

# Financial summary

Machinery of government changes previously outlined on page 8 of this report are the primary reasons for the material decrease of department revenue, expenditure and net asset position compared from the prior year.

Most notably the transfer of Arts Queensland (AQ) and Corporate Administration Agency (CAA) to the Department of Environment and Science resulted in the following financial reporting impacts:

- ▶ decreases to user charges and fees revenue primarily due to transferred Cultural Precinct tenant charges, car park revenue and CAA professional service fees
- ▶ decreases to supplies and services expenditure primarily due to transferred Cultural Precinct property and facility management expenditure
- ▶ decreases to Property Plant and Equipment balances and depreciation and amortisation expenditure primarily due to transferred Cultural Precinct Land and Building holdings
- ▶ decreases to grant expenditure primarily due to AQ grant programs, both of controlled and administered funding nature.

## Department revenue

Total department revenue for 2017–18 was \$215.78 million, a decrease of \$30.01 million or 12 per cent from the prior year due to factors identified above. Aside from machinery of government impacts, underlying department revenue increased \$20.20 million or 19 per cent. Key drivers of the increase include additional funding received for Screen Queensland's Production Attraction Strategy and the Events Sponsorship Fund managed by Strategy and Engagement and Anzac Centenary commemoration activities managed by Government Services.

Further context to the department revenue when compared to the prior year, is provided in Figure 1.



## Department expenditure

Total expenditure for the year ending 30 June 2018 was \$215.44 million, a decrease of \$30.39 million or 12 per cent on the prior year. Non-inclusion of AQ expenditure associated with Southbank Cultural Precinct property and facility management has resulted in material decreases to supplies and services and depreciation and amortisation expenditure categories. To a lesser extent, decreases to employee expenditure and grants expenditure are also apparent due to the AQ and CAA machinery of government changes.

Policy Advice and Coordination, and Cabinet Support and Government Services' service areas reported decreases in revenue, primarily reflective of recognising Strategy and Engagement as a permanent department service area during the financial year. Revenue for remaining service areas remained relatively consistent with the prior year. See Figures 2 and 3.

