



# Annual Report

2022

8 September 2022



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8 September 2022

The Honourable Craig Crawford MP  
Minister for Seniors and Disability Services and Minister for Aboriginal and Torres Strait Islander Partnerships  
Level 39, 1 William Street  
BRISBANE QLD 4000

Dear Minister Crawford

I am pleased to submit for presentation to the Parliament the Annual Report 2021–2022 and financial statements for Community Enterprise Queensland.

I certify that this Annual Report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2019*, and
- the detailed requirements set out in the *Annual report requirements for Queensland Government agencies*.

This Annual Report highlights CEQ's resolve to deliver on its mission to provide essential goods and services to communities through sustainable business practices.

Yours sincerely

A handwritten signature in black ink, consisting of a stylized 'M' and 'W' intertwined.

Dr Mark Wenitong  
A/Chair  
Community Enterprise Queensland

### *Requirement for our report*

This report details CEQ activities and financial performance for the financial year ending 30 June 2022. It meets the requirements of the *Financial Accountability Act 2009* and is considered a key accountability document for CEQ.

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## CEQ introduction

CEQ is a statutory body which delivers essential services into remote Indigenous communities within Queensland.

CEQ operations are vital to the health and economic well-being of remote communities. It provides dignified employment, and access to a range of fresh food including fruit, vegetables, dairy, meat and bakery products. Additionally, CEQ provides variety products and other ancillary services.

CEQ has extensive infrastructure throughout Queensland spanning as far south as Palm Island to the Boigu Store at the most northern point of Australia.

## CEQ vision

To be the leader in delivering quality retail and essential services at best value and support economic and social opportunities within Aboriginal and Torres Strait communities.

## CEQ mission

To provide essential goods and services to communities through sustainable business practices.

## CEQ goals

- Manage the organisation to ensure financial sustainability.
- Provide goods and services at affordable prices.
- Promote and provide healthy food choices.
- Ensure culturally appropriate practices.
- Build capacity in communities.
- Provide local employment opportunities and career pathways.

## CEQ values

Honesty - Reliability - Culturally Respectful – Fairness - Accountability

## Executive summary – quick overview

Continuing operations	2022 \$'000	2021 \$'000
Total revenue	117,770	123,261
Total expenses	112,120	114,535
Operating result	5,650	8,726
Total assets	108,519	96,558
Total liabilities	16,968	13,643
Net assets	91,551	82,915
Accounting rate of return	5%	9%
Debt ratio	16%	14%
Current (Quick) ratio	4.21	3.72

## Community and other stakeholders

CEQ is a major contributor to the social fabric of remote Indigenous communities where it has a presence. CEQ partners with local organisations and the state government to achieve its results. CEQ is active in the community and provides input into planning events as well as donations and event sponsorship. CEQ undertook a range of programmes in 2021/22 including:

- Community NAIDOC awards and celebrations;
- Supporting local cultural and sporting events including rodeos, fishing and Battle of the Islands (touch football in the Straits);
- Supporting health initiatives and clinics including fresh fruit donations to schools;
- Church and School award nights and events.

Other partnering programmes included working closely with:

- The state and federal governments on COVID-19 related matters;
- TSIRC and PBC's on planning matters; and
- Local disaster management groups both pre and post emergency events including COVID-19.

## CEQ Service Channel's

### IBIS Channel



IBIS' origins were manifested from the work of Reverend Fred Walker, who established Papuan Industries Limited in 1905, with the intention of aiding the people of Papua and the Torres Straits. This morphed into the first version of the Island Industries Board, established in the 1930's by way of the Torres Strait Act, for the charitable function of advancing the welfare of the Torres Strait Island residents.

IBIS provides the basic necessities of daily life to communities that desperately need this service. Not only do the necessities need to be available, they need to be affordable for the local Indigenous population, which has a median annual income almost 50% lower than the state average in the OTSI.

CEQ pricing is structured to deliver equity to all residents. Due to its comparative size, CEQ is an organisation with expanded purchasing power. This has allowed IBIS to remain price competitive.

IBIS is a major contributor to the local economy employing 208 persons within the region. In addition to employment CEQ invests in infrastructure providing a modern retail environment and experience.

### ABIS Channel



The ABIS channel has similar foundation blocks to IBIS in that ABIS stores provide essential goods and services to remote communities in a triangle from Palm Island (Coral Sea) to Lockhart River in the north, to Doomadgee in the Gulf of Carpentaria

ABIS stores are branded locally as part of a CEQ initiative, an example being the Bwgcolman Store on Palm Island. Bwgcolman is an aboriginal word for 'many tribes – one people'.

ABIS stores participate in the variety, general merchandise, fuel and grocery retail sector.

ABIS stores are characterised by being remote mainland stores often experiencing disrupted supply chains due to inclement weather.

Now in its fifth year of operation, CEQ continues to have a positive impact in ABIS stores. Initiatives continue to include expanded weekly 'fresh' deliveries and increases in range of product. These initiatives are helping improve service levels.

ABIS stores like IBIS stores are generators of economic wealth within their communities employing 113 persons across 5 locations.

### Community Home and Hardware Channel



CHH is a combination of CEQ branded 'Col Jones Homewares' and T.I. Hardware.

'Col Jones' is an icon supplier (founded 1978) in the Torres Strait and NPA of quality home and giftwares, electrical furniture and traditional island clothing. T.I. Hardware is a Mitre 10 supplier of all things hardware related to both the domestic and trade segments of the market in the Torres Strait.

The acquisition of T.I. Hardware (2015) and Col Jones (2017) was a natural extension of industry board trading. The acquisitions have improved CEQ's ability to improve social and economic circumstances in the region by providing employment pathways for local Indigenous persons that they may not otherwise have experienced.

The acquisitions bring with them additional benefits to regional economic development. These benefits include spin-offs by allowing an expanded product range in the outer islands of the Torres Strait – thereby improving service levels to disadvantaged areas and improving their standard of living.

## Chair and CEO report

We acknowledge the traditional custodians of the lands on which we work, and we pay our respects to the Elders past, present and future.

The financial year ending 2022 has been one of success for CEQ. CEQ has managed to navigate through the various challenges of COVID-19 and has also experienced a period of Board renewal with four new Board members coming on board as well as the appointment of a new CEO, Mr Michael Dykes.

The impact of COVID-19 on our organisations cannot be under-estimated with new and continuing challenges occurring across all facets of the business. We are proud of the resilience that our employees have shown during this tumultuous period and their commitment to the communities that we serve.

CEQ again had a strongly performing financial year with forecasts being met. Whilst revenues were not as high as the previous year, the organisation still performed strongly against budget. Financial Year 2022 was the final year of the CEQ's Strategic Plan with a new plan being developed in the first quarter of the next financial year. The last four years of growth will allow CEQ to leverage off this success providing for new and exciting opportunities in 2023 and beyond.

CEQ remains committed to ensuring affordable goods and services and providing consumers with a range that continues to meet both nutritional needs and choice. CEQ during the last financial year added another major supplier to its network to both improve food security (from a supply perspective) and widen range. CEQ continues to offer a range of fresh produce and meat into stores.

CEQ is committed to providing communities with access to a range of retail goods to promote a healthy life and a fair price. During 2021-22 CEQ again managed to absorb multiple price increases from suppliers leading to lower prices at the checkout. CEQ was able to do this through volume growth and reduced margins.

In 2021-22 CEQ again reinvested its capital into communities. Some key projects completed included:

- Completion of the new supermarket at Erub.

- Store based Point of Sale hardware upgrades.
- State of the art video conferencing capability on Thursday Island.
- Outer Torres Strait Island fuel upgrades and
- Investment in fleet at a number of locations.

During 2022 the Board also approved to build the new store at Bamaga with construction to occur in the first quarter of 2022-23. During last financial year CEQ also spent \$1.4M on local trades. This demonstrates CEQ's re-investment and commitment into the community.

We mentioned the resilience of our team earlier, CEQ is a major employer throughout the region which supports support economic development. Our team continued to deliver a high level of quality throughout the year providing communities with uninterrupted access to goods and services. CEQ maintains a headcount employment rate of 414 employees of which 76% identify as Indigenous. Within our community operations our Indigenous employment is 89%.

We are again pleased to say that CEQ continues to support not-for-profit community organisations and individuals to deliver on social, cultural, environmental and sporting events which help improve community social health and wellbeing. COVID-19 restrictions may have stymied some events, however, when requested CEQ remained committed to supporting the community through its various programs.

We would like to take this opportunity to thank those Board members and employees who left the organisation during financial year. Ms Vonda Malone as Chair and Mr Pedro Stephen provided valuable guidance and insight to the Board and management. Mrs Margot Richardson was also an active member of the Board and Committees generally. We would also like to thank Mr Ian Copeland for his 13 years of service as CEO. All are wished well in their future endeavours. With the new Board and new vision coming online we look forward to next instalment of CEQ and community growth.



Dr Mark Wenitong  
A/Chair



Mr Michael Dykes  
CEO

## CEQ role and functions

### Statutory obligations

On 1 September 2016, the Governor-in-Council approved amendments to the *Aboriginal and Torres Strait Islander Communities (Justice, Land and Other Matters) Act 1984* (the Act). Amendments to the Act included a name change from Island Industries Board (IIB) to Community Enterprise Queensland (CEQ).

IIB is continued in existence as CEQ. Another amendment was the change in financial year for CEQ / IIB to include a financial year ending 30 June.

CEQ has retained the Islanders Board of Industry and Service (IBIS) as a registered trading name of CEQ. In the marketplace, especially the Torres Strait and Northern Peninsula Area (NPA), CEQ is more commonly known by its trading name 'IBIS'. On 1 May 2017, the State Government transferred management of its operating stores to CEQ. CEQ has rebranded the previous Government / Department stores in consultation with Community with relevant local names under the ABIS banner.

The functions of CEQ are:

- (a) to act as a commercial enterprise for the general convenience or benefit of the residents of the communities in which Community Enterprise Queensland performs its functions;
- (b) to provide the communities mentioned in paragraph (a) with access to a range of food, drinks and household items essential for a healthy life at a fair price;
- (c) to apply its operating surplus or assets to promote, support and improve its services and the general welfare, including the knowledge and skills, of the Aboriginal and Torres Strait Islander residents of the communities mentioned in paragraph (a).

