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Chief Finance Officer's report

This financial summary provides an overview of the department's financial performance for the 2020–2021 financial year to 12 November 2020. The department was abolished as a result of the *Administrative Arrangements Order (No. 2) 2020*. Under this notice, ongoing responsibility for functions of the department were transferred to the Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships (DSDSATSIP). The effect of this transfer was from 13 November 2020.

The department delivered its services in a fiscally responsible way, recording a minor operating surplus of \$0.417 million. This outcome reflects revenue recognised in 2020–2021 up to the date of cessation on a range of programs for which the department will incur expenses to deliver the programs in a future accounting period.

Key program investments in 2020–2021 to progress the department's vision of Aboriginal and Torres Strait Islander Queenslanders thriving culturally, socially and economically included Local Thriving Communities, Path to Treaty, and commenced implementation of the *Meriba Omasker Kaziw Kazipa Act 2020*—facilitating the legal recognition of Torres Strait Islander traditional child rearing practice.

In accordance with the requirements of section 77 (2) (b) of the *Financial Accountability Act 2009*, I have provided the Director-General with a Statement of Assurance confirming that the financial internal controls of the department are operating efficiently, effectively and economically in conformance with section 54 of the *Financial and Performance Management Standard 2019*, and there were no deficiencies or breakdowns in internal controls that would impact adversely on the department's financial governance or financial statements for the year. The Financial Statements was presented at the Audit and Risk Committee meeting in February 2021.

This financial summary provides an overview of the department's financial results for 2020–2021 to the date of cessation. A comprehensive set of financial statements is provided in the Financial Statements section of this report, which includes an analysis of expenditure compared to the published budget with explanation of major variances. With the announcement of the cessation of the department on 12 November 2020, the 2020–2021 part-year financial expenditure outlays are not comparable with the prior full-year financial results.

Tim Hodda FCPA

Chief Finance Officer

Summary of financial performance

This section provides an overview of the Financial Statements of the department for the 2020–2021 for period ended 12 November 2020, which are provided in detail at the Financial Statements section of this report.

Table 1: Summary of financial results of controlled operations

	FINANCIAL YEAR 2020 2021 1 JULY 2020 TO 12 NOVEMBER 2020 \$'000		FINANCIAL YEAR 2019 2020 \$'000	
	Income	21,610	63,604	
Expenses	21,193	64,167		
Operating surplus (deficit)	417	(563)		
Assets	45,791	40,923		
Liabilities	21,572	16,925		
Net assets	24,219	23,998		

Income received

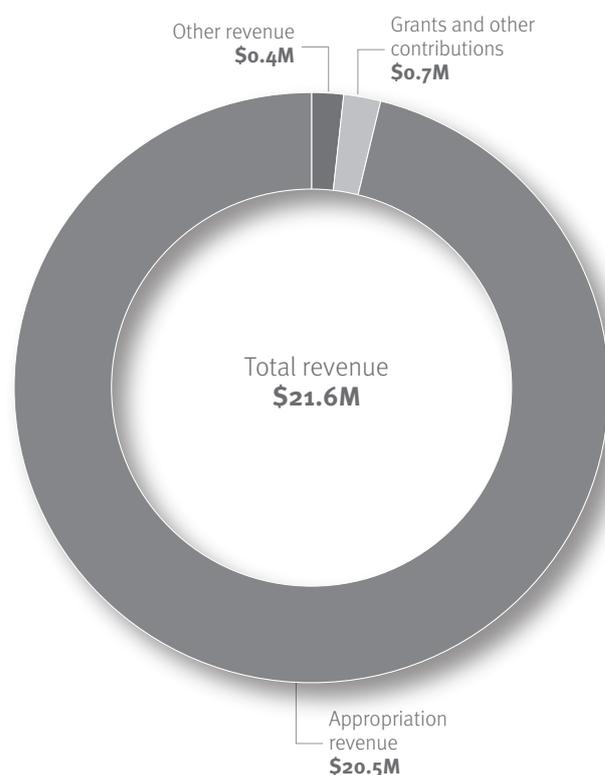
The department received income primarily through appropriation revenue and grant funding.

Income for 2020–2021 to 12 November 2020 was \$21.61 million and this included:

- \$20.53 million in Appropriation revenue
- \$0.67 million in grants and other contributions, including \$0.52 million from the Queensland Mental Health Commission to design and deliver mental health programs. These programs are delivered under Memorandum of Understanding arrangements.
- \$0.41 million in other revenue, including reimbursement from Community Enterprise Queensland for depreciation and other expenses associated with Retail Stores assets (\$0.314 million). These costs are reimbursed under Memorandum of Understanding arrangements.

Figure 1 shows revenue across items for 2020–2021.

Figure 1: Revenue by type



Expenses incurred

During 2020–2021 to the date of cessation, our department delivered its services through:

- departmental staff
- the provision of grants and contributions to local governments, and operational grants to non-government organisations and community groups
- the engagement of technical experts, including in the area of land and infrastructure planning.

