Family Responsibilities Commission Financial Statements

for the financial year ended 30 June 2011

Family Responsibilities Commission
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23 August 2011

The Honourable Curtis Pitt MP
Minister for Disability Services, Mental Health and
Aboriginal and Torres Strait Islander Partnerships
GPO Box 806
BRISBANE QLD 4001

Dear Minister Pitt

I am pleased to present the Financial Statement for the Annual Report 2010-2011 for the Family Responsibilities Commission.

I certify that this Annual Report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, and
- the detailed requirements set out in the *Annual Report Requirements for Queensland Government Agencies*.

A checklist outlining the annual reporting requirements can be accessed at http://www.frcq.org.au after 30 October 2011.

Yours sincerely

David Glasgow
Commissioner
Family Responsibilities Commission

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General Information

These financial statements cover the Family Responsibilities Commission. It has no controlled entities.

The Family Responsibilities Commission is an independent statutory body established under the Family Responsibilities Commission Act 2008.

The Commission is controlled by the State of Queensland which is the ultimate parent.

The head office and principal place of business of the Commission is:
Level 3, Commonwealth Building, 107 Lake Street
CAIRNS QLD 4870

A description of the nature of the Commission's operations and its principal activities is included in the notes to the financial statements.

For information in relation to the Commission's financial report, please call 07 40573870, email Alison.Kollmorgen@frcq.org.au or visit the Commission internet site www.frcq.org.au.

Statement of Comprehensive Income for the year ended 30 June 2011

	Notes	2011 $000	2010 $000
Income from Continuing Operations			
Revenue			
Grants and other contributions	2	3,607	3,022
Other revenue	3	94	105
Total Income from Continuing Operations		3,701	3,127
Expenses from Continuing Operations			
Employee expenses	4	2,669	1,889
Supplies and services	5	1,746	1,527
Grants and subsidies	6	-	586
Depreciation and amortisation	7	169	59
Other expenses	8	40	38
Total Expenses from Continuing Operations		4,624	4,099
Operating Result from Continuing Operations		(923)	(972)
Total Other Comprehensive Income		-	-
Total Comprehensive Income		(923)	(972)

The accompanying notes form part of these statements.

Statement of Financial Position for the year ended 30 June 2011

	Notes	2011 $000	2010 $000
Current Assets			
Cash and cash equivalents	9	974	2,230
Receivables	10	497	58
Other	11	7	12
Total Current Assets		1,478	2,300
Non Current Assets			
Intangible assets	12	78	235
Property, plant and equipment	13	6	18
Total Non Current Assets		84	253
Total Assets		1,562	2,553
Current Liabilities			
Payables	14	63	166
Accrued employee benefits	15	241	206
Total Current Liabilities		304	372
Total Liabilities		304	372
Net Assets		1,258	2,181
Equity			
Accumulated surplus		1,258	2,181
Total Equity		1,258	2,181

The accompanying notes form part of these statements.

Statement of Changes in Equity for the year ended 30 June 2011

	Accumulated Surplus $000	TOTAL $000
Balance as at 1 July 2009	3,153	3,153
Operating Result from Continuing Operations	(972)	(972)
Total Other Comprehensive Income	-	-
Balance as at 30 June 2010	2,181	2,181
Balance as at 1 July 2010	2,181	2,181
Operating Result from Continuing Operations	(923)	(923)
Total Other Comprehensive Income	-	-
Balance as at 30 June 2011	1,258	1,258

The accompanying notes form part of these statements.

Statement of Cash Flows for the year ended 30 June 2011

	Notes	2011 $000	2010 $000
Cash flows from operating activities			
Inflows:			
Grants and other contributions		3,159	3,027
GST collected from customers		2	39
GST input tax credits from ATO		181	202
Interest receipts		92	100
Other		6	4
Outflows:			
Employee expenses		(2,633)	(1,844)
Supplies and services		(1,856)	(1,546)
Grants and subsidies		-	(586)
GST paid to suppliers		(176)	(222)
GST remitted to ATO		(2)	(39)
Other		(34)	(44)
Net cash used in operating activities	16	(1,261)	(909)
Cash flows from investing activities			
Inflows:			
Advances		5	28
Outflows:			
Payments for property, plant and equipment		-	(25)
Payments for intangibles		-	(200)
Net cash provided by (used in) investing activities		5	(197)
Net decrease in cash held		(1,256)	(1,106)
Cash at beginning of financial year		2,230	3,336
Cash at end of financial year	9	974	2,230

The accompanying notes form part of these statements.