Examples of supporting residents—

- encouraging the development of trade, commerce and businesses in the communities

- supporting trade, commerce and businesses carried out by residents of the communities
- providing support for educational or health initiatives, local organisations and community programs or activities

Source: *Aboriginal and Torres Strait Islander Communities (Justice, Land and Other Matters) Act 1984*

## Operating environment

### Where CEQ operates

CEQ operates stores across the State of Queensland. The majority of stores are located in the Torres Strait and NPA region. Other stores are located across mainland Queensland, with one store off the mainland being located on Palm Island which is northeast of Townsville in northern Queensland. Generally, IBIS stores align with the Torres Strait and NPA region with ABIS stores aligning with northern and north-western Queensland regions.

#### Torres Strait and NPA

The Torres Strait is a body of water that lies between Australia and Papua New Guinea. It is approximately 150 kilometres wide at its narrowest point. To the south is Cape York Peninsula (the northernmost continental extremity of the Australian state of Queensland) whilst to the north is Papua New Guinea. The Torres Strait links the Coral Sea to the east with the Arafura Sea in the west.





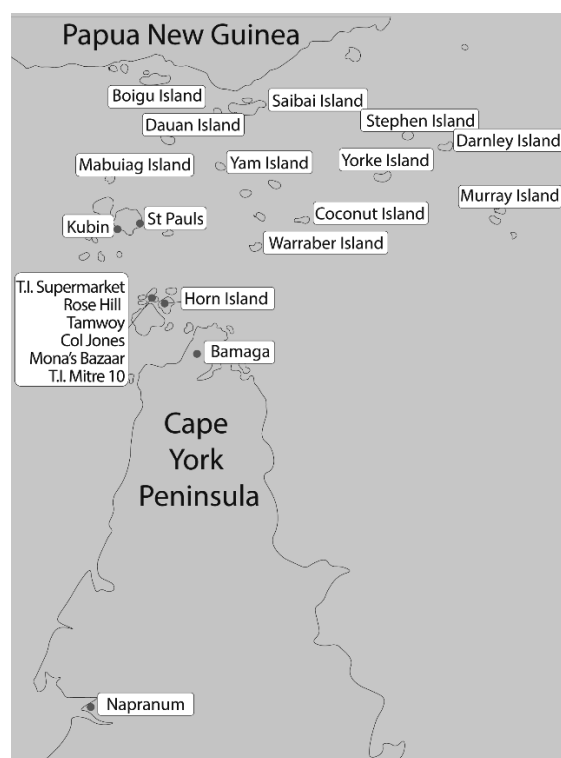
Several clusters of islands lie in the Strait, collectively called the Torres Strait Islands. There are at least 274 islands which are grouped into five distinct clusters, 17 of which have present-day permanent settlements. Of these 17 islands, 14 have stores and incorporate a treaty that enables trade practices with Papua New Guinea nationals. IBIS has a store on 13 of the 14 islands.

These clusters exhibit differences in geology and formation, as well as having individual cultural characteristics and language.

Thirteen of the inhabited islands are located within the protected zone, as outlined in the Torres Strait Treaty. The Treaty allows for a cooperative approach to managing the traditional movements of traditional inhabitants across the Torres Strait protected area.

#### *IBIS deliverables*

In total, IBIS operates sixteen (16) retail convenience stores, two (2) supermarkets and a service station as well as five (5) small fuel outlets associated with five of the outer island stores. In addition to these stores, CEQ has a presence on Thursday Island supplying hardware and electrical goods. The convenience stores provide groceries, fresh fruit and vegetables, meat, variety products and other items commonly found in general stores or small supermarkets.



The service station is operated independently of major fuel companies.

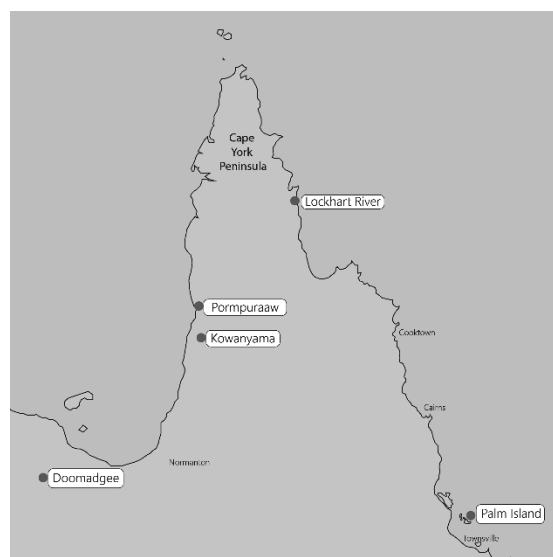
The IBIS retail outlets provide a general range of consumer goods including:

- Dry grocery
- Chilled grocery
- Frozen grocery
- Meat
- Fresh fruit and vegetables
- Large and small electrical appliances
- Variety and seasonal goods
- Fuel and power cards
- Special orders to meet individual needs.

#### *ABIS deliverables*

Like IBIS, ABIS is a full retail operation providing remote cape and north Queensland communities with essential services. ABIS supermarkets are located in five (5) very remote communities:

- Doomadgee;
- Kowanyama;
- Lockhart River;
- Palm Island;
- Pormpuraaw.



These stores, like IBIS stores, provide fresh and healthy food, drinks and a variety of other supermarket products. Stores tailor their ranges to give remote local communities the best fresh produce and encourage healthy

food choices. A number of stores cater for general merchandise such as whitegoods, drapery, manchester, furniture, power cards, along with fuel and domestic gas bottles.

#### *CHH deliverables*

CHH is a retail operation consisting of hardware (both trade and domestic), homeware, electrical, furniture, active and everyday wear clothing. Two bricks and mortar stores (Col Jones Homewares and T.I Hardware) are currently located on Thursday Island. These stores also provide goods and services into the Torres Strait and NPA regions. Growth planning for Col Jones and T.I. Hardware will see satellite stores in locations where space is available. Col Jones in particular is well poised to take advantage of its supply chain associated with every-day wear to further provide more traditional clothing options to communities.

#### **Supply chain**

The supply of goods and services to the channels incorporates a supply chain in excess of 3,000 kilometres. Significant challenges arise when the supply of fresh, chilled and frozen food are mixed with the complexity of complicated logistics using rail, road, sea and air.

The IBIS supply chain involves multiple freight handlers and is quite involved with goods generally travelling first from Brisbane to Cairns by rail (approximately 1,750 kilometres). Goods are then re-palleted or containerised in Cairns. They are then shipped to Thursday Island (in excess of 1,000 kilometres), where they are reloaded and shipped to landing barges that finally transport the goods to the island stores (up to 300 kilometres).

Many significant issues further compound the cost of supplying this service, and ensuring that:

- All food products are safe;
- The cold chain for all temperature sensitive products is unbroken;
- The goods arrive in good condition - undamaged by mishandling and uncontaminated by other products that are co-shipped with them and/or by seawater;

- All food products are reasonably date coded to allow for the extended shipping period; and
- Fresh food products are reasonably date coded to ensure a supply of fresh product to the communities for the duration between deliveries.

For mainland ABIS Stores, there are different supply runs and different challenges than the IBIS Stores. In particular during the wet season, the stores at Doomadgee, Kowanyama and Pormpuraaw require essential goods to be freighted in by aircraft. This adds a significant cost and strain to the store operations and risks viability should the cut-off period be extended. Other stores are serviced by rail and then palletised for trucking to their final destinations. Palm Island is slightly different as the goods are palletised and barged (sea freight).

Associated freight costs incurred in the transportation are subsequently reflected in product pricing.

In many cases, the CEQ store is the only provider of food on an island or Community. The result of a supply chain failure can be catastrophic as food cannot be delivered to communities. Failure in the supply chain can be caused by such issues as natural disasters, breakdowns, king or very low tides preventing supply barges from docking at the islands. Poor port access to some communities further compounds the supply of goods to some communities.

#### *Cyclones and other natural disaster events*

CEQ is an active participant in disaster management planning with the State and Local Governments. CEQ stands prepared for significant weather events with management plans in place.

CEQ was also committed to ensuring that communities still received their fresh produce in general flood affected communities. Supply chains were established to deliver weekly fresh via air freight. This was at no extra cost to the community – that is, there were no price increases.

The wet season during 2021/22 and subsequent air freight movements commenced in January 2022 and finalised in May 2022. CEQ moved approximately 135 tonnes of air freight.

### *Corona Virus / COVID-19*

CEQ was a participant in state and federal working groups to try to ensure stock lines were delivered to the communities it serves. The Australian Consumer and Competition Commission (ACCC) provided continued authorisations to allow for cooperation in response to the ongoing COVID-19 pandemic, to ensure the supply and fair and equitable distribution of retail products to Australian consumers. The National Indigenous Australians Agency (NIAA) set up an external working group in 2020 to provide high-level expertise, share information, and develop solutions to food security risks arising from COVID-19, in remote Indigenous communities. CEQ was an active participant in this working group which continued through to 2021/22.

The Covid-19 pandemic had a significant impact on store operations and CEQ's logistics chain. CEQ was able to work with employees and community to reduce uncertainty around food security and supply. Reports of southern panic buying did not affect supply in CEQ stores during the financial year.

CEQ continued to work with suppliers and contractors to manage delivery plans and comply with community entry requirements to continue to provide essential foods in to the communities we serve.

The CEQ team were able to source critical goods (toilet paper, rice, flour and other staples) from suppliers throughout the year which enabled goods to be placed on the shelves. No store in the CEQ network was unable to supply staple lines due to COVID-19 impacts.

At a store level previously implemented operational procedures were refined to mitigate against the risk of spreading COVID-19. Common areas of public touchpoints including Automatic Teller Machines (ATM), shopping trolleys, baskets and checkout counters were cleaned on a regular basis and hand sanitisation for employees and customers was also provided.

### **Cost of living**

CEQ recognises that the biggest issue facing the people of the Torres Strait, NPA and remote Indigenous communities is the rising

cost of living. CEQ has pricing policies in place to mitigate against margin increases on essential goods.

CEQ has maintained '*Best Buys*' in all stores. *Best Buys* offer savings to customers through the provision of 300 to 400 specialised items at any given time. '*Best Buys*' returned \$1.2M in savings to customers off the CEQ RRP.

In addition to *Best Buys*, CEQ also provides for a '*Low Price Everyday*' on a basket of over 100 essential commonly purchased household goods. These goods are sold at reduced margins. The '*Low Price Everyday*' basket returned \$1.4M in savings to customers off the CEQ RRP.

