spent $1.320m in computer maintenance and software in 2013–14, an increase of $0.541m from 2012–13. Computer software costs included the purchase of Microsoft licences, upgrading the MITEL telephony system, and the purchase of Elearning software. An amount of $0.798m was spent on furniture and equipment (non asset) during 2013–14, compared with $0.224m in 2012–13. The increase of $0.574m was mainly due to digital radio communications equipment purchased for police operations support, in preparation for the G20 meeting.

All other expenditure remained relatively consistent with the previous financial year. Refer to Note 7 of the Financial Report for further details of supplies and services expenditure.

Other Expenses

Other expenses include external audit fees paid, services received free of charge from other Queensland Government agencies (an equal amount is recognised under revenue), the CMC's portion of APSACC 2013 surplus funds of $0.102m paid back as seed money to cover expenses for APSACC 2015, special payments and losses from disposal of property, plant and equipment.

The CMC spent $1.023m for other expenses in 2013–14 compared with $0.709m in 2012–13. The funds paid to the joint venture for APSACC 2015 and a book loss on decommissioning of audiovisual equipment contributed to the increased expenditure in 2013–14.

Depreciation and Amortisation

The CMC's plant and equipment and software intangibles (non–current assets) are depreciated or amortised on a straight-line basis progressively over its estimated useful life to the Commission.

Depreciation and amortisation expenditure incurred for 2013–14 was $2.550m, consistent with 2012–13 expenditure of $2.544m. Notes 14 and 15 of the financial report provide a detailed breakdown of the CMC's non-current assets.

Capital Acquisitions

The CMC invested $2.408m in capital acquisitions during the 2013–14 financial year (2012–13, $1.051m), mainly as part of the ongoing asset replacement and maintenance program in accordance with the Commission's Asset Strategic Plan. In addition to planned asset replacements, the CMC also invested approximately $0.500m in leasehold improvements to create a third hearing room to support increased hearings as a result of the overall law enforcement response to the activities of CMGs in Queensland. Additional motor vehicles and technical equipment were also purchased to support the increased CMG-related activity.

A full breakdown of capital acquisitions can be found in Note 15 of the Financial Statements.

Figure 17. Expenditure by type (as a % of 2013–14 total expenditure)

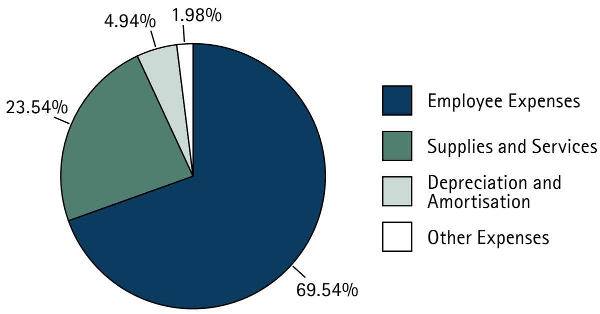
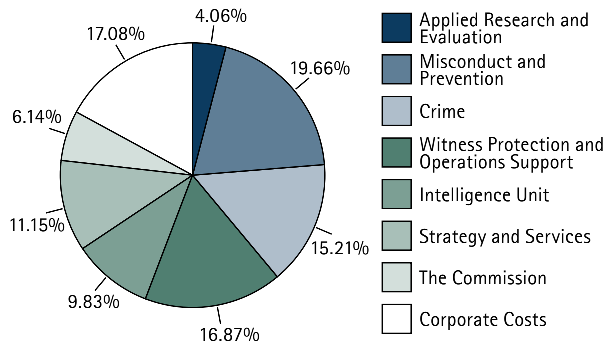


Figure 18. Expenditure by functional area



Assets

As at 30 June 2014, CMC total assets were valued at $26.609m (2012–13, $24.447m), increasing by $2.162m since the previous year. The increase is primarily due to higher cash balances in 2013–14 ($12.038m in 2013–14 compared with $9.269m in 2012–13). The high cash balance at the end of the financial year is partly due to higher amounts owing to suppliers at 30 June 2014. These suppliers were paid in July 2014. Also contributing to the high cash balance is an increase in the value of accrued employee benefits owing at 30 June 2014, and the 2013–14 operating surplus of $0.582m.

Liabilities

As at 30 June 2014, the CMC's liabilities were valued at $11.133m (2012–13, $9.533m), increasing by $1.60m since the previous year. The increase is mainly attributable to higher amounts owing to suppliers at 30 June 2014 ($3.765m in 2013–14 compared with $2.825m in 2012–13), an increase in the value of annual leave entitlements owing (due to an increase in FTEs), and wages payable at 30 June 2014.

Comparison of budget and actual results

Statement of Comprehensive Income

Comparison of budget and actual results	2013–14	2013–14	2013–14	2013–14	2013–14
Statement of Comprehensive Income	Original Budget $m	Estimated Actual (Forecast Budget) $m	Actual $m	Variance Actual to Original Budget $m	Variance Actual to Estimated Actual (Forecast Budget) $m
Grants and Contributions	48.801	50.750	51.295	2.494	0.545
Interest Revenue	0.650	0.600	0.587	(0.063)	(0.013)
Other Revenue	0.145	0.110	0.282	0.137	0.172
Total Income	**49.596**	**51.460**	**52.164**	**2.568**	**0.704**
Employee Expenses	35.569	36.354	35.868	0.299	(0.486)
Supplies and Services	11.348	12.128	12.141	0.793	0.013
Depreciation and Amortisation	2.551	2.701	2.550	(0.001)	(0.151)
Other Expenses	0.128	0.277	1.023	0.895	0.746
Total Expense	**49.596**	**51.460**	**51.582**	**1.986**	**0.122**
Operating Surplus/(Deficit)	**–**	**–**	**0.582**	**0.582**	**0.582**

Significant variances are explained as follows.