Notes To And Forming Part Of The Financial Statements 2010-11

Notes To And Forming Part Of The Financial Statements 2010-11

Objectives and Principal Activities of the Family Responsibilities Commission

The Family Responsibilities Commission was established through the enactment of the Family Responsibilities Commission Act 2008 on 13 March 2008. The Family Responsibilities Commission (Commission) commenced operation on 1 July 2008, and is scheduled by its enabling legislation to cease operation on 1 January 2012.

The Commission is a key component of the Cape York Welfare Reform trial.

The Commission is an independent statutory body consisting of a Family Responsibilities Commission Governing Board consisting of representatives from The Queensland Department of Premier and Cabinet, the Commonwealth Department of Families, Housing, Community Services and Indigenous Affairs and the Cape York Institute. The Commission's Chief Executive is a legally qualified Commissioner. There are Local Commissioners for each Cape York Welfare Reform Trial community. All Commissioners were appointed by the Governor in Council. The Commission operates its central registry based in Cairns and regional offices in Aurukun, Coen, Hope Vale and Mossman Gorge.

The Commission supports the rebuilding of social norms in the four Cape York Welfare Reform communities by:

- Rebuilding local authority and promoting respect;
- Conducting client conferencing at which community values and the expected behaviour of individuals, families and households are discussed;
- Determining appropriate actions to address the dysfunctional behaviour of people in the community;
- Where appropriate, referring individuals to community support services to assist them to address their behaviours; and
- Where appropriate, directing the person's income to be managed by Centre-link to pay for the priority needs of their family.

The Commission is funded for the outputs it delivers by parliamentary appropriations to -

(a) support the restoration of socially responsible standards of behaviour and local authority in welfare reform community areas; and

(b) help people in welfare reform community areas to resume primary responsibility for the wellbeing of their community and the individuals and families of the

The objectives to be achieved by the Commission are -

(a) holding conferences about agency notices; and

(b) dealing with the matters to which the notices relate in a way that -

(i) encourages community members who are the subject of a conference to engage in socially responsible standards of behaviour; and

(ii) to promote the interests, rights and wellbeing of children and other vulnerable persons living within welfare reform community areas.

1. **Summary of Significant Accounting Policies**

(a) Statement of Compliance

The Commission is a Statutory Body under the Financial Accountability Act 2009 and these financial statements have been prepared in accordance with section 43 of the Financial and Performance Management Standard 2009.

These financial statements are general purpose financial statements, and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Treasury's Minimum Reporting Requirements for the year ending 30 June 2011, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, the Commission has applied those requirements applicable to not-for-profit entities, as the Commission is a not-for-profit authority. Except where stated, the historical cost convention is used.

(b) The Reporting Entity

The financial statements include the value of all revenues, expenses, assets, liabilities and equity of the Commission. The Commission does not have any controlled entities.

(c) Grants and Other Contributions

Grants, contributions, donations and gifts which are non-reciprocal in nature are recognised as revenue in the year in which the Commission obtains control over them. Where grants are received that are reciprocal in nature, revenue is recognised as the obligations under the funding agreement are fulfilled.

Contributed assets are recognised at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

(d) Cash and Cash Equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June as well as deposits at call with financial institutions.

(e) Receivables

Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically. No allowance for impairment has been made as at balance date. All known bad debts were written off at 30 June.

(f) Acquisitions of Assets

Actual cost is used for the initial recording of all non-current physical and intangible asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use. However, any training costs are expensed as incurred.

1. **Summary of Significant Accounting Policies (cont'd)**

(g) Property, Plant and Equipment

Items of plant and equipment being leasehold improvements with a cost or other value equal to or in excess of $5,000 are recognised for financial reporting purposes in the year of acquisition. Items with a lesser value are expensed in the year of acquisition. As at 30 June 2011, the Commission controlled no assets belonging to any other class of property, plant and equipment. No property, plant and equipment assets have been classified as held for sale or form part of a disposal group held for sale.