*Best Buys* and *Low Price Everyday* allows customers choice and at the same time maintains CEQ commitment to being financially sustainable.

### **Health and wellbeing program**

CEQ is committed to healthy choices and has had a program in place for more than five years. CEQ provides health and wellbeing products in affordable ways through its pricing policies allowing families to save and reduce the cost of living in remote areas. CEQ *Best Buys* are continually cross referenced with three major mainland grocery retailers for price and value. Pressure to remain affordable is relentless as price inflation driven by farming, manufacturing, logistics and labour costs continues to rise.

### **CEQ pricing policy**

Due to the high operational costs associated with service provision in rural and remote areas, there is the expectation that items will be more expensive in these remote areas.

In order to curb these costs to the community, CEQ has committed (through policy development) to provide healthy food choices at the lowest possible price, whilst operating the business on a sustainable basis. Items that are not in the healthy food choices category are still priced at a level where pricing remains competitive against other local competitors. In all instances CEQ strives to offer the best value for the communities it serves.

Indirectly through its specialising' activity CEQ has provided communities with \$2.6M in savings during the financial year.

CEQ is very aware of its charter in providing goods and services to community in a sustainable manner. A key component of this charter (as a not-for-profit) is to ensure that goods and services are delivered in ways that provide the customer with value. CEQ has averaged an underlying return on investment in its operations of 5% over a number of years with its profits being reinvested back into the communities via capital expenditure and increased employment. After the volume increases of previous years, CEQ has returned to its average return in 2021-22, associated with reduced stimulus in the economy from State and Federal Governments.

CEQ is committed to working with other agencies and the State and Commonwealth Governments to assist in raising the living standards within community.

## Donations and event sponsorship

CEQ has a strong commitment to local and community events sponsoring both sporting and cultural activities.

During the financial year CEQ direct support totalled \$110K.

Some of the activities sponsored during the year include:

- Donations associated with COVID-19 Vaccinations - Napranum;
  - National Child Protection Week Celebration – Mura Kosker Torres Strait;
  - Carols by Candlelight – Masig Island; and
  - Various School Donations (fresh fruit and healthy eating).
- Threats to sustainability**
- By far CEQ's most challenging issue is ensuring sustainability while continuing to grow the business and provide value to customers. Significant factors impacting on sustainability are:
- Freight** – Freight constitutes nine percent (9%) of CEQ's turnover due to the supply chain length and associated costs in delivery goods and services. Unlike the majority of retail practice elsewhere in Australia, suppliers do not deliver free into store.
- Power** – Due to the extensive refrigeration requirements of CEQ operations, power consumption is keenly monitored. To reduce overheads and CEQ's carbon "footprint" CEQ in partnership with Ergon Energy (Retailer) embarked upon a "*Power Savvy*" programme which entailed solar panels being installed on IBIS shops. CEQ also takes opportunities to install energy saving devices where appropriate. In some locations CEQ has had to install backup onsite generators to secure products.
- Insurance** – CEQ has experienced increased premiums in the past which were absorbed into our operating costs.
- Remote cost of living pressure** – The financial pressures on families leave less disposable income for food consumption – fuel, transport, rent and power. CEQ is acutely aware of the environment and demographic that it supplies its goods and services in and strives to ensure that customers have choice in accordance with its healthy food choices and pricing policy.
- Maintenance** – the ongoing cost of maintenance is a major impost to the business because of the extreme environment and tyranny of distance. Store maintenance is a

critical issue for grocery retailing, impacting on a range of issues, from customer and employee comfort to food safety and public health risks. Maintaining plant and equipment in remote maritime locations is expensive and a challenge, because of corrosion, lack of local tradespeople to attend to maintenance issues and cost effective transport options. CEQ has worked extensively on preventative maintenance programs over the last six years and it is expected to see the benefits of reduced re-active maintenance during the next capital cycle.

**Size of catchment** – The cost of doing business on a small scale in communities is significantly higher than in areas with substantially larger populations. This is reflected in the price of goods and services being provided. Despite a static to declining market, CEQ has experienced positive real growth in its grocery business. This is based upon the dedicated pricing policy of CEQ coupled with providing increased lines and quality goods at value.

**Supply chain price increases** – CEQ experienced an increase in supply chain costs during the year. The inflationary costs associated with trucking, rail and air-freight were experienced in the supply chain. A reduction in demand from previous years aided in curbing actual costs incurred, however, on a turnover rate CEQ absorbed these costs within its business with the effect dampening margins.

**Labour costs, retention and attraction** – Retention and attraction of employees to CEQ business remains a threat to sustainability. CEQ has put in place a number of initiatives to aid in both retention and attraction of skilled staff in the retail sector, for example an employee assistance scheme. Additionally, CEQ provides internal training to grow existing employees into highly skilled workers. This is discussed further in **Workforce planning and profile**.

**Manufacturer price increases** – During 2021-22 CEQ was not immune to manufacturer price increases. The Board in understanding of rising costs of living held manufacturer increases on key lines thereby offering them at lower margins. Continued price increases from manufacturers are a threat to sustainability as goods procured (COGS) account for 72% of expenditures.

**Resetting to a pre-COVID-19 environment** – 2021-22 saw CEQ bed down many new practices from enhanced use of technology (to increase efficiency) to the provision of contactless collection of groceries. CEQ will need to continue to innovate in periods of disruption to remain sustainable.

## Native title

Acknowledgement is given to Torres Strait Island Regional Council for their cooperation in, and assistance with the progressing of trustee leases of native title for the majority of IBIS stores. Their support in the trustee lease approval process which has supported and enabled the relevant Indigenous Land Use Agreements (ILUA) that have been approved during the past years has played an integral role in the continued growth of the business.

## Employee retention

Attracting and retaining employees in community stores is an ongoing challenge. In this regard, CEQ has significantly reduced the turnover rate during the past five years which in itself is a significant achievement.

CEQ's vision regarding employees is for local Indigenous people to view retail as a career and assume senior management roles. This is achieved through investing in employees through training and development and associated mentoring programs. Training and education form part of the most significant strategic imperatives of the organisation. This investment, however, does come at a cost due to the remote nature of the communities and the availability of certified trainers prepared to work in these locations. Regardless, CEQ has been successful in promoting local employees to store management and regional management positions.

One of the imperatives of CEQ is for store managers to be able to assume a management role in any organisation. The practices that have been adopted at a store level are those that will be accepted in mainstream retail outlets. This also forms the basis of the mentoring program that has continued to be enacted during the year as part of the succession plan for CEQ.

Recognising and rewarding employees is an integral component of CEQ's employment practices. In previous years employees would come together to celebrate the success of their achievements. In a COVID-19 environment CEQ's annual conference has not been able to be achieved. CEQ has instead opted for smaller more personal events held at a store level or regional level.

The training that would normally be undertaken at the annual conference has instead been re-developed to be delivered both electronically and in a small group basis to reduce risk associated with COVID-19 and its spread.

## Workforce planning and profile

CEQ is a not-for-profit statutory body employing 414 employees (headcount) at 30 June 2022. CEQ has a footprint of 26 retail outlets including fuel, hardware and electrical / variety all of which are positioned in remote parts of Queensland, Australia.

CEQ is committed to promoting Indigenous employment and at 30 June 2022 had an Indigenous representation figure of 89% within its remote store operations.



## IBIS

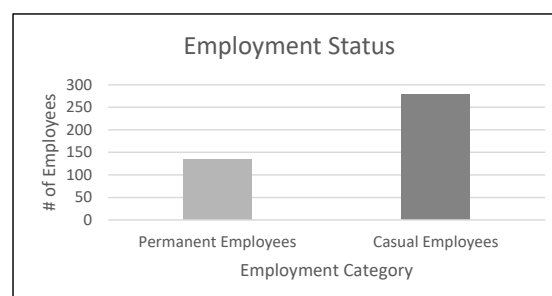
The unique management model implemented in IBIS retail operations has been in existence for over a decade. The uniqueness of this model lies not only in local community members managing the grocery outlets but also ensures that the majority of our employees are Indigenous.

The IBIS model, now the CEQ model not only guarantees employment opportunities and a subsequent clearly defined career pathway, it also provides a voice for Indigenous people regarding the operations of the business.

CEQ's mentoring, training and development model provides existing managers with business acumen and the ability to role model standards and practices for future aspiring store managers.

This model has recently been implemented in the merged ABIS stores with the appointment of six Indigenous employees into supervisory positions.

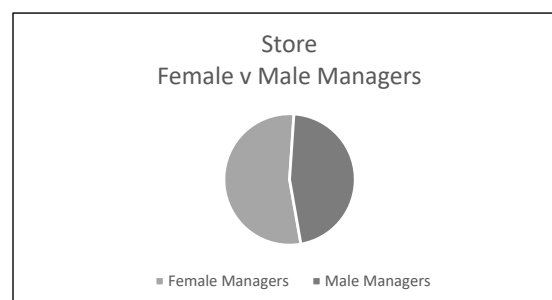
CEQ had a total 414 employees at the end of the financial year. Permanent employees totalled 135. From an FTE perspective CEQ currently has 247 FTE's.



CEQ over the last reporting period experienced an average employee turnover rate of 19%.



CEQ supports gender diversity within its workplace. 55% percent of all employees are female. From a management perspective, there are 26 managers in the organisation, of which 58% are female. Also 58% of managers identify as Aboriginal or Torres Strait Islander.



## Training

CEQ invests heavily in training with the current training strategy encompassing:

- Food and Safety Compliance
- Risk Mitigation
- Employment Compliance
- Business Acumen
- Work Health and Safety

Positive training outcomes are achieved through a structured program that encompasses:

- Mentoring and regular store visits from experienced employees in a variety of disciplines;
- Lunch box sessions;
- Task analysis and task observations;
- Licences associated with fork-lift and truck operations; and
- Certified training including Retail, First Aid, Customer Service, Food Safety Accreditation and Work Place Health and Safety.

CEQ employs qualified training officers and undertakes audits associated with workplace health and safety, food and store audits. Employee development is identified through current performance review processes.