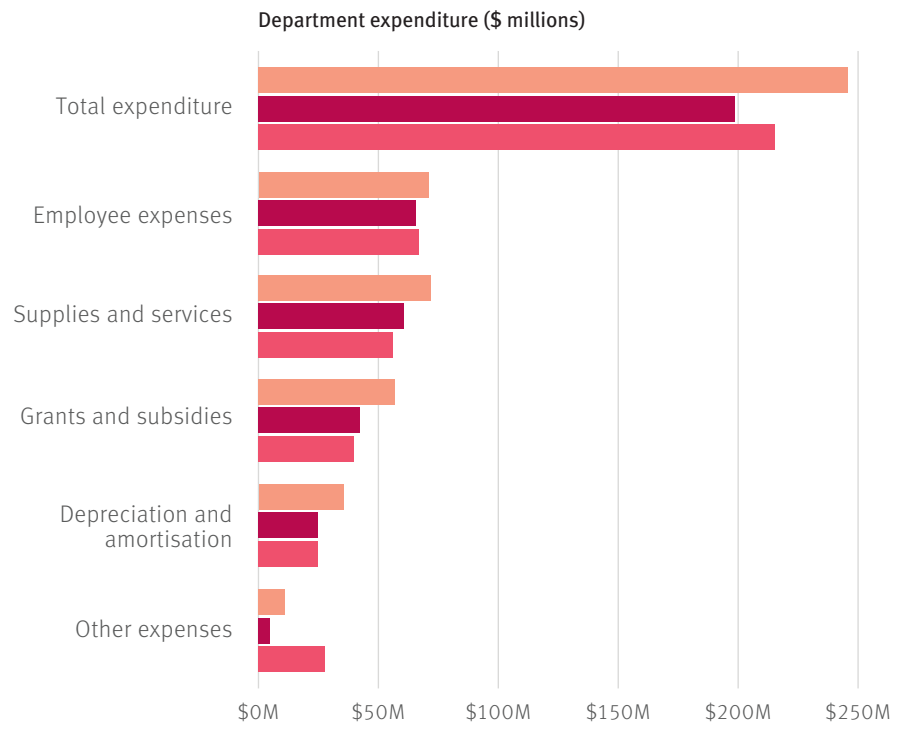


Figure 2 – Comparison of expenditure performance from prior year

■ FY 2016-17 actual  
■ FY 2017-18 budget  
■ FY 2017-18 actual

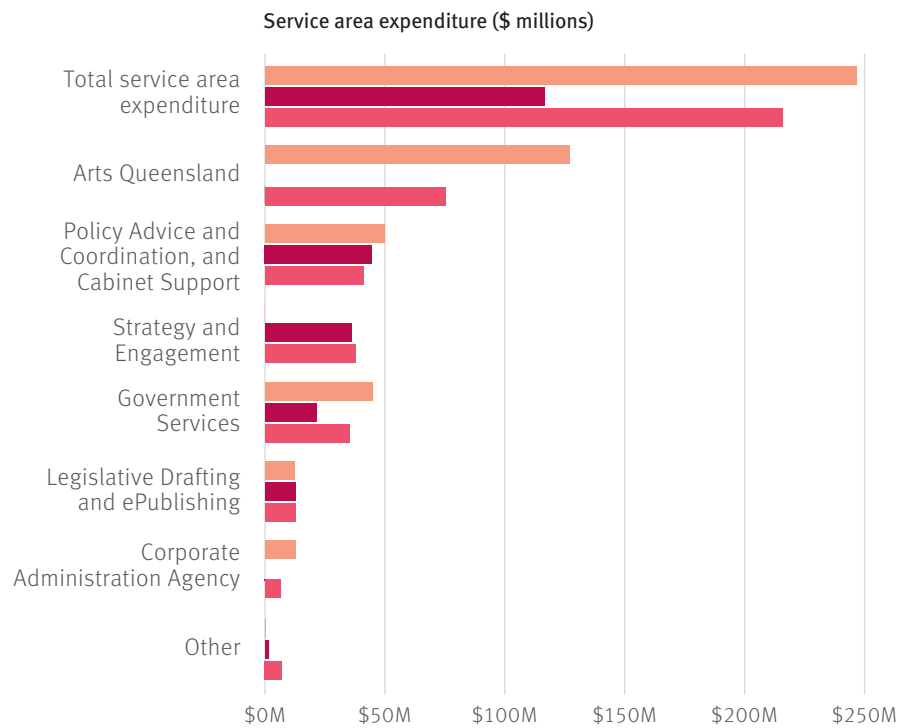


Figure 3 – Comparison of service area expenditure from prior year.

■ FY 2016-17 actual  
■ FY 2017-18 budget  
■ FY 2017-18 actual

## Summary of financial position

The department’s total asset position was \$74.52 million at 30 June 2018, a significant decrease from the prior year position of \$756.84 million. The decrease primarily attributable to the transfer of AQ Property, Plant and Equipment balances (mostly represented by ownership of the Southbank Cultural Precinct) that previously overshadowed the department’s total asset position.

While department non-current assets reported a significant decrease, the department’s current asset position recorded a relatively significant increase to \$62.87 million. This reflected an increase in cash and receivable assets due to the larger end of financial year appropriation payable as a result of the deferral of funding to 2018–19 and an increase to Revolving Film Finance Facility (RFFF) activity associated with the department’s role in supporting the development of the state film industry.

The department recorded total liabilities of \$69.99 million at 30 June 2018, a similar increase from the prior year to that of the current asset position. Similarly, the increase from the prior year primarily due to larger end of financial year appropriation payable and an increase to RFFF receivable balances associated with the development of the state film industry.

## Administered funding

For the year ended 30 June 2018, the department’s administered funding was \$141.3 million, a decrease of \$12.70 million or 8 per cent from the prior year.

The decrease in administered payments from the prior year is primarily attributable to machinery of government changes. Administered funding decreases associated with the transfer out of AQ and the Queensland Family and Child Commission were partly offset by the transfer in of Trade and Investment Queensland as well as additional Ministerial Offices’

funding as a result of the swearing-in of the new ministry on 12 December 2017. The distribution of administered funding between entities is highlighted in Figure 4.

## Chief Finance Officer Assurance

In accordance with the requirements of the *Financial Accountability Act 2009*, the Chief Finance Officer has provided the Director-General with a statement confirming the financial internal controls of the department are operating efficiently, effectively and economically in conformance with section 57 of the *Financial and Performance Management Standard 2009*.

The statement indicated no material deficiencies or breakdowns in internal controls, which would impact adversely on the department’s financial governance or financial statements for the year.

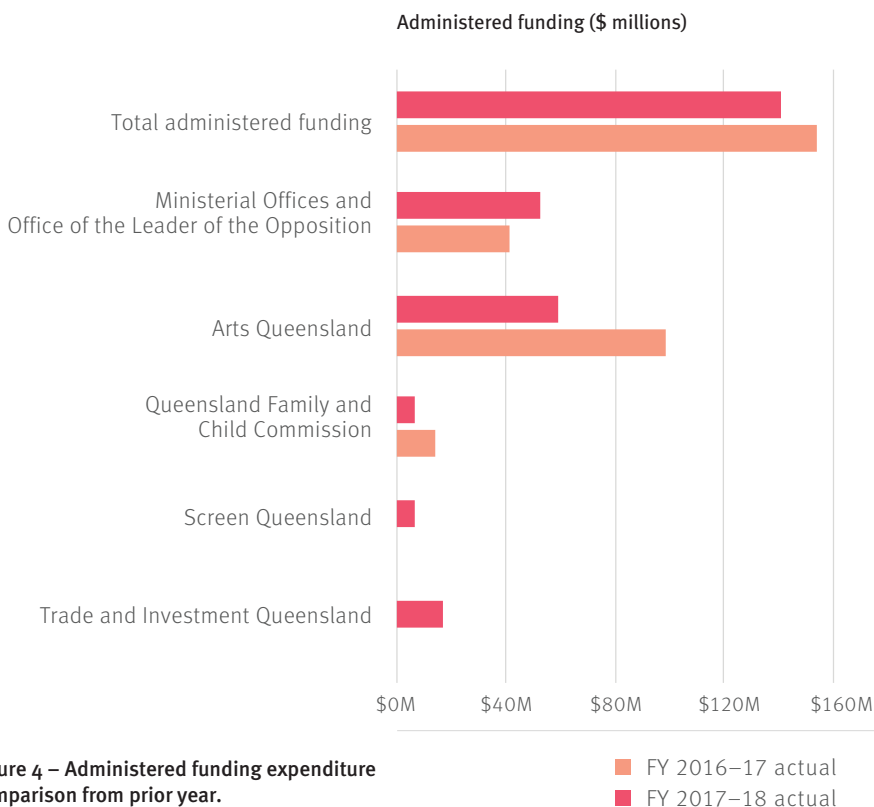


Figure 4 – Administered funding expenditure comparison from prior year.