Financial summary

Financial results

	2008–09 $m	2009–10 $m	2010–11 $m	2011–12 $m	2012–13 $m
State Government Grant	41.652	43.752	48.288	49.077	**49.661**
Other Grants and Contributions	0.079	1.081	0.370	0.350	**0.482**
Other Revenue	0.616	0.951	0.904	1.013	**0.734**
Total Revenue	**42.347**	**45.784**	**49.562**	**50.440**	**50.877**
Employee Expenses	30.191	31.100	34.354	36.598	**36.005**
Supplies and Services	5.935	6.178	8.145	6.658	**6.364**
Operating Lease Expenses	4.487	3.893	4.499	4.358	**4.399**
Depreciation and Amortisation	1.640	1.751	2.158	2.280	**2.544**
Other Expenses	0.288	1.228	0.642	0.636	**0.709**
Total Expenditure	**42.541**	**44.150**	**49.798**	**50.530**	**50.021**
Operating Surplus (Deficit)	(0.194)	1.634	(0.236)	(0.090)	**0.856**
Net Assets	14.445	16.079	15.843	15.389	**14.894**
State Government Grant/Total Revenue	**98%**	**96%**	**97%**	**97%**	**98%**
Employee Expenses/Total Expenditure	**71%**	**70%**	**69%**	**72%**	**72%**

The CMC's financial result for 2012–13 was that revenue exceeded expenses by $0.856m, resulting in an operating surplus (2011–12, $0.090m operating deficit). Refer to pages 68–9, "Comparison of budget and actual results", for further details about the 2012–13 operating surplus.

Revenue

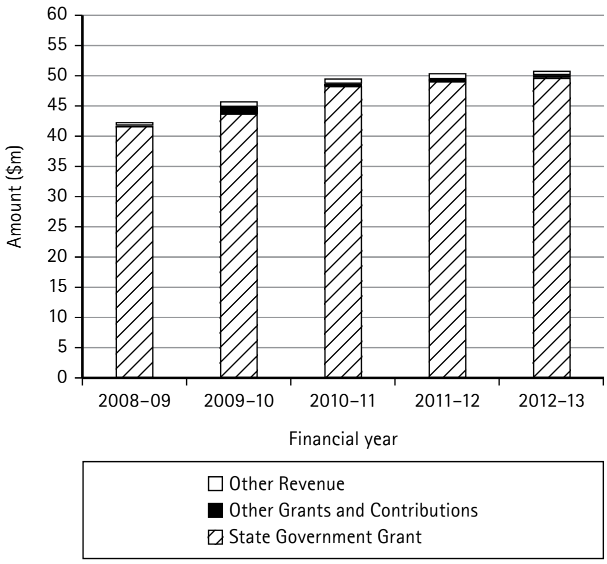
The CMC is predominantly funded through grant funds received from the Queensland Government. In 2012–13, $49.661m or 98% of total revenue was received from the Queensland Government (2011–12, $49.077m or 97% of total revenue). See Figure 17.

In addition, the CMC recognised contributions of $0.475m (2010–11, $0.335m) for services received free of charge, mainly from other Queensland Government agencies. An equal amount has been recognised as expenditure.

Other revenue mainly consists of interest of $0.611m earned on cash balances throughout the financial year (2011–12, $0.844m).

Total revenue for 2012–13 was $50.877m, an increase of $0.437m, or almost 1%, from the previous year, mainly as a result of one-off grant funding received from the Queensland Government for severance payments incurred as part of the Commission's strategy to realign the staff establishment to its labour budget.

Figure 17. Revenue $m, 2008–09 to 2012–13



Expenses

The CMC's major expenditure consists of employee costs, which in 2012–13 comprised 72% of total expenditure or $36.005m (2011–12, 72% or $36.598m). See Figure 18.

In line with the government's focus on savings, total expenditure decreased by 1%, or $0.509m, from the previous year.

Employee expenses have decreased by 1.62% or $0.593m from the previous year. As noted in "Our people" (page 61), 28 permanent positions were disestablished during the financial year and 13 permanent employees received severance and supplementary payments (comparable to the Queensland Government staff redundancy package) totalling $981 567. The total number of employees, including both full-time and part-time employees, measured on a full-time equivalent (FTE) basis was 302.97 FTEs for the 2012–13 financial year (2011–12, 357.5 FTEs).