## Governance – management and structure

### Summary of key activities

The model developed by CEQ strives to represent best practice in retail service delivery in remote Indigenous communities, through:

- Delivery of compliant, safe, high quality food at the lowest possible prices;
- Operating in a fiscally responsible manner;
- Providing a source of major employment for Indigenous Australians (CEQ is one of the largest employers in the Torres Strait) with 89% of employees being

Indigenous Australians in remote store operations;

- Presenting a low cost, fit for purpose model delivering an effective and efficient essential service in an extremely remote environment;
- Arms - length government reporting standards;
- Complying with best practice consumer retailing and meeting all legislative and regulatory requirements; and operating commercially on a 'not for loss' basis;
- Managing risk to all stakeholders via a system of risk management – integrated across the organisation through a comprehensive risk management program and accredited food safety program; and
- Sound governance in that CEQ:
  - acts legitimately by complying with all required legislation;
  - actively manages risk via the Risk Framework and Enterprise Risk Register;
  - observes due process in all business activities (i.e. with documented policies and procedures) and respecting the rights of all stakeholders; and
  - meets and exceeds its publicly declared standards of performance in the economic use of resources, supply of outputs and achievement of desired economic, social and environmental outcomes.

### Meet the board

The Board of CEQ has primary responsibility to

- set the strategic direction;
- set the risk appetite; and
- monitor business performance.

The Board is committed to ethical behaviour and works within its charter. The Board as part of its role in monitoring the business, review policies, business plans budgets and capital expenditure. The Board

- sets delegation limits for the executive to work within;

- utilises a committee structure to aid in the monitoring of compliance matters; and
- evaluates the performance of the CEO.

Board members are:

Dr Mark Wenitong  
*Independent Director*  
*Acting Chair - Board*  
*Chair – Community, Public Relations and Marketing Committee; Member - Employment Training and Safety Committee*

Dr Wenitong (Adjunct Prof QUT) is about the 6th Aboriginal doctor (Kabi Kabi of South East Qld) to graduate in Australia and is currently the director of Research Knowledge Translation for the Lowitja Institute and the inaugural Chair of the Queensland Health State-wide Aboriginal and Torres Strait Islander clinical network. (2021) Dr Wenitong is currently a National Mental Health Commissioner.

For the last 12 years he was the Senior Public Health Medical Advisor, Senior Medical Officer, clinician, and health service policy and strategic planning advisor for Apunipima Cape York Health Council including the remote social and emotional wellbeing programs, anti ICE, as well as the prison wellbeing program.

In 2013 he was the Aboriginal Public Health Medical Officer for the National Aboriginal Community Controlled Health Organisation. (NACCHO) and acting CEO for NACCHO, Canberra.

Prior to this he was the Senior Medical Officer at Wuchopperen Health Service in Cairns. He is also involved in national policy as well as a number of research programs.

He sits on the board of GDPS (National Aboriginal and Torres Strait Islander Mental Health Leadership Group) and was previously a member of the Queensland Mental Health Commission Advisory Board, and AIATSIS Board as well the AIHBM board. He is currently on the board of CEQ (Remote Stores), and others. He co-chairs the national co-design group for the national evaluation of the IAHP, and sits on the national Aboriginal and Torres Strait Islander COVID Taskforce as well as the IPAG (national implementation group of the Aboriginal and Torres Strait Islander health plan) and the national

Aboriginal and Torres Strait Islander Genomics group.

He was a founding member and past president of the Australian Indigenous Doctors Association and previously the medical advisor to the Australian Dept of Health, (OATSISHS) His awards include:

- National Public Health Award – Aboriginal and Torres Strait Islander Health 2020
- Newcastle University Alumni Award 2019
- Wuchopperen Health Service Lifetime Award
- Queensland Aboriginal and Islander Health Council – Hall of Fame 2010
- AMA Federal Award – Excellence in primary health care 2011

His current work entails high level policy, health service planning, organisational collaboration, research, as well as translating evidence to practice in primary health care including the effects of colonialism with respect to allostatic load and chronic diseases in Aboriginal and Torres Strait Islander communities and cultural determinants of health.

As part of this he has been instrumental in developing an evidence-based Family Centred Primary Health Care model for Cape York. He also has worked in international aid and community development as well as work in east Timor during the war. He has studied internationally at the Johns Hopkins Summer School for Indigenous Health, the Harvard Leadership in Medical education, and previously at the CDC in Atlanta during his 11 years as a pathology technician.

Start Date	End Date	Member since
10/10/2019	09/10/2023	2019

Ms Claire Alexander  
*Independent Director*  
*Member - Finance Audit Risk and Governance Committee*

Ms Claire Alexander is a Non-Executive Director and Executive Manager with recognised expertise in strategic financial management and development. Ms Alexander brings more than 30 years of experience in both the public and private sectors, including serving hospitals, local Governments, and major infrastructure projects as an experienced Chair of Audit Risk and Finance Committees.



A Certified Practising Accountant (CPA), Ms Alexander graduated from Griffith University in 1995 with a Bachelor of Business in Accounting, then received a Masters of Business Administration from the University of New England in 2004. Ms Alexander was also awarded the Public Practice Certificate CPA Australia in 2012.

Ms Alexander brings to CEQ a great understanding of financial management in regional areas. She is currently a Board member of the Southwest Hospital & Health Service and is also contracted to Maranoa Regional Council, Mt. Isa City Council, Murweh and Torres Shire Councils as a Strategic Financial Consultant.

Start Date	End Date	Member since
07/04/2022	06/04/2025	2022

Mr Michael Aw  
*Independent Director*  
*Chair - Finance Audit Risk and Governance Committee, Member – Community, Public Relations and Marketing Committee*

Mr Michael Aw has extensive experience in the retail industry, being the founding director of The Good Guys in Cairns – one of the most successful stores of its kind in the nation. Mr Aw has been the Far North Queensland Chairman for the Good Guys over a number of years and has also been a member of the national marketing and advertising advisory committee for nine years.

Michael is also the immediate past chair/president of CADCAI a NFP which is an active community based arts and heritage organisation dedicated to celebrating and protecting the Chinese culture and heritage, in the process enriching the cultural, social and economic diversity of our local North Queensland community. He sits on the management committee of CADCAI.

Mr Aw is also a current serving member of Far North Queensland Football Board and Football Queensland. Since 2019, Michael has been the Director of Finance for the Northern Pride RLFC. Northern Pride are proud to be the hub of Rugby League in Far North Queensland and affiliated to the Northern Queensland Toyota Cowboys, providing a pathway for players from grassroots to the NRL.

Mr Aw is a continuing Board member serving his second term with his previous tenure expiring in March 2021.

Start Date	End Date	Member since
27/05/2021	26/05/2024	2017

Ms Leah Cameron  
*Independent Director*  
*Member - Finance Audit Risk and Governance Committee; Member – Employment, Training and Safety Committee*

Leah is a Trawlwoolway (Palawa) woman from Tasmania. Leah, is both highly effective in commercial legal practice and influential across government and corporate Australia in advocating for social change.

Leah is a leading light in the legal profession in her own right and through her formation of Marrawah Law. Both regularly feature in the legal professions benchmark rankings Doyle's Guide and Chambers. Leah was most recently recognised as one of the Top 20 Under 40 business entrepreneurs in Australia, Indigenous Legal Practitioner of the Year in Queensland and nationally and took out the top gong at the Supply Nation Awards for 2021 as Certified Indigenous Business of the Year and Businesswoman of the Year. Leah was also recently appointed as one of the independent experts on the esteemed Australian Heritage Council and is also a Director with the Tasmanian Aboriginal Corporation and Aboriginal Enterprises in Mining, Exploration and Energy.

Since forming the firm in 2013, Leah's philosophy of doing law differently has been the driving force behind Marrawah Law's growth into one of the largest Indigenous owned and operated law firms in Australia today. While her practitioner skills were forged in property law, native title and cultural heritage matters, Leah's passion has evolved into providing mainstream commercial law services for government, corporates and Indigenous businesses across the country.

Today Leah provides both strategic and technical guidance and advice to ensure that clients projects, transactions and processes are managed well. Leah continues to be a passionate advocate for the growth of the Indigenous-owned business sector, women in business and a more collaborative form of commercial legal practice that establishes win-win outcomes for all stakeholders

Start Date	End Date	Member since
07/04/2022	06/04/2026	2022

Mr Ted (Fraser) Nai  
*Independent Director*  
*Member – Community, Public Relations and Marketing Committee*

Fraser Nai is an identified Traditional Owner of Masig Island, as well as a former Councillor of Torres Strait Island Regional Council (TSIRC). Fraser has been involved in numerous tourism initiatives across the Torres Strait and has a long track record of public service including as Board Member with the Queensland Health Service.

Acknowledged by TSIRC as an Emerging Leader in 2018, Fraser then also received the 'Councillor of the Year' award in 2019 for his ability to influence change through leadership and deliver on the Council's vision for the region. Fraser has an extensive tourism network in Queensland, including as a committee member on the First Nations Tourism Working Group for the Queensland Tourism Industry Council (QTIC).

Fraser brings to CEQ his experience in strategic leadership, communications, facilitation and negotiation.

Start Date	End Date	Member since
07/04/2022	06/04/2025	2022

Mr Mislam Sam  
*Independent Director*  
*Member – Community, Public Relations and Marketing Committee; Finance Audit Risk and Governance Committee; Chair – Employment, Training and Safety Committee*

Mr Mislam Sam is the current Mayor of the Palm Island Aboriginal Shire Council. Prior to that Mr Sam was Chair of the Palm Island Community Company Board. Mr Sam has notable business experience and leadership within the Indigenous sector. He has served over 10 years as director in Indigenous corporations and sporting associations.

Mr Sam operates Klub Kuda Palm Island Budget Accommodation on Palm Island which he has progressively grown into a prosperous business over the past ten years. Prior to his role in council, Mr Sam also has over ten years' experience working within State Government in the areas of Aboriginal and Torres Strait Islander Policy, Education and

Training both in Townsville and on Palm Island.

Mr Sam is a continuing Board member serving his second term with his previous tenure expiring in March 2021.

Start Date	End Date	Member since
27/05/2021	26/05/2024	2017

Ms Joann Schmider  
*Independent Director*  
*Member – Community, Public Relations and Marketing Committee; Member – Employment, Training and Safety Committee*

Joann Schmider is an Atherton Tablelands rainforest Mamu woman who has lived in northwest, north and southeast Queensland and Canberra, living in Tropical North Queensland since 2005. She brings 40 years of experience across social, cultural, economic and environment Indigenous-related interests – in the connections between policy, programming, resourcing, and outcomes; with Indigenous and wider community networks, non-government entities, government, and academia. She has qualifications in education and training, community development, leadership, research, government and governance.