Total expenses for 2020–2021 for the period were \$21.2 million and included:

- \$13.7 million on employee expenses
- \$4.3 million on supplies and services, including \$1.7 million on office accommodation rent, property and maintenance costs; \$0.5 million on professional and technical services to support key strategic programs including remote communities land and infrastructure planning initiatives such as town and master planning programs and facilitation of Indigenous Land Use Agreements; \$0.9 million on support services including information technology, payroll and financial transactional services; and \$0.2 million on service procurement programs including Local Thriving Communities

- \$2.5 million on grants expenditure, including \$1.4 million contributed to the Queensland Aboriginal and Torres Strait Islander Foundation (QATSIF) for education scholarships and \$0.6 million to remote community councils to support the operations of splash parks, and \$0.15 million for Community Safety Plans under the Alcohol Management program
- \$0.41 million on depreciation and amortisation expenses
- \$0.31 million on other expenses.

Figure 2 shows the expenses across items for 2020–2021.

Positive financial position in 2020–2021

Our department has a strong balance sheet as at 12 November 2020.

Assets held

Total assets held by the department at 12 November 2020 were \$45.8 million, which included:

- \$27.4 million in cash assets
- \$16.4 million in property, plant and equipment, and software. The departments asset base includes the Retail Stores and employee housing portfolio (\$9.5 million); the Lockhart River Multi-Tenant Service Centre (\$2.1 million) and community assets (\$2.7 million)
- \$2.0 million in receivables and other current assets including prepayments of \$0.7 million primarily related to property services and receivables of \$1.3 million including \$0.52 million from the Queensland Mental Health Commission for the design and delivery of mental health programs, and \$0.4 million from the central scheme for employee leave claims.

The overall asset value of the department remained relatively stable compared to the prior financial year (\$40.9 million 2019–2020). Non-current asset values reduced by \$0.7 million reflecting depreciation (\$0.4 million), the gifting of house and land to the Woorabinda Aboriginal Shire Council (\$0.2 million) to support that council’s strategic program, and an overall asset devaluation of \$0.1 million. Cash increased from \$22.3 million 2019–2020 to \$27.4 million as at 12 November 2020, reflecting the timing difference between the inflow of appropriation funds and the outlays on program expenditure as at the date of cessation. This cash balance will be reduced in the subsequent accounting period under DSDSATSIP through the repayment of the overall appropriation payable of \$18.5 million.

Figure 3 compares the department’s assets as at 12 November 2020 with 2019–2020.

Figure 2: Operating expenditure by type

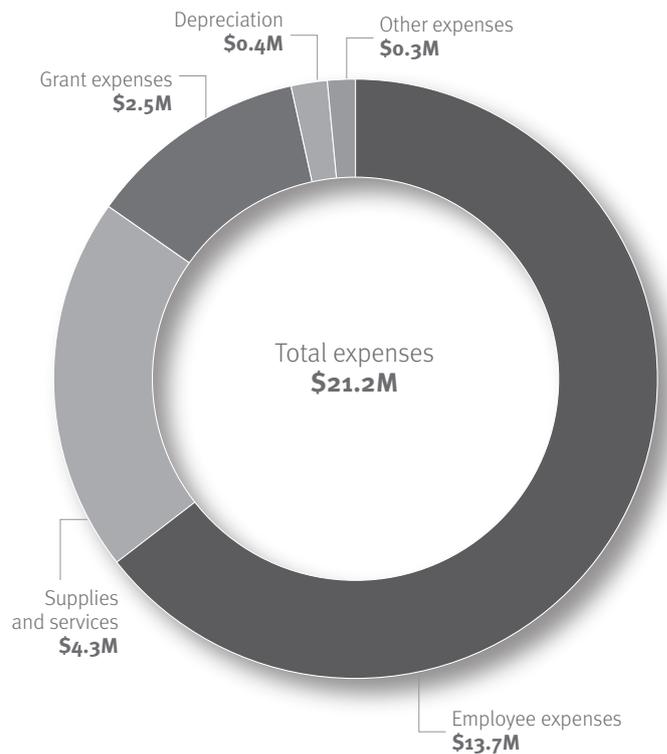


Figure 3: Assets



Liabilities and equity

At 12 November 2020, our department had liabilities of \$21.6 million, including payables of \$20.5 million and accrued employee benefits of \$1 million. Equity totals \$24.2 million.

Payables includes Deferred appropriation payable to Consolidated Fund of \$18.5 million (\$14.8 million 2019–2020). The increase in the appropriation payable of \$3.7 million reflects the timing difference between the inflow of appropriation funds and the outlays on program expenditure as at the date of cessation. This liability will be reduced in the subsequent accounting period under DSDSATSIP through the repayment of the overall appropriation payable of \$18.5 million from the available cash at bank.

Total equity as at 12 November remained comparable with 2019–2020 (\$24 million).

Figure 4 compares the department’s liabilities and equity as at 12 November 2020 with 2019–2020.

Administered items

Our department administered the payment of \$2.1 million to the Family Responsibilities Commission (FRC) in support of its Welfare Reform activities for the part-year. The FRC is funded through a joint arrangement with the Commonwealth Government under a Memorandum of Understanding. The \$2.1 million contribution to the FRC included \$0.9 million provided by the Commonwealth Government.

In addition, the department gifted house and land to the Woorabinda Aboriginal Shire Council (\$0.2 million) to support that council’s strategic program, with the transaction recognised as a grant.

