

## Financial summary 2011-12

During 2011-12, the QPS received \$1 916.9 million for the delivery of policing services to the Queensland community. At the end of the 2011-12 financial year, the QPS was in a sound financial position, achieving an operating surplus from continuing operations of \$1.251 million. This financial summary provides a snapshot of the income, expenditure, assets and liabilities for the 2011-12 financial year and can be read in conjunction with the financial statements.

The table below provides a summary of comparative financial results over the last five years.

<b>Statement of comprehensive Income</b>	<b>2011-12 \$'000</b>	<b>2010-11 \$'000</b>	<b>2009-10 \$'000</b>	<b>2008-09* \$'000</b>	<b>2007-08* \$'000</b>
Total income from continuing operations	1 916 904	1 786 375	1 673 862	1 519 929	1 427 648
Total expenses from continuing operations	1 915 653	1 785 133	1 672 136	1 526 901	1 412 768
<b>Statement of financial position</b>	<b>2011-12 \$'000</b>	<b>2010-11 \$'000</b>	<b>2009-10 \$'000</b>	<b>2008-09* \$'000</b>	<b>2007-08* \$'000</b>
Total assets	1 980 276	1 926 219	1 911 479	1 932 506	1 837 222
Total liabilities	126 998	130 116	132 511	103 378	194 596
Total equity	1 853 278	1 796 102	1 778 968	1 829 127	1 642 626

\* Recast figures due to prior year adjustments

## Financial performance

### Income from continuing operations

For the 2011-12 financial year, the QPS received income from continuing operations of \$1 916.9 million, an increase of \$130.5 million (7.31%) from 2010-11. This increase comprised an additional \$117.7 million being received from departmental services revenue, a \$4.7 million increase in user charges, an increase in grants and other contributions of \$7.6 million, a decrease in other revenues of \$0.7 million and an increase of \$1.2 million in gains on the sale of property, plant and equipment and revaluations of major plant and equipment.

### Expenses from continuing operations

For the 2011-12 financial year, the QPS's total expenditure from continuing operations was \$1 915.7 million, an increase of \$130.5 million (7.31%) from 2010-11. This increase comprised a \$93.5 million increase in employee expenses, an additional \$1.3 million in supplies and services, a \$1.2 million increase in grants and subsidies, an increase of \$3.7 million in depreciation and amortisation, an increase of \$22.4 million in impairment losses, a decrease of \$3.1 million in revaluation decrement and an \$11.5 million increase in other expenses. The increase in employee expenses is mainly attributed to enterprise bargaining agreement salary increases and the Voluntary Separation Program in the 2011-12 financial year.

### Budget appropriation

The funding contribution to QPS by the state government increased by 6.90% from 2010-11. The below table represents the 2011-12 funding appropriated by state government and the expenditure for each major departmental service.

Major Departmental Service	State contribution 2011-12 \$'000	% of State contribution 2011-12	QPS expenditure 2011-12 \$'000	% of QPS expenditure 2011-12
Professional Standards and Ethical Practice	287 866	16%	296 368	15%
Personal Safety	432 063	24%	455 326	24%
Property Security	386 194	21%	406 989	21%
Traffic Policing	346 852	19%	364 765	19%
Public Order and Safety	372 166	20%	392 205	21%
	<b>1 825 141</b>	<b>100%</b>	<b>1 915 653</b>	<b>100%</b>

In addition to the state contribution, the QPS receives revenue from other sources including user charges, grants and contributions, other revenues and gains on the sale and revaluation of property, plant and equipment. This additional revenue was used to fund the \$90.5 million variance between the state contribution and QPS' expenditure for 2011-12.

The QPS delivers its services across five major departmental service areas as outlined in the table above. The costs for service delivery support are proportionally spread across each major departmental service area for the purpose of determining the full cost of each deliverable.

## Financial position

### Assets

As at 30 June 2012, total assets were valued at \$1 980.3 million, which represents an increase of \$54.1 million (2.81%) from the previous year. This change was largely the result of an increase of \$28.3 million in property, plant and equipment, an increase of \$7.7 million in intangible assets, a decrease of \$3.0 million in other current assets, an increase of \$10.8 million in receivables, an increase in cash and cash equivalents of \$8.5 million and an increase in inventories of \$1.8 million.

## **Liabilities**

As at 30 June 2012, total liabilities were valued at \$127 million, a decrease of \$3.1 million from the previous year. This change was the result of an increase in payables of \$11.8 million and a decrease of accrued employee benefits of \$14.9 million. Of the decrease in accrued employee benefits, this comprised a \$1.0 million increase in annual leave and long service leave liabilities, a \$0.3 million increase in accrued allowances and a \$16.2 million decrease in outstanding wages payable to QPS employees as at 30 June 2012. The significant decrease in the outstanding wages payable was due to outstanding wages for 2010-11 salary increases to police officers and other officers covered by QPS Determination 2010, being paid in 2011-12 following the Queensland Industrial Relations Commission decision of 11 August 2011.

## **Net Assets**

The net asset position of the department (assets minus liabilities) at the end of 2011-12 was \$1 853.3 million. This was an increase of \$57.2 million on the 2010-11 net asset position. This represents the increase in total assets of \$54.1 million together with the decrease in liabilities of \$3.1 million.

## **Costs and risks in relation to liabilities and contingent liabilities**

### **Liabilities**

Total liabilities for the QPS were valued at \$127 million as at 30 June 2012. To minimise exposure to liquidity risk arising from these liabilities, the QPS follows a liquidity management strategy to ensure sufficient funds are available to meet employee and supplier obligations as they fall due.

The QPS has not undertaken any borrowings from Queensland Treasury Corporation in 2011-12 and therefore any risks in relation to liquidity risk or market risk are minimal.

A more comprehensive analysis regarding the QPS's costs and risks in relation to its financial instruments is set out in the financial statements (note 31).

### **Contingent liabilities**

The QPS' exposure to contingent liabilities comprises litigation in process and native title claims over departmental land.

As at 30 June 2012, thirty-two litigation cases were filed and in progress with the QPS named as the defendant. The QPS has implemented a contingent liability management system to actively manage litigation cases and to minimise the costs associated with these cases.

With regard to native title claims over departmental land, the QPS's exposure to liability claims is considered to be minimal as most of the affected land is community infrastructure developed in accordance with the gazetted purpose of the land as Reserves.

A more comprehensive analysis regarding the QPS's costs and risks in relation to its contingent liabilities is set out in the financial statements (note 29).

## **Chief Finance Officer (CFO) Statement**

For the financial year ended 30 June 2012, the QPS acknowledges the minimum responsibilities of the Chief Finance Officer as specified under section 77(1)(b) of the *Financial Accountability Act 2009*.

The Chief Finance Officer provided a statement to the Accountable Officer prior to certification of the 2011-12 financial statements, regarding the efficiency, effectiveness and economical operations of financial internal controls operating within the department.