Since 1985, Joann has served on boards and committees, providing social justice, development, and or reconciliationist roles. Joann's ongoing interests are culture and heritage for all, stronger public and industry recognition of Aboriginal and Torres Strait Islander contributions, and First Nations peoples' opportunities in development including community services and regional development.

Start Date	End Date	Member since
07/04/2022	06/04/2026	2022

Three Board members resigned during 2021-22. These Board members were:

- Ms Vonda Malone who was Chair of the Board (18 May 2022);
- Ms Jan Pool who sat on the Finance, Audit, Risk and Governance Committee (23 May 2022);
- Mrs Margot Richardson (3 November 2021) who sat on the Finance, Audit, Risk and Governance Committee and the

Employment, Training and Safety  
Committee.

Mr Pedro Stephen had his term end on 9 October 2021.

During August 2022, Ms Elverina Johnson relinquished her Board position. Ms Johnson was a member of the Community, Public Relations and Marketing Committee and Employment, Training and Safety Committee.

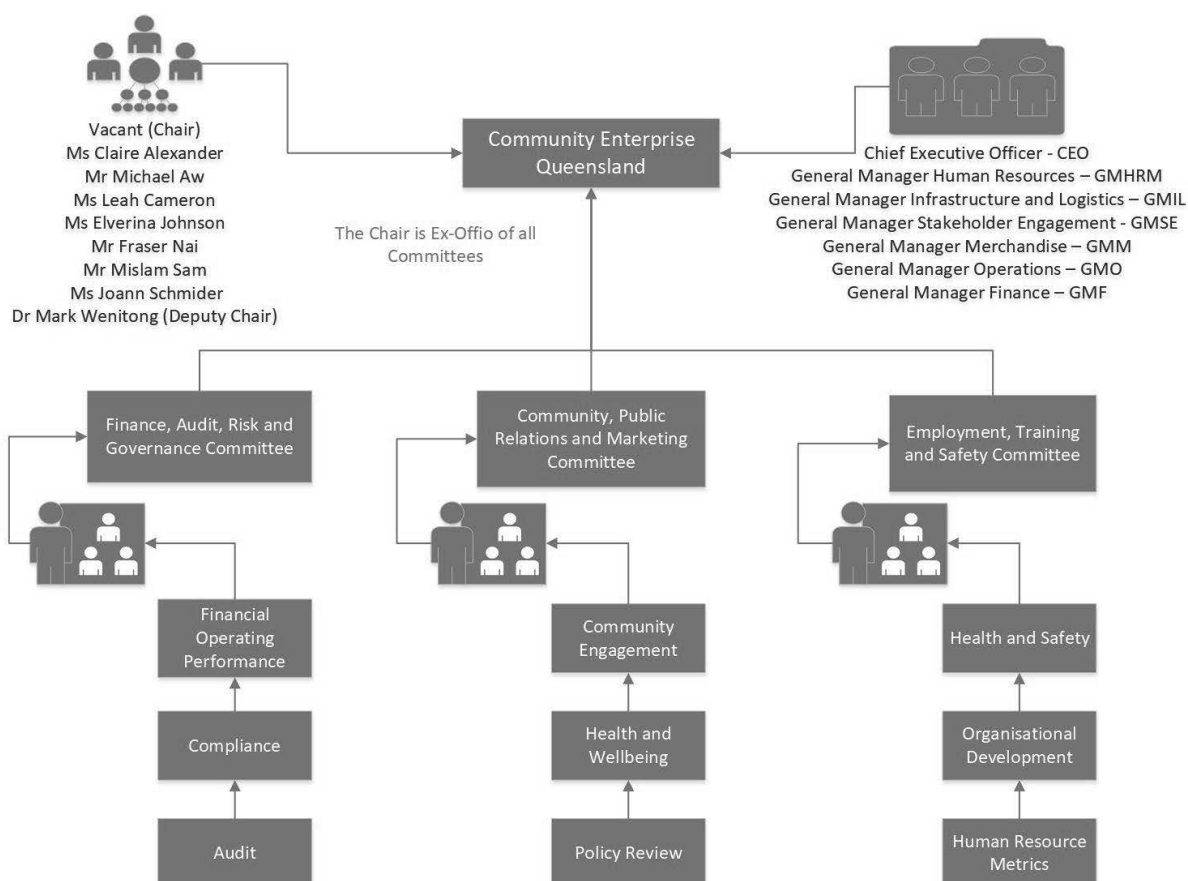
*Board Charter*

The Board's Charter contains procedures for assessing independence and any disclosure of interests that should be assessed by the Board. Directors are required at each meeting to declare any material personal interest or conflict.

### Board Configuration: 30 June 2022

In accordance with section 60 of the *Aboriginal and Torres Strait Islander Communities (Justice, Land and Other Matters) Act 1984*, the CEQ Board is comprised of at least five (5), but not more than ten (10) members appointed by the Governor in Council.

The structure of the Board and Sub-Committees at 30 June 2022 is shown below:



The Board has the following sub-committees that report to it on a regular basis.

#### *Finance, Audit, Risk and Governance Committee – FARGC*

The FARGC is responsible for ensuring the internal control, risk management framework and governance is compliant and appropriate for the organisation. It monitors the ongoing financial performance of CEQ and is also responsible for ensuring audit recommendations are addressed. The Committee is also responsible for reviewing the financial accounts prior to their release. The FARGC has the added task of developing and monitoring the financial section of the CEQ Annual Strategy Action Plan. The

FARGC fulfils the statutory role of an Audit Committee.

#### *Employment, Training and Safety Committee – ETSC*

The ETSC considers matters with respect to safety, the management and remuneration of CEQ employees and human resources and industrial relations issues. Its focus is the appropriateness of any new or amended human resource policy, remuneration of CEQ employees, the performance and appropriate recognition of CEQ employees, and the training programs for employees and the termination and recruitment of employees. The ETSC is also tasked with the development and oversight of the Employment and Training

section of the CEQ Annual Strategy Action Plan.

*Community, Public Relations and Marketing Committee - CPRMC*

The Community and Public Relations Committee was established to assist the Board in delivering services within an appropriate framework of community understanding and public relations. The Committee reviews specific aspects of community engagement

and understanding, including engagement of the community in items of a strategic nature and enhancement of health and wellbeing in the community.

*Meeting attendance 1 July 2021 – 30 June 2022*

	Type of Meeting				Total Meetings Attended
	Board	FARG	ETS	CPRM	
Scheduled Meetings	12	13	4	3	
Mayor Vonda Malone	10	4		1	15
Michael Aw	12	11	3	2	28
Claire Alexander	3	1			4
Leah Cameron	2	1			3
Elverina Johnson	8		2	1	11
Ted (Fraser) Nai	3				3
Jan Pool	1				1
Margot Richardson	3	4	2		9
Mislam Sam	12	6	1	1	20
Joann Schmider	3				3
Pedro Stephen					
Dr Mark Wenitong	8			2	10

Note:

- Sub-Committees are Committees of review with any resolutions requiring ratification by the full Board; and
- The Board meeting for June 2022 was held on 8 July 2022 and is included above.

*Payments to Board Members*

Payments to the CEQ Board are in accordance with the Remuneration Procedures for Part-Time Chairs and Members of Queensland Government Bodies, being:

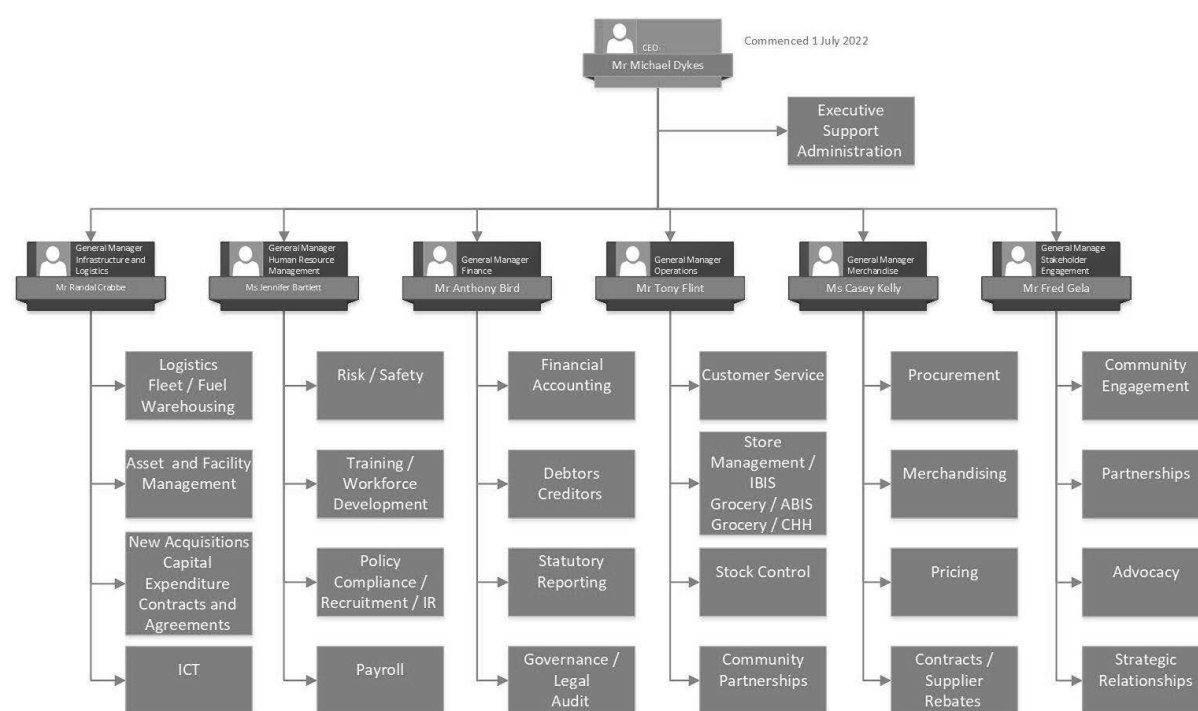
- Chairperson (Annual Fees): \$35,000;
- Member (Annual Fees): \$15,000;
- Sub-Committee Chairperson (Annual Fees): \$2,500; and
- Sub-Committee Member (Annual Fees): \$2,000.