(h) Intangible Assets

Intangible assets with a cost or other value equal to or greater than $100,000 are recognised in the financial statements, items with a lesser value being expensed. Each intangible asset is amortised over its estimated useful life to the agency, less any anticipated residual value. The residual value is zero for all the Commission's intangible assets.

It has been determined that there is not an active market for any of the Commission's intangible assets. As such, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

No intangible assets have been classified as held for sale or form part of a disposal group held for sale.

Purchased Software

The purchase cost of this software has been capitalised and is being amortised on a straight-line basis over the period of the expected benefit to the Commission.

(i) Revaluations of Non-Current Physical and Intangible Assets

As disclosed in Note 1(h) above, it has been determined that there is no active market for any of the Commission's intangible assets, therefore these assets are measured at cost and are not subject to revaluation.

Plant and equipment, being leasehold improvements are measured at cost in accordance with Treasury's *Non-Current Assets Policies.*

(j) Amortisation and Depreciation of Intangible Assets and Property, Plant and Equipment

All intangible assets of the Commission have finite useful lives and are amortised on a straight line basis.

Property, Plant and Equipment is depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less its estimated residual value, progressively over its estimated useful life to the agency. Depreciation Methods, assigned estimated useful lives and residual values are reviewed at each reporting date and adjusted if future expectations differ from previous estimates.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the Commission.

1. **Summary of Significant Accounting Policies (cont'd)**

(j) **Amortisation and Depreciation of Intangible Assets and Property, Plant and Equipment (cont'd)**

For each class of depreciable asset, where held, the following depreciation and amortisation periods are used:

Class	***Period ****
Plant and equipment	
. Leasehold improvements	2.08 years
Intangible Assets	
. Software Purchased	1.83 years

* This period reflects the estimated useful lives for assets controlled by the Commission given the impending cessation of the Commission's term.

(k) **Impairment of Non-Current Assets**

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the Commission determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(l) **Leases**

A distinction is made in the financial statements between finance leases that effectively transfer from the lessor to the lessee substantially all risks and benefits incidental to ownership, and operating leases, under which the lessor retains substantially all risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The liability is recognised at the same amount. There were no finance leases during the year.

Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they are incurred.

1. **Summary of Significant Accounting Policies (cont'd)**

(m) Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

(n) Financial Instruments

Recognition

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Commission becomes party to the contractual provisions of the financial instrument.

Classification

Financial instruments are classified and measured as follows:

- Cash and cash equivalents - held at fair value through profit or loss
- Receivables - held at amortised cost
- Payables - held at amortised cost

The Commission does not enter transactions for speculative purposes, nor for hedging. Apart from cash and cash equivalents, the Commission holds no financial assets classified at fair value through profit or loss.

All disclosures relating to the measurement basis and financial risk management of financial instruments held by the Commission are included in Note 21.

(o) Employee Benefits

Employer superannuation contributions and long service leave levies are regarded as employee benefits.

Payroll tax and workers' compensation insurance are a consequence of employing employees, but are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses.

Wages, Salaries, Recreation Leave and Sick leave

Wages, salaries and recreation leave due but unpaid at reporting date are recognised in the Statement of Financial Position at the current salary rates.

For unpaid entitlements expected to be paid within 12 months, the liabilities are recognised at their undiscounted values. Entitlements not expected to be paid within 12 months are classified as non-current liabilities and recognised at their present value, calculated using yields on Fixed Rate Commonwealth Government bonds of similar maturity, after projecting the remuneration rates expected to apply at the time of likely settlement.

Prior history indicates that on average, sick leave taken in each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

1. **Summary of Significant Accounting Policies (cont'd)**

(o) Employee Benefits (cont'd)

Long Service Leave

Under the Queensland Government's long service leave scheme, a levy is made on the Commission to cover the cost of employees' long service leave. The levies are expensed in the period in which they are payable. Amounts paid to employees for long service leave are claimed from the scheme quarterly in arrears.

No provision for long service leave is recognised in the Commission's financial statements, the liability being held on a whole-of-Government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation scheme for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable. The Commission's obligation is limited to its contribution to QSuper.