Grants and Contributions

Grants and contributions for the year was more than the original budget by $2.494m primarily due to additional grant funding received to support increased CMG-related activities.

The increase in grants and contributions from the forecast budget is due to a financial year end adjustment to recognise contributions for goods and services received free of charge for archival services and for the use of QPS staff to provide support for CMG-related activities.

Interest Revenue

Interest revenue was less than budgeted due to lower than anticipated interest rates.

Employee Expenses

Employee expenses for the year were more than the original budget mainly due to additional resources being dedicated to a range of CMG-related activity, including increased crime hearings, investigations, surveillance and civil confiscations.

Employee expenses were underspent at the end of the financial year partly due to some positions held vacant throughout the financial year pending the confirmation of an organisational restructure, as a result of the Callinan/Aroney and Keelty review recommendations. Additionally, staff training and recruitment expenditure were lower than budgeted.

Supplies and Services

The increase in supplies and services expenditure from the original budget is primarily due to additional expenditure incurred for CMG-related activity, in addition to bringing forward the upgrade of digital communications radio equipment in preparation for G20.

Depreciation and Amortisation

Depreciation and amortisation expenses were lower than forecast due to the timing of capital purchases for CMG-related activity. In addition, the major replacement of audiovisual equipment was delayed until the end of the financial year, thereby incurring further savings in depreciation and amortisation.

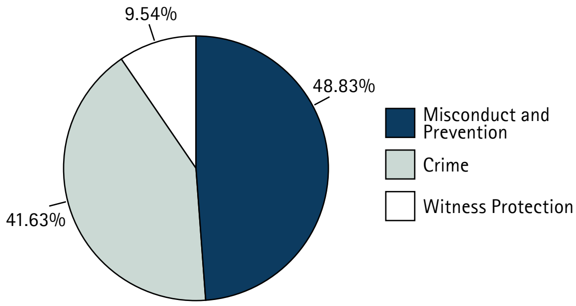
Other Expenses

The increase in other expenses is mainly due to the recognition of goods and services received free of charge from other Queensland Government agencies of $0.543m. In addition, the Commission incurred a book loss of $0.135m on the decommissioning of audiovisual equipment as the actual useful life of the equipment was lower than projected.

Operating surplus

The operating budget surplus of $0.582m was due to budget savings in employee expenses and depreciation and amortisation expenses, as detailed above.

Figure 19. Budget allocation per output



Statement of Financial Position

Comparison of budget and actual results	2013–14	2013–14	2013–14	2013–14	2013–14
Statement of Financial Position	Original Budget $m	Estimated Actual (Forecast Budget) $m	Actual $m	Variance Actual to Original Budget $m	Variance Actual to Estimated Actual (Forecast Budget) $m
Current Assets	11.578	11.680	13.192	1.614	1.512
Non-Current Assets	12.703	12.945	13.417	0.714	0.472
Total Assets	**24.281**	**24.625**	**26.609**	**2.328**	**1.984**
Current Liabilities	4.757	4.751	6.734	1.977	1.983
Non-Current Liabilities	5.115	4.980	4.399	(0.716)	(0.581)
Total Liabilities	**9.872**	**9.731**	**11.133**	**1.261**	**1.402**
Total Equity	**14.409**	**14.894**	**15.476**	**1.067**	**0.582**

Significant variances are explained as follows.

Current Assets

The increase in current assets is mainly due to a higher actual cash balance at 30 June 2014 than budgeted and forecast. This is primarily due to a greater amount owing to suppliers at the end of the financial year than projected.

Non-Current Assets

The value of non-current assets at 30 June 2014 was more than budgeted primarily due to the purchase of plant and equipment for CMG-related activity during the second half of the financial year.

The increase in non-current assets from the forecast budget is mainly due to a financial year-end adjustment to increase the provision for costs to restore the leased premises to their original condition. This amount has been added to the cost of leasehold assets and will be written off over the remaining term of the lease (for further explanation, refer to Notes 15 and 19 in the financial statements). In addition, actual depreciation and amortisation write-offs were lower than forecast, thereby increasing the value of non-current assets at 30 June 2014.

Current Liabilities

Current liabilities increased as at 30 June 2014 as the value of trade creditors and staff annual leave entitlements owing at the end of the financial year was higher than anticipated.

Non-Current Liabilities

The decrease in non-current liabilities is mainly due to a financial year-end adjustment to reclassify annual leave entitlements as a current liability.

Equity

The increase in equity is due to the 2013–14 operating surplus of $0.582m.

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 and Risk Management Committee
- Regular internal and external financial reporting, including quarterly reports to the PCMC
- Maintaining an updated Financial Management Practice Manual
- Ensuring ongoing training and development of finance staff.

Purchasing and Expense Management

The CMC manages its procurement processes in accordance with *Queensland Procurement Policy 2013*. 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, ongoing 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 accountable officer with a CFO statement for the financial year ended 30 June 2014, 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 and Risk Management Committee.