Family Name	Given Name	Position Title	Payments \$
Malone	Vonda	Past Chair (18/05/2022)	0
Aw	Michael	Chair FARG Committee	19,425
Alexander	Claire	Member	3,519
Cameron	Leah	Member	3,519
Johnson	Elverina	Member	18,927
Nai	Ted (Fraser)	Member	3,519
Pool	Jan	Past Member	1,904
Richardson	Margot	Past Member	7,089
Sam	Mislam	Chair ETS Committee	0
Schmider	Joann	Member	3,519
Stephen	Pedro	Past Member	0
Wenitong	Mark	Acting Chair / Deputy Chair, Chair CPRM Committee	19,765

## Note:

- Mayor Malone and Mayor Sam were ineligible for board remuneration due to being considered a Queensland public sector employee as defined by the remuneration procedures for part-time chairs and members of Queensland government bodies.
- Mr Pedro Stephen provided his time on a voluntary basis.
- All payments are at accrued amounts.

## Organisational structure



### Executive management

Mr Michael Dykes commenced employment with CEQ on 1 July 2022. Michael joins CEQ passionate about being involved with a community-based organisation and brings extensive experience in a senior leadership capacity for many large retail organisations across the world. Most recently, Michael worked with Arnhem Land Progress Association (ALPA) within the Northern Territory and Queensland, serving some of the most remote communities in Australia.

On 30 June 2022 the incumbent CEO, Mr Ian Copeland's contract matured.

Other members of the Executive team are:

**Ms Jennifer Bartlett**

General Manager Human Resource Management with over 20 years of experience in business management and staff development in an adult training area. Jennifer has extensive experience working and living with Indigenous Australians and delivering health and wellbeing initiatives.

**Mr Anthony Bird**

General Manager Finance – experience in alternate financing arrangements, performance

based reform of public sector agencies, pricing, rate of return and costing methodologies.

**Mr Randal Crabbe**

General Manager Infrastructure and Logistics with over 40 years in main stream corporate, independent and remote retail.

**Mr Anthony (Tony) Flint**

General Manager Operations with over 25 years of retail experience in mainstream and remote communities. Tony also has three years of experience in training and mentoring roles in remote communities.

**Mr Fred Gela**

General Manager Stakeholder Engagement with 19 years of experience in public service advocating at National, State, Regional and Local level, brokering and delivering positive life changing outcomes for Aboriginal and Torres Strait people.

**Ms Casey Kelly**

General Manager Merchandise with over 21 years of retail experience in both mainstream and remote locations.

## Financial performance

In accordance with the *Financial Accountability Act 2009* and *Financial and Performance Management Standard 2019*, the following applies:

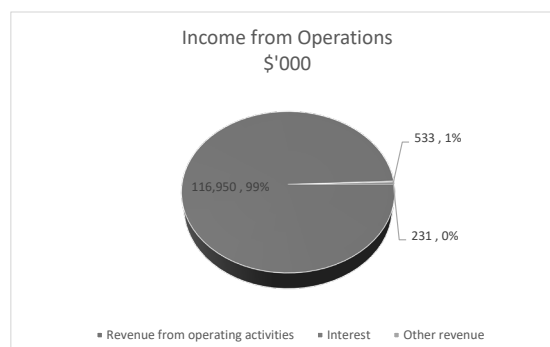
- The financial records of the statutory body has been properly maintained throughout the year ended 30 June 2022 in compliance with prescribed requirements; and
- The risk management and internal compliance and control systems of the statutory body relating to financial management have been operating efficiently, effectively and economically throughout the financial year.

There were several key highlights for the business over the financial year. These highlights included:

- Continued service delivery within an environment framed by COVID-19;
- Weathering the storms associated with a particularly challenging wet season;
- Completion of capital works; and
- Delivering on CEQ's commitment to provide goods and services at affordable prices.

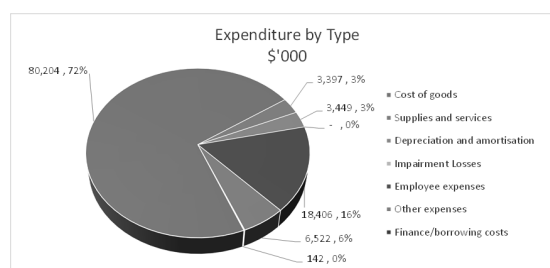
### Operating Result

CEQ continues to perform strongly year on year. From an operating result perspective (excluding capital revaluations) CEQ produced a net result of \$5.7M. This was backed on strong revenue figures of \$117.8M. Whilst this revenue figure is down on the previous year – it is still considered a positive result as the 2021 financial year experienced a large uplift in revenue due to government intervention in the economy via COVID-19 stimulus payments. Income was distributed in the following manner:



Note: other revenue includes property rentals and grants

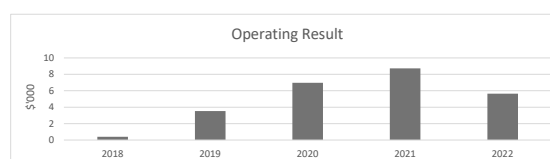
Expenses were distributed in the following manner:



As can be seen from the graph the majority of expenses for CEQ are COGS which make up 72% of expenses. Employee expenses are the next major category of expense at \$18.4M or 16% of total expenses. Major lines in other expense items and supplies and services include:

Expense Items > \$400K	\$'000
Electricity	1,356
Insurance	686
Repairs and maintenance	3,000
Lease expenses	902
Telephone and communications	883
Travel	578
Rates	415

### Net Result over Time

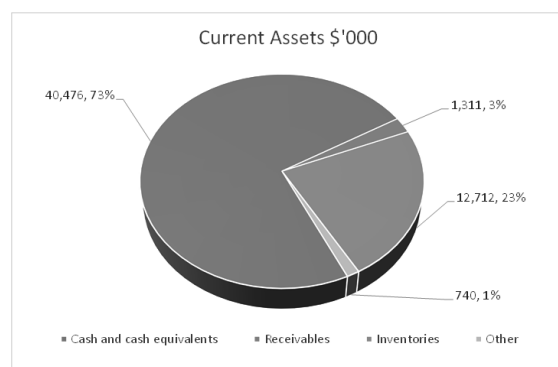




The net result of \$5.7M is 4.8% of turnover and in accordance with established norms for the business.

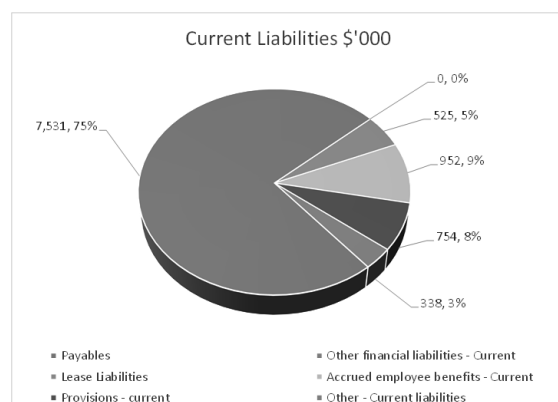
### Balance Sheet - Assets

From a Balance Sheet perspective current assets are \$55.2M of which \$40.5M is cash and cash equivalents.



### Balance Sheet - Liabilities

CEQ at the end of financial year had current liabilities of \$10.1M of which \$7.5M was Accounts Payable.



### Non-Current Balance Sheet Items

Total non-current assets were \$53.3M of which \$46.6M was Property, Plant and Equipment. Total non-current liabilities were \$6.9M of which \$6.7M were lease liabilities in accordance with accounting standards.

### Financial ratios at a glance

Ratio	2022	CEQ Average
Liquidity (Quick) - working capital	4.21	2.78

Ratio	2022	CEQ Average
Efficiency – gross profit margin	31%	33%
Efficiency – operating profit margin	5%	4%
Return on asset	5%	5%
Net profit margin	5%	4%

Note: CEQ average is an average over 8 years excluding 2017 due to the capital grant received associated with the merger of Retail Stores (Government Agency).

CEQ continues to exhibit a strong balance sheet (low debt) coupled with stable returns. Due to the community service obligation of CEQ, commercial returns are kept intentionally low due to targeted pricing of goods and services.

### Capital Expenditure

CEQ has invested heavily in capital expenditure in the financial year. The table below identifies capital expenditure in the current and previous years.

Year	Capital Expenditure \$'000
2017-18	2,259
2018-19	1,407
2019-20	1,354
2020-21	4,128
2021-22	4,174

Note: excludes Work in Progress.

Capital expenditure for the financial year was delivered in the following manner

Capital expenditure by asset class:	
Land	\$0
Buildings	\$3,401,000
Plant and equipment	\$709,000

**Capital expenditure by asset class:**

Motor vehicles	\$64,000
----------------	----------

Total Physical Assets	<b>\$4,174,000</b>
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Note: Motor vehicles are classified as Plant and Equipment in the Financial Statements.

## Compliance and audit

Compliance risk and mitigation is at the forefront of CEQ operations. CEQ has a number of overarching management documents to aid compliance across active risk types, these documents are:

- Financial Management Practice Manual Control Document
- Human Resources Induction Manual
- Human Resources Corporate Manual
- Cultural Awareness Manual
- Operational Plan
- Operations Manual (Retail Computer System Manual)
- Administration Manual (Computerised Administration Manual)
- Enterprise Risk Register

The IBIS Food Safety Program was developed in 2008 to ensure that IBIS complies with the requirements of the *Safe Food Act 2006* and the Food Safety Standards of the Australia New Zealand Food Standards Code. The program is continually refined and updated as per legislative requirements. All CEQ stores have the same compliance requirements integrated into their operations where appropriate.

### Internal Audit

Grant Thornton (a provider of independent assurance, tax and advisory services) were engaged as CEQ's Internal Auditor during the financial year. The role and function of Internal Audit at CEQ is to:

- Provide a risk weighted Internal Audit Plan for a three (3) year rolling period; and

- Undertake audits in accordance with that plan.

Specifically, Internal Audit is required to:

- Assess the internal control environment and whether systems are controlled and working effectively;
- Assess whether financial, managerial and operating information is accurate, reliable and timely;
- Assess employees' actions are in compliance with policies, procedures and applicable laws and regulations;
- Assess whether resources are acquired economically, used efficiently and adequately protected;
- Assess whether major programs, plans and objectives are achieved;
- Report on systems of quality and provide recommendations for continuous improvement;
- Review management responses to significant legislative and regulatory requirements impacting on CEQ for completeness; and
- Report on observations or suggestions about any matters arising from audits or relating matters that should be brought to the Boards attention.