Therefore, no liability is recognised for accruing superannuation benefits in the Commission's financial statements, the liability being held on a whole-of-Government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting* .

(p) Key Executive Management Personnel and Remuneration

Key executive management personnel and remuneration disclosures are made in accordance with the section 5 Addendum (issued in May 2011) to the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury. Refer to note 4 for the disclosures on key executive management personnel and remuneration.

(q) Provisions

Provisions are recorded when the Commission has a present obligation, either legal or constructive as a result of a past event. They are recognised at the amount expected at reporting date at which the obligation will be settled in a future period. Where the settlement of the obligation is expected after 12 or more months, the obligation is discounted to the present value using an appropriate discount rate.

(r) Insurance

The Commission's risks are insured through the Queensland Government Insurance Fund, premiums being paid on a risk assessment basis. In addition, the Commission pays premiums to Workcover Queensland in respect of its obligations for employee compensation.

(s) Services Received Free of Charge or For Nominal Value

Contributions of services are recognised only if the services would have been purchased if they had not been donated and their value can be measured reliably. Where this is the case, an equal amount is recognised as a revenue and an expense.

1. **Summary of Significant Accounting Policies (cont'd)**

(t) Taxation

The Commission is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the Commission. GST credits receivable from, and GST payable to the ATO, are recognised (refer to note 10).

(u) Issuance of Financial Statements

The financial statements are authorised for issue by the Commissioner and Executive Officer at the date of signing the Management Certificate.

(v) Judgements

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Estimates and assumptions that have a potential significant effect on depreciation and amortisation expense and the value of intangible assets and property, plant and equipment are outlined in Note 1(j).

(w) Rounding and Comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest $1,000 or, where that amount is $500 or less, to zero, unless disclosure of the full amount is specifically required.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

(x) Corporate Service Provider Arrangements

The Corporate Administration Agency (CAA) provides the Family Responsibilities Commission with corporate services under the "Shared Services Provider" model. The fees and terms of the services are agreed through a Service Level Agreement, negotiated annually and include:

- Financial systems and processing
- Management accounting
- Human resources recruitment, payroll and consultancy
- Information systems and support in relation to records management and building maintenance.

1. Summary of Significant Accounting Policies (cont'd)

(y) New and Revised Accounting Standards

The Commission did not voluntarily change any of its accounting policies during 2010-11. Only one amendment to an Australian accounting standard applicable for the first time for 2010-11 was relevant to the Commission, as explained below.

AASB 2009 – 5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project included certain amendments to AASB 117 Leases that revised the criteria for classifying leases involving land and buildings. The outcome of the commission's reassessment was that no reclassification from an operating lease to a finance lease was necessary.

The Commission is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from the Treasury Department. Consequently, the Commission has not applied any Australian accounting standards and interpretations that have been issued but are not yet effective. The Commission applies standards and interpretations in accordance with their respective commencement dates.

At the date of authorisation of the financial report, no accounting standards and interpretations with future commencement dates are either applicable to the Commission's activities or have a material impact on the Commission.

		2011 $000	2010 $000
2. Grants and Other Contributions			
State Grants		3,607	3,022
Total		3,607	3,022
3. Other Revenue			
Interest		88	101
Other		6	4
Total		94	105
4. Employee Expenses			
Employee Benefits			
Wages and salaries		2,009	1,333
Recreation leave expense		203	141
Employer superannuation contributions	*	230	166
Long service leave levy	*	42	26
Employee Related Expenses			
Workers' compensation premium	*	9	3
Payroll tax and fringe benefits	*	113	86
Other employee related expenses		63	134
Total		2,669	1,889

* Refer to Note 1(o).