Supplies and services expenditure has decreased by almost 5% or $0.294m from the previous year, mainly due to lower expenditure on consultants and contractors (a decrease of 49%) and travel-related expenses (a decrease of 29%). However, legal costs increased by 41% or $0.209m, partly due to legal costs paid for the PCMC Inquiry into the release and destruction of Fitzgerald Inquiry documents.

All other expenditure remained relatively consistent with the previous financial year.

Capital Acquisitions

The CMC invested $1.051m in capital acquisitions during the 2011–12 financial year (2011–12, $1.836m), mainly as part of the ongoing asset replacement and maintenance program. In accordance with the Commission's Asset Strategic Plan, $0.488m was spent on motor vehicle purchases (2011–12, $0.556m) and $0.563m was spent on computer and other equipment (2011–12, $0.984m).

The Commission did not make any leasehold improvements in the 2012–13 financial year (2011–12, $0.084m), but an adjustment was made to the provision for restoration costs for its leased premises. An estimated amount of $1.607m (2011–12, $1.761m) is included in the cost of leasehold improvements, relating to clauses in the lease agreement for Green Square and the offsite premises, which require the CMC to restore the leased premises to their original condition.

The Commission did not purchase any software above the asset recognition threshold of $0.100m in 2012–13 (2011–12, $0.212m).

Further information on capital acquisitions can be found in Notes 14 and 15 of the Financial Statements.

Figure 18. Expenditure $m, 2008–09 to 2012–13

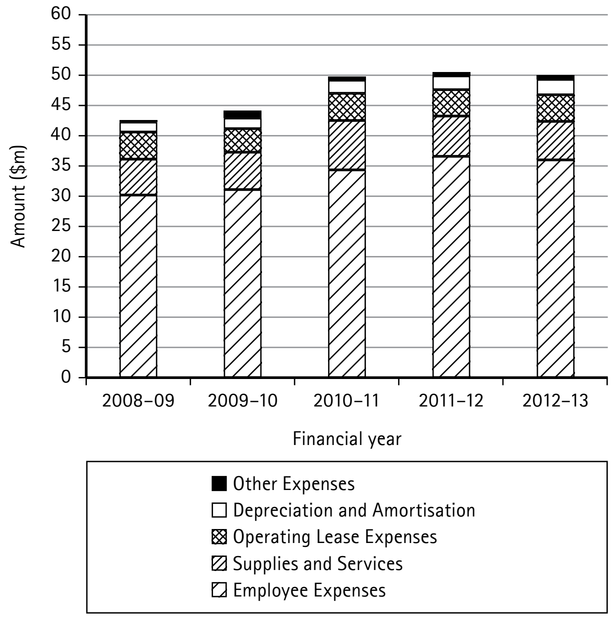


Figure 19. Expenditure by type, 2012–13

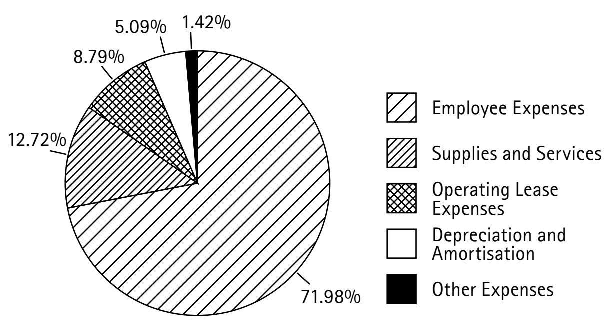
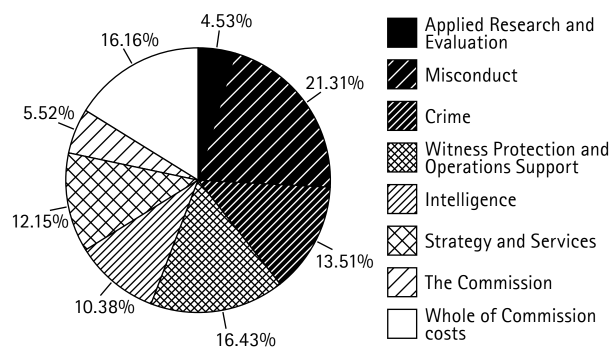


Figure 20. Expenditure by functional area



Assets

As at 30 June 2013, the CMC assets were valued at $24.447m, decreasing by $1.806m since 2011–12, mainly due to the return of cash reserves of $1.351m to the Queensland Treasury, via a non-appropriated equity withdrawal.