The Internal Audit Plan developed was based upon CEQ's enterprise risk register. Reports were completed on inventory management systems and processes and legislative compliance.

Grant Thornton have internal quality processes which are reviewed to ensure that there are no conflicts of interest. Grant Thornton confirmed that they do not have, or are likely to acquire, engagements which may give rise to any actual or perceived conflict of interest, with any services required in connection with the CEQ engagement.

In accordance with the provisions of the *Auditor-General Act 2009* and the *Financial Accountability Act 2009*, the Queensland Audit Office is the external auditor for CEQ. The Queensland Audit Office has the responsibility for providing Queensland's Parliament with assurances as to the adequacy of CEQ's discharge of its financial and administrative obligations.

### *Ethical Behaviour*

As a public sector entity, CEQ is required to have its code of conduct endorsed by the responsible authority described by the Act. Approval was sought on 14 July 2011 and endorsement was granted on 24 October 2011.

Existing employees are provided with training to understand the *Public Sector Ethics Act 1994* and CEQ Code of Conduct. New employees are provided with the Code of Conduct as part of the induction process and the Code of Conduct is made available to all employees on the CEQ intranet.

### *Human Rights*

CEQ as an organisation respects, protects, and promotes the human rights of all people in Queensland. CEQ is building a culture of human rights by changing policies and procedures to highlight human rights ensuring that human rights are central to the work it undertakes.

During the reporting period, CEQ received no human rights complaints.

### *Modern Slavery Act 2018*

CEQ is committed to ensure that our suppliers' employees are provided with good working conditions and are treated with dignity and worth. CEQ customers expect high levels of service and expect CEQ to act ethically in its behaviours. CEQ requires supplier contracts to include statements on both their employee(s) and supplier chain which demonstrate compliance with Modern Slavery Act legislative compliance.

## **Other reporting requirements**

### *Overseas travel*

There was no overseas travel undertaken by employees.

### *s60V Minister's power to give direction*

No directions were received by CEQ during the reporting period.

### *Consultants*

During this financial year the following consultants were engaged to provide a range of services:

Consultancy Category	Expenditure (\$)
Consultants – Management including Legal	45,552
Consultants - Human resources management	2,790
Consultants - Communications	54,117
Consultants - Finance/accounting	11,185
Consultants - Professional/technical	27,373
<b>Total</b>	<b>141,017</b>

### *Information Systems and Record Keeping*

As a Queensland Government agency, CEQ meets the accountability requirements of the *Public Records Act 2002* including the General Retention and Disposal Schedule (GRDS) and Information Standard 31: Retention and Disposal of Public Records.

## **Glossary**

Frequently used Terms:

Short Form	Description
ABIS	Aboriginal Business Industry and Service
CEO	Chief Executive Officer
CEQ	Community Enterprise Queensland
CHH	Community Home and Hardware
COAG	Council of Australian Governments
COGS	Cost of Goods Sold
CPRMC	Community, Public Relations and Marketing Committee
ETSC	Employment, Training and Safety Committee
F2016-17	Financial year ending 30 June 2017 – note this is an

<b>Short Form</b>	<b>Description</b>
	extended reporting period from 1 February 2016 to 30 June 2017
FAA	Financial Accountability Act
FARGC	Finance, Audit, Risk and Governance Committee – also meets as the Audit Committee
FMPM	CEQ Financial Management Practice Manual
FTE	Full Time Equivalent
IBIS	Trading name - Islanders Board of Industry and Service of the IIB
IIB	Island Industries Board
ILUA	Indigenous Land Use Agreement
NAIDOC	National Aborigines and Islanders Day Observance Committee
NPA	Northern Peninsula Area, Cape York
OTSI	Outer Torres Strait Islands
PBC	Prescribed Body Corporate
TSC	Torres Shire Council
TSIRC	Torres Strait Island Regional Council

## **Annexure 1 – annual financial statements**

# **Community Enterprise Queensland**

**Financial Statements  
For the year ended 30 June 2022**

**Community Enterprise Queensland  
Financial Statements  
For the Year Ended 30 June 2022**

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**General Information**

These financial statements cover Community Enterprise Queensland, formerly known as the Island Industries Board.

Community Enterprise Queensland (CEQ) is a statutory body established under the *Aboriginal and Torres Strait Islander Communities (Justice, Land and Other Matters) Act 1984*.

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

The corporate office and principal place of business of the statutory body is:

269 Mulgrave Road  
WESTCOURT QLD 4870

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

For information in relation to the statutory body's financial statement please call the General Manager Finance on (07) 4050 4300.

Amounts shown in these financial statements may not add to the correct sub-totals due to rounding.

**COMMUNITY ENTERPRISE QUEENSLAND  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2022**

		<b>2022</b>	<b>2021</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Operating Result</b>			
<b>Income</b>	<b>Note</b>		
Revenue	3	116,950	122,537
Interest		231	234
Grants and other contributions		111	164
Other revenue		422	304
Gains on disposal and remeasurement of assets		56	22
<b>Total Income</b>		<b>117,770</b>	<b>123,261</b>
<b>Expenses</b>			
Supplies and services	4	83,601	86,070
Depreciation on property, plant and equipment (PPE)	10	2,942	2,975
Amortisation of right-of-use assets (ROU)		507	491
Employee expenses	5	18,406	17,455
Other expenses	6	6,522	7,409
Finance/borrowing costs	12	142	135
<b>Total Expenses</b>		<b>112,120</b>	<b>114,535</b>
<b>Operating result for the year</b>		<b>5,650</b>	<b>8,726</b>
<b>Other Comprehensive Income</b>			
<i>Items that will not be reclassified subsequently to Operating Result</i>			
Increase in asset revaluation surplus	15	2,985	522
<b>Total for Items that will not be reclassified to operating result</b>		<b>2,985</b>	<b>522</b>
<b>Total Other Comprehensive Income</b>		<b>2,985</b>	<b>522</b>
<b>Total Comprehensive Income</b>		<b>8,635</b>	<b>9,248</b>

*The accompanying notes form part of these statements.*



**COMMUNITY ENTERPRISE QUEENSLAND  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2022**

		<b>2022</b>	<b>2021</b>
		<b>\$'000</b>	<b>\$'000</b>
	<b>Note</b>		
<b>Current assets</b>			
Cash and cash equivalents	7	40,476	35,601
Receivables	8	1,311	1,198
Inventories	9	12,712	12,432
Other assets		740	225
<b>Total current assets</b>		<b>55,239</b>	<b>49,456</b>
<b>Non-current assets</b>			
Property, plant and equipment	10	46,558	43,623
Right-of-use assets	12	6,722	3,479
<b>Total non-current assets</b>		<b>53,280</b>	<b>47,102</b>
<b>Total assets</b>		<b>108,519</b>	<b>96,558</b>
<b>Current liabilities</b>			
Payables	11	7,531	7,895
Lease liabilities	12	525	407
Accrued employee benefits	13	952	898
Provisions	14	754	698
Other liabilities		338	43
<b>Total current liabilities</b>		<b>10,100</b>	<b>9,941</b>
<b>Non-current liabilities</b>			
Lease liabilities	12	6,693	3,576
Provisions	14	175	126
<b>Total non-current liabilities</b>		<b>6,868</b>	<b>3,702</b>
<b>Total liabilities</b>		<b>16,968</b>	<b>13,643</b>
<b>Net assets</b>		<b>91,551</b>	<b>82,915</b>
<b>Equity</b>			
Accumulated surplus		67,528	61,877
Asset revaluation surplus	15	24,023	21,038
<b>Total equity</b>		<b>91,551</b>	<b>82,915</b>

*The accompanying notes form part of these statements.*

**COMMUNITY ENTERPRISE QUEENSLAND  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2022**

	Accumulated Surplus	Asset Revaluation Surplus (Note 15)	TOTAL
	\$'000	\$'000	\$'000
<b>Note</b>			
<b>Balance as at 1 July 2020</b>	<b>53,151</b>	<b>20,516</b>	<b>73,667</b>
<b>Operating result</b>	8,726	-	8,726
<b>Other comprehensive income</b>			
- Increase in asset revaluation surplus	-	522	522
<b>Total comprehensive income for the year</b>	<b>8,726</b>	<b>522</b>	<b>9,248</b>
<b>Balance as at 30 June 2021</b>	<b>61,877</b>	<b>21,038</b>	<b>82,915</b>
<b>Balance as at 1 July 2021</b>	<b>61,877</b>	<b>21,038</b>	<b>82,915</b>
<b>Operating result</b>	5,650	-	5,650
<b>Other comprehensive income</b>			
- Increase in asset revaluation surplus	-	2,985	2,985
<b>Total comprehensive income for the year</b>	<b>5,650</b>	<b>2,985</b>	<b>8,635</b>
<b>Balance as at 30 June 2022</b>	<b>67,527</b>	<b>24,023</b>	<b>91,551</b>

*The accompanying notes form part of these statements.*

**COMMUNITY ENTERPRISE QUEENSLAND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2022**

		<b>2022</b>	<b>2021</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>	<b>Note</b>		
<i>Inflows:</i>			
Receipts from customers		116,536	121,098
GST input tax credits from ATO		6,438	7,307
GST collected from customers		7,370	7,860
Grants and other contributions		111	164
Interest receipts		231	234
<i>Outflows:</i>			
Employee expenses		(18,247)	(17,396)
Supplies and services		(90,056)	(94,606)
GST paid to suppliers		(6,614)	(7,169)
GST remitted to ATO		(7,345)	(8,004)
<b>Net cash provided by operating activities</b>	<b>19</b>	<b>8,423</b>	<b>9,488</b>
<b>Cash flows from investing activities</b>			
<i>Inflows:</i>			
Sales of property, plant and equipment		32	3
<i>Outflows:</i>			
Payments for property, plant and equipment	<b>10</b>	<b>(2,949)</b>	<b>(5,184)</b>
<b>Net cash (used in) investing activities</b>		<b>(2,917)</b>	<b>(5,181)</b>
<b>Cash flows from financing activities</b>			
<i>Outflows:</i>			
Lease payments		(632)	(498)
<b>Net cash (used in) financing activities</b>	<b>19</b>	<b>(632)</b>	<b>(498)</b>
Net increase in cash and cash equivalents		4,874	3,809
Cash and cash equivalents at beginning of financial year		35,601	31,792
<b>Cash and cash equivalents at end of financial year</b>	<b>7</b>	<b>40,476</b>	<b>35,601</b>

*The accompanying notes form part of these statements.*

**COMMUNITY ENTERPRISE QUEENSLAND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**NOTES TO THE FINANCIAL STATEMENTS**

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# COMMUNITY ENTERPRISE QUEENSLAND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## 1. Basis of Financial Statement Preparation

### a) General Information

Community Enterprise Queensland ("CEQ") is a statutory body established under the *Aboriginal and Torres Strait Islander Communities (Justice, Land and Other Matters) Act 1984* and controlled by the State of Queensland, which is the ultimate parent.