The number of employees including both full-time employees and part-time employees measured on a full-time equivalent basis:

	2011	2010
Number of employees:	22	18

4. Employee Expenses (cont'd)

Key Executive Management Personnel

The following details for key executive management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the agency during 2010-11. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Responsibilities	Current Incumbents	
		Contract classification and appointment authority	Date appointed to position (Date resigned from position)
Commissioner	The Commissioner is responsible for ensuring the efficient and quick discharge of the commission's business, ensuring the local commissioners and the staff of the registry receive regular and appropriate training, preparing the annual report, making commission guidelines and carrying out the activities the Commissioner reasonably considers necessary to achieve the objects, as per the *Family Responsibilties Commission Act 2008* .	Commissioner, Governor in Council under the Family Responsibilities Commission Act 2008	25-April-2008
Registrar	The Registrar is responsible for managing the registry and the administrative affairs of the Commission.	SO 2, Public service appointment under the Public Service Act 2008	02-June-2008
Executive Officer	The Executive Officer is responsible for finance, business administration and human resources.	AO8, Public service appointment under the Public Service Act 2008	29-May-2008 (25-February-2011) 22-February-2011
Principal Case Manager	The role of the Principal Case Manager is primarily to manage the coordination and monitoring of clients, case plans and intensive management of selected clients of the Commission.	AO8, Public service appointment under the Public Service Act 2008	27-April-2009

Remuneration

The Commissioner's remuneration is set by the Governor in Council as provided for under the *Family Responsibilities Commission Act 2008* and the remuneration policy for Commission's other key executive management personnel is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008* . The remuneration and other terms of employment for the key executive management personnel are specified in employment contracts. The contracts provide for other benefits including motor vehicles.

For the 2010-11 year, remuneration for the Commissioner increased by 1.5% as provided for under the *Family Responsibilities Commission Act 2008* , other key executive management personnel increased by 2.5% - 4% in accordance with government policy.

Remuneration packages for key executive management personnel comprise the following components:-

- Short term employee benefits which include:

  Base - consisting of base salary, allowances and leave entitlements paid and provided for the entire year or for that part of the year during which the employee occupied the specified position. Amounts disclosed equal the amount expensed in the Statement of Comprehensive Income.

  Non-monetary benefits – consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.

- Long term employee benefits include long service leave accrued.

4. Employee Expenses (cont'd)

Key Executive Management Personnel

Remuneration (cont'd)

- Post employment benefits include superannuation contributions.
- Redundancy payments are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.

Total fixed remuneration is calculated on a 'total cost' basis and includes the base and non-monetary benefits, long term employee benefits and post employment benefits.

1 July 2010 – 30 June 2011

Position	Short Term Employee Benefits		Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
	Base $'000	Non-Monetary Benefits $'000	$'000	$'000	$'000	$'000
Commissioner	329	30	9	37	-	405
Registrar	134	7	4	15	-	160
Executive Officer (1-July-2010 to 25-February-2011)	75	-	3	8	-	86
Executive Officer (22-February-	40	-	1	4	-	45
Principal Case Manager	113	-	4	13	-	130
Total Remuneration	**691**	**37**	**21**	**77**	**-**	**826**

1 July 2009 – 30 June 2010

Position	Short Term Employee Benefits		Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
	Base $'000	Non-Monetary Benefits $'000	$'000	$'000	$'000	$'000
Commissioner	313	30	5	33	-	381
Registrar	135	0	4	15	-	154
Executive Officer	118	0	2	13	-	133
Principal Case Manager	113	0	2	12	-	127
Total Remuneration	**679**	**30**	**13**	**73**	**-**	**795**

Performance payments

No performance payments are available or made to the Executive Management of the Commission.

	2011 $000	2010 $000
5. Supplies and Services		
Building maintenance	33	5
Corporate service charges	139	112
Utilities	72	62
Property security charges	13	12
Equipment and building refurbishment	32	11
Consultants and contractors	81	57
Materials and running costs	404	216
Operating lease rentals	159	145
Staff travel	261	275
Computer costs	500	403
Local Commissioner fees	52	229
Total	1,746	1,527
6. Grants and Subsidies		
Grant expense	-	586
Total	-	586

		2011 $000	2010 $000
7. Depreciation and Amortisation			
Depreciation and amortisation were incurred in respect of:			
Property, Plant and Equipment		12	7
Software		157	52
Total		169	59
8. Other Expenses			
Insurance		5	5
External audit fees	*	35	29
Donations		-	4
Total		40	38

* Total external audit fees relating to the 2010-11 financial year are estimated to be $35,000 (2009-10: $37,000). There are no non-audit services included in this amount.