Liabilities

As at 30 June 2013, the CMC's liabilities were valued at $9.553m, decreasing by $1.311m since 2011–12. The decrease is mainly attributable to lower amounts owing to trade creditors at 30 June 2013, a decrease in lease liabilities, and a decrease in the value of employee annual leave entitlements owing, as a result of annual leave payouts on termination, coupled with a decrease in annual leave balances due to the Commission's commitment to work-life balance by monitoring and addressing excessive annual leave balances.

Comparison of budget and actual results

Statement of Comprehensive Income

	2012–13 Budget $m	2012–13 Actual $m	2012–13 Variance $m
Grants and Contributions	49.668	50.143	0.475
Interest Revenue	0.659	0.611	(0.048)
Other Revenue	0.133	0.123	(0.010)
Total Income	**50.460**	**50.877**	**0.417**
Employee Expenses	36.490	36.005	(0.485)
Supplies and Services	6.810	6.364	(0.446)
Operating Lease Expenses	4.420	4.399	(0.021)
Depreciation and Amortisation	2.588	2.544	(0.044)
Other Expenses	0.152	0.709	0.557
Total Expense	**50.460**	**50.021**	**(0.439)**
Operating Surplus/(Deficit)	**–**	**0.856**	**0.856**

Significant variances

Grants and Contributions

The increase in grants and other contributions is due to the recognition of contributions for goods and services received free of charge or for nominal value, mainly from other Queensland Government agencies. Contributions for goods and services are recognised only if the goods and services would have been purchased if they had not been donated and their fair value can be measured reliably. Where this is the case, an equal amount is recognised as revenue and expense.

(Refer to Financial Statements — Note 2 — Grants and Other Contributions — Goods and services received below fair value).

Interest Revenue

Interest revenue was $0.048m less than budgeted due to lower than anticipated interest rates.

Employee Expenses

Employee expenses were underspent due to lower than budgeted staff training and development expenditure (budget saving of almost $0.200m). Further, as a result of the review of the Crime and Misconduct Act, the CMC took a proactive approach in curtailing activities in areas that were the focus of the review. Consequently, some vacant positions in these areas were not filled, resulting in budget savings at the end of the financial year.

Supplies and Services

In line with the government's focus on savings, spending has been cautious throughout the 2012–13 financial year, resulting in supplies and services expenditure being under budget by $0.446m. Main areas of budget savings include travel-related expenditure, telecommunications and information retrieval costs, motor vehicle operating costs and computer equipment costs.

Other Expenses

The increase in other expenses is mainly due to the recognition of goods and services received free of charge mainly from other Queensland Government agencies of $0.475m. In addition, the Commission made special payments of $0.069m during the financial year (refer to Note 10 in the financial statements for further details).

Operating surplus

The operating budget surplus of $0.856m was mainly due to budget savings in employee expenses and supplies and services expenditure, as detailed above.

Statement of Financial Position

	2012–13 Budget $m	2012–13 Actual $m	2012–13 Variance $m
Current Assets	11.062	10.728	(0.334)
Non-Current Assets	13.681	13.719	0.038
Total Assets	**24.743**	**24.447**	**(0.296)**
Current Liabilities	5.573	4.221	(1.352)
Non-Current Liabilities	5.034	5.332	0.298
Total Liabilities	**10.607**	**9.553**	**(1.054)**
Total Equity	**14.136**	**14.894**	**0.758**

Significant variances

Current Assets

The decrease in current assets is mainly due to a lower than budgeted cash balance due to higher than budgeted creditor payments at the end of the financial year.

Non-Current Assets

The increase in non-current assets is mainly due to lower than anticipated asset disposals during the financial year.

Current Liabilities

Current liabilities were lower than expected due mainly to lower than anticipated trade creditors and accrued employee benefits at 30 June 2013.

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 mainly due to the 2012–13 operating surplus of $0.856m.

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 ongoing training and development of finance staff.

Purchasing and Expense Management

The CMC manages its procurement processes in accordance with the *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 in relation to 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 the 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 stocktaking 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 2013, 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.