	2011 $000	2010 $000
9. Cash and Cash Equivalents		
Imprest accounts	1	1
Cash at bank	973	2,229
Total	974	2,230

Interest earned on cash held with the Commonwealth Bank earned between 4.35% to 4.6% in 2010-11 (2.85% and 4.35% in 2009-10).

	2011 $000	2010 $000
10. Receivables		
Trade debtors	469	19
	469	19
GST receivable	23	28
	23	28
Interest receivable	5	9
Long service leave reimbursements	-	2
Total	497	58
11. Other Current Assets		
Prepayments	1	-
Advances	6	10
Other	-	2
Total	7	12

	2011 $000	2010 $000
12. Intangible Assets		
Software Purchased		
At cost	287	287
Less: Accumulated amortisation	(209)	(52)
Total	78	235

Intangible Assets Reconciliation

	Software Purchased		Work In Progress		Total	
	2011 $000	2010 $000	2011 $000	2010 $000	2011 $000	2010 $000
Carrying amount at 1 July	235	-	-	62	235	62
Acquisitions	-	-	-	225	-	225
Transfers	-	287	-	(287)	-	-
Amortisation for period	(157)	(52)	-	-	(157)	(52)
Carrying amount at 30 June	**78**	**235**	**-**	**-**	**78**	**235**

Amortisation of intangible assets is included in the line item 'Depreciation and Amortisation' in the Statement of Comprehensive Income.

	2011 $000	2010 $000
13. Property, Plant and Equipment		
Leasehold improvements		
At cost	25	25
Less: Accumulated depreciation	(19)	(7)
Total	**6**	**18**

Property, Plant and Equipment Reconciliation

	Leasehold Improvements		Total	
	2011 $000	2010 $000	2011 $000	2010 $000
Carrying amount at 1 July	18	-	18	-
Acquisitions	-	25	-	25
Depreciation for period	(12)	(7)	(12)	(7)
Carrying amount at 30 June	**6**	**18**	**6**	**18**

	2011 $000	2010 $000
14. Payables		
Trade creditors	-	19
Audit fees	24	20
Contractors and consultants	-	25
Computer costs	-	14
Staff training	-	17
Recruitment	-	5
Motor vehicle related	14	2
Communications	5	4
Travel related	10	36
Other	10	24
Total	63	166
15. Accrued Employee Benefits		
Current		
Salary and wage related	8	7
Recreation leave	222	192
Long service leave levy payable	11	7
Total	241	206
16. Reconciliation of Operating Result to Net Cash from Operating Activities		
Operating deficit	(923)	(972)
Depreciation and amortisation expense	169	59
Changes in assets and liabilities:		
(Increase)/decrease in trade receivables	(448)	5
(Increase)/decrease in interest receivables	4	(1)
(Increase)/decrease in GST receivables	5	(20)
Increase in trade creditors	(103)	(20)
(Decrease) in accrued employee benefits	35	40
Net cash used in operating activities	(1,261)	(909)

	2011 $000	2010 $000

17. Non-Cash Financing and Investing Activities

No assets or liabilities were received or donated to / transferred by the Commission and recognised as revenues and expenses.

18. Commitments for Expenditure

(a) Non-Cancellable Operating Lease

Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:

	2011 $000	2010 $000
Not later than one year	100	113
Later than one year and not later than five years	24	129
Total	124	242

Operating leases are entered into as a means of acquiring access to office accommodation and office equipment for the Commission. Lease payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined.

One of the leases has a renewal option which is exercisable at market prices. No purchase options exist in relation to operating leases and no operating leases contain restrictions on financing or other leasing activities.

(b) Capital Expenditure Commitments

There are no material classes of capital expenditure commitments contracted for at reporting date.

19. Contingencies

There are no matters known to the Commission as at 30 June 2011 which would give rise to the recognition of a contingent asset or liability.

20. Events Occurring after Balance Date

The Commonwealth and State Governments announced on 19 August 2011 that the Cape York Welfare Reform trial will continue until 31 December 2012, following extensive consultations with local communities.

21. Financial Instruments

(a) Categorisation of Financial Instruments

The Commission has the following categories of financial assets and financial liabilities:

Category	Note	2011 $'000	2010 $'000
Financial Assets			
Cash and cash equivalents	9	974	2,230
Receivables	10	497	58
Total		**1,471**	**2,288**
Financial Liabilities			
Financial liabilities measured at amortised costs:			
Payables	14	63	166
Total		**63**	**166**

(b) Financial Risk Management

The Commission's activities expose it to a variety of financial risks - interest rate risk, credit risk, liquidity risk and market risk.

Financial risk management is implemented pursuant to Government and Commission policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the Commission.

All financial risk is managed by Executive Management under policies approved by the Commission. The Commission provides written principles for overall risk management, as well as policies covering specific areas.

The Commission measures risk exposure using a variety of methods as follows -

Risk Exposure	Measurement method
Credit Risk	Ageing analysis, earnings at risk
Liquidity Risk	Sensitivity analysis
Market Risk	Interest rate sensitivity analysis

(c) Credit Risk Exposure

Credit risk exposure refers to the situation where the Commission may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowance for impairment.

21. Financial Instruments (cont'd)

(c) Credit Risk Exposure (cont'd)

The following table represents the Commission's maximum exposure to credit risk based on contractual amounts net of any allowances:

Maximum Exposure to Credit Risk

Category	Note	2011 $'000	2010 $'000
Financial Assets			
Cash	9	974	2,230
Receivables	10	497	58
Total		**1,471**	**2,288**

No collateral is held as security and no credit enhancements relate to financial assets held by the Commission.

The Commission manages credit risk through the use of management reports. This strategy aims to reduce the exposure to credit default by ensuring that the Commission invests in secure assets and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.

No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position.

The method for calculating any allowance for impairment is based on past experience, current and expected changes in economic conditions and changes in client credit ratings.

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated.

Aging of past due but not impaired as well as impaired financial assets are disclosed in the following tables:

2011 Financial Assets Past Due But Not Impaired

		Overdue				
		Less than 30 Days	30-60 Days	61-90 Days	More than 90 Days	Total
	Note	$'000	$'000	$'000	$'000	$'000
Financial Assets						
Receivables	10	497	-	-	-	497
Total		**497**	**-**	**-**	**-**	**497**

2010 Financial Assets Past Due But Not Impaired

		Overdue				
		Less than 30 Days	30-60 Days	61-90 Days	More than 90 Days	Total
	Note	$'000	$'000	$'000	$'000	$'000
Financial Assets						
Receivables	10	39	-	-	19	58
Total		**39**	**-**	**-**	**19**	**58**

21. Financial Instruments (cont'd)

(d) Liquidity Risk

Liquidity risk refers to the situation where the Commission may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Commission is exposed to liquidity risk in respect of its payables.

The Commission manages liquidity risk through the use of management reports. This strategy aims to reduce the exposure to liquidity risk by ensuring the Commission has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that sufficient levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.

The following table sets out the liquidity risk of financial liabilities held by the Commission. It represents the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at reporting data.

		2011 Payable in			**Total**
		<1year	1-5 years	>5 years	
	Note	$'000	$'000	$'000	$'000
Financial Liabilities					
Payables	14	63	-	-	63
Total		**63**	**-**	**-**	**63**

		2010 Payable in			**Total**
		<1year	1-5 years	>5 years	
	Note	$'000	$'000	$'000	$'000
Financial Liabilities					
Payables	14	166	-	-	166
Total		**166**	**-**	**-**	**166**

(e) Market Risk

The Commission does not trade in foreign currency and is not materially exposed to commodity price changes. The Commission is exposed to interest rate risk through its cash deposits in interest bearing accounts. The Commission does not undertake any hedging in relation to interest risk and manages its risk as per the liquidity risk management strategy.

(f) Interest Rate Sensitivity Analysis

The following interest rate sensitivity analysis is based on a report similar to that which would be provided to management, depicting the outcome to operating result if interest rates would change by +/-1% from the year-end rates applicable to the Commission's financial assets and liabilities. With all other variables held constant, the Commission's operating result and equity would have an increase/(decrease) of $10,000 (2010: $22,000). This is attributable to the Commission's exposure to variable interest rates on interest bearing cash deposits.

Financial Instruments	Carrying Amount	2011 Interest rate risk			
		-1%		+ 1%	
		Operating Result	Equity	Operating Result	Equity
Cash	974	(10)	(10)	10	10
Other Financial Assets	-	-	-	-	-
Overall effect on operating result and equity		(10)	(10)	10	10

Financial Instruments	Carrying Amount	2010 Interest rate risk			
		-1%		+ 1%	
		Operating Result	Equity	Operating Result	Equity
Cash	2,230	(22)	(22)	22	22
Other Financial Assets	-	-	-	-	-
Overall effect on operating result and equity		(22)	(22)	22	22

(g) Fair Value

The fair value of trade receivables and payables is assumed to approximate the value of the original transaction, less any provision for impairment.

The Commission has not offset any assets and liabilities.

22. Going Concern

According to section 152 of the *Family Responsibilities Commission Act 2008* (Act), the cessation date of the Commission is 1 January 2012. The Commonwealth Government, as announced by the Federal Minister for Families, Housing, Community Services and Indigenous Affairs on the 10th May 2011, has pledged $16.1M to extend and expand the Cape Your Welfare Reform trial. Additional funding of $1.6M for the 2011-12 financial year has been set aside by the State Government for the Commission. Independent consultations have taken place in each of the four trial communities. The result of these consultations, and the extension of the Commission for an additional year was announced by the Queensland Minister for Disability Services, Mental Health and Aboriginal and Torres Strait Islander Partnerships on 19 August 2011. Accordingly, the Act is to be amended to allow the Commission to continue until 31 December 2012.

Management Certificate
for the Family Responsibilities Commission

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Acccountability Act 2009* (the Act), relevant sections of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with section 62 (1)(b) of the Act we certify that in our opinion:

(a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects: and

(b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of Family Responsibilities Commission for the financial year 1 July 2010 to 30 June 2011 and of the financial position of the Commission as at the end of that year.

David Robert Glasgow
Commissioner
Family Responsibilties Commission

Date: 19-08.2011

Alison Kollmorgen
Executive Officer
Family Responsibilties Commission

Date: 19.8.2011

INDEPENDENT AUDITOR'S REPORT

To the Commissioner of the Family Responsibilities Commission

Report on the Financial Report

I have audited the accompanying financial report of the Family Responsibilities Commission, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Commissioner and Executive Officer.

The Commissioner's Responsibility for the Financial Report

The Commissioner is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The Commissioner's responsibility also includes such internal control as the Commissioner determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Commissioner, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –
(a) I have received all the information and explanations which I have required; and
(b) in my opinion -
  (i) the prescribed requirements in relation to the establishment and keeping of accounts have been compiled with in all material respects; and
  (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Family Responsibilities Commission for the financial year 1 July 2010 to 30 June 2011 and of the financial position as at the end of that year.

Emphasis of Matter – Material Uncertainty Regarding Continuation as a Going Concern

Without modification to the opinion expressed above, attention is drawn to Note 22 in the financial report which identifies that the *Family Responsibilities Commission Act 2008* (the Act) will expire on 1 January 2012. As a consequence of the expiration of the Act, the Family Responsibilities Commission will cease to operate on this date. Whilst the Commonwealth and State Governments have set aside budget funding for the Commission for 2011-12, the ability of the Commission to continue as a going concern beyond 1 January 2012 is dependent upon the amendment of the Act to extend the expiry date. As amendment of the Act has not yet occurred, a material uncertainty exists that casts significant doubt over the Commission's ability to continue as a going concern and, therefore, whether the Commission will be able to realise its assets and discharge its liabilities in the normal course of business.

Other Matters - Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of the Family Responsibilities Commission for the year ended 30 June 2011. Where the financial report is included on the Family Responsibilities Commission's website the Commissioner is responsible for the integrity of the Family Responsibilities Commission's website and I have not been engaged to report on the integrity of the Family Responsibilities Commission's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or otherwise included with the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.

G G POOLE FCPA
Auditor-General of Queensland

AUDITOR GENERAL
23 AUG 2011
OF QUEENSLAND

Queensland Audit Office
Brisbane