The corporate office and principal place of business is 269 Mulgrave Road, Westcourt QLD 4870.

### b) Compliance with Prescribed Requirements

CEQ has prepared these financial statements in compliance with section 38 of the *Financial and Performance Management Standard 2019*. The financial statements comply with Queensland Treasury's Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2021.

CEQ is a not-for-profit entity and these general purpose financial statements are prepared on an accrual basis (except for the Statement of Cash Flows which is prepared on a cash basis) in accordance with Australian Accounting Standards and Interpretations applicable to not-for-profit entities.

There were no new standards adopted during the year.

### c) Presentation

#### (i) Currency and Rounding

Amounts included in the financial statements are in Australian dollars and 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.

#### (ii) Comparatives

Comparative information reflects the audited financial statements for period ended 30 June 2021, except where restated as necessary to be consistent with disclosures in the current reporting period.

#### (iii) Current/Non-Current Classification

Assets and liabilities are classified as either 'current' or 'non-current' in the Statements of Financial Position and associated notes.

Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or the entity does not have an unconditional right to defer settlement beyond 12 months after the reporting date. Other current assets includes prepayments.

All other assets and liabilities are classified as non-current.

#### (iv) Authorisation of Financial Statements for Issue

The financial statements are authorised for issue by the Board at the date of signing the Management Certificate.

#### (v) Basis of Measurement

Historical cost is used as the measurement basis in this financial report except for the following:

- Land and buildings which are measured at fair value;
- Provisions expected to be settled 12 or more months after reporting date which are measured at their present value;
- Inventories which are measured at the lower of cost or net realisable value; and
- Lease liabilities which are measured at present value of future minimum non-cancellable lease payments including options reasonably expected to be taken up.

Under historical cost, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

**COMMUNITY ENTERPRISE QUEENSLAND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

*Fair Value*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

*Present Value*

Present value represents the present discounted value of the future net cash inflows that the item is expected to generate (in respect of assets) or the present discounted value of the future net cash outflows expected to settle (in respect of liabilities) in the normal course of business.

*Net Realisable Value*

Net realisable value represents the amount of cash or cash equivalents that could currently be obtained by selling an asset in an orderly disposal.

**2. Objectives**

The objective of CEQ is to act as an enterprise providing essential services for the general convenience of the Torres Strait Region and mainland communities where CEQ has a footprint. CEQ provides communities with access to a range of food, drinks and household items essential for a healthy life at a fair price. CEQ goals include promoting, supporting and improving services and the general welfare (including knowledge and skills) of community members where it operates. CEQ achieves its goals through market channels being IBIS grocery (including fuel sales), ABIS grocery and Community Home & Hardware.

**3. Revenue**

**Operating Activities**

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Sale of goods	114,604	120,021
Rebates	1,867	2,088
Commissions received	29	40
Other	450	388
<b>Total</b>	<b>116,950</b>	<b>122,537</b>

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Sale of Goods by Market Channels</b>		
IBIS	68,079	70,080
ABIS	35,787	38,445
CHH	10,738	11,496
<b>Total</b>	<b>114,604</b>	<b>120,021</b>

**Accounting Policy – Goods Sold and Other Income**

Revenue from the sales of goods are recognised on transfer of the goods to the customer, which is the sole performance obligation. Services provided by CEQ are recognised as revenues when the services are performed in accordance with AASB15.

**COMMUNITY ENTERPRISE QUEENSLAND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**4. Supplies and Services**

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Bank fees and charges	260	256
Board meeting expenses	97	117
Consultants and contractors	267	310
Employee recruitment/training/relocation expenses	112	113
Employee uniforms	27	18
Freight	159	192
Inventories consumed – held for sale	80,204	82,516
Lease expenses*	902	901
Legal fees	46	85
Postage	9	10
Stationery	57	90
Telephone and communications	883	751
Travel	578	711
<b>Total</b>	<b>83,601</b>	<b>86,070</b>

**Lease expenses**

\*Lease expenses relate to leases of low value assets, short-term and variable lease payments. Refer to Note 12 for disclosures.

**5. Employee Expenses**

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Employee Benefits</b>		
Wages and salaries	15,979	15,288
Employer superannuation contributions	1,598	1,446
Other employee benefits	637	505
<b>Employee Related Expenses</b>		
Workers' compensation premium	86	84
Other employee related expenses	107	132
<b>Total</b>	<b>18,406</b>	<b>17,455</b>

The number of employees as at 30 June including both full-time employees and part-time employees measured on a full-time equivalent basis is:

Number of employees	247	234
---------------------	-----	-----

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

**Accounting Policy – Worker's Compensation Premiums**

CEQ pays premiums to WorkCover Queensland in respect of its obligations for employee compensation. Workers' compensation insurance is not an employee benefit but is recognised separately as an employee related expense.

**Accounting Policy – Wages and Salaries**

Wages and salaries due but unpaid at the reporting date are recognised in the Statement of Financial Position at the current salary rates. As CEQ expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

**COMMUNITY ENTERPRISE QUEENSLAND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**Accounting Policy – Sick Leave**

Prior history indicates that on average, sick leave taken at each reporting period is less than the entitlement accrued. This is expected to continue in future periods. As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

**Accounting Policy – Superannuation**

The default fund of CEQ is QSuper, the superannuation plan for Queensland Government employees. Employees have the right to choose to have their employer contributions paid to other qualifying funds and some employees have exercised this right. Contributions are expensed in the period in which they are paid or payable. CEQ's obligation is limited to the superannuation guarantee charge.

Key management personnel and remuneration disclosures are detailed in Note 22(a).

**6. Other Expenses**

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Advertising	44	48
Audit external – financial statements (QAO)*	93	88
Audit internal	50	50
Bad debts	-	7
Conference costs	72	-
Donations	94	51
Electricity	1,356	1,692
Equipment hire	98	89
Events sponsorships	16	40
Insurance	686	578
Licences and fees	106	120
Net loss from disposal of property, plant and equipment	58	544
Other	1	1
Rates	415	363
Repairs and maintenance	3,000	3,311
Security	-	12
Trade expenses	274	260
Vehicle operating expenses	159	155
<b>Total</b>	<b>6,522</b>	<b>7,409</b>

**Audit Fees**

\*Total audit fees quoted by the Queensland Audit Office relating to the financial statements are \$87,000 (2021: \$93,000).

**7. Cash and Cash Equivalents**

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank and on hand	3,449	4,733
QTC working capital facility	2	2
QTC cash fund	37,025	30,866
<b>Total</b>	<b>40,476</b>	<b>35,601</b>

Cash deposited with the Queensland Treasury Corporation earned interest at rates of 0.76% (2021: 0.51%) on the cash fund facility and 0.85% (2021: 0.10%) working capital facility.



**COMMUNITY ENTERPRISE QUEENSLAND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**Accounting Policy – 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. Cash and cash equivalents also include investments with short periods to maturity that are readily convertible to cash and that are subject to a low risk of changes in value.

**8. Receivables**

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade debtors	1,173	1,018
Less: Loss allowance	(5)	(9)
	<u>1,168</u>	<u>1,009</u>
GST Payable	(639)	-
GST Receivable	751	-
	<u>112</u>	<u>-</u>
Other	30	189
<b>Total</b>	<b><u>1,311</u></b>	<b><u>1,198</u></b>

**Accounting Policy – Receivables**

Receivables are measured at amortised cost which approximates their fair value at reporting date.

Trade debtors are recognised at the nominal amounts due at the time of sale or service delivery. Settlement of these amounts is required within 30 days from statement date.

Other debtors generally arise from transactions outside the usual operating activities of CEQ and are recognised at their assessed values. Terms are a maximum of three months, no interest is charged and no security is obtained.

GST payable in 2021 see Note 11.

**Impairment of Receivables**

**Accounting Policy – Impairment of Receivables**

The loss allowance for trade and other debtors reflects lifetime expected credit losses and incorporates reasonable and supportable forward-looking information, including forecast economic changes expected to impact CEQ's debtors along with relevant industry and statistical data where applicable.

Where CEQ has no reasonable expectation of recovering an amount owed by a debtor, the debt is written-off by directly reducing the receivable against the loss allowance. This occurs when the debt is over 120 days past due and CEQ has ceased enforcement activity. If the amount of debt written off exceeds the loss allowance, the excess is recognised as an impairment loss.

**Disclosure – Credit Risk Exposure of Receivables**

The maximum exposure to credit risk at balance date for receivables is the gross carrying amount of those assets. No collateral is held as security and there are no other credit enhancements relating to CEQ's receivables.

CEQ uses a provision matrix to measure the expected credit losses on their trade debtors. The calculations reflect historical observed default rates using credit losses experienced on past sales transactions during the last 3 years preceding 30 June 2022. The historical default rates are then adjusted by reasonable and supportable forward-looking information for expected changes in macroeconomic indicators that affect the future recovery of those receivables. For CEQ, a change in the unemployment rate is determined to be the most relevant forward-looking indicator for the receivables. Actual credit losses over the 3 years preceding 30 June 2022 have been correlated against changes in the unemployment rate. Based on those results, the historical default rates are adjusted based on expected changes to that indicator.

**COMMUNITY ENTERPRISE QUEENSLAND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

CEQ has not recognised a loss allowance under AASB 9 for receivables from another Government agency on the basis that the Treasury's expectation that the impairment would be negligible, and therefore immaterial.

Set out below is the credit risk exposure on the CEQ's trade debtors.

**Impairment of Receivables**

	<b>Gross Receivables</b>	<b>2022 Loss Rate</b>	<b>Expected Credit Losses</b>	<b>Gross Receivables</b>	<b>2021 Loss Rate</b>	<b>Expected Credit Losses</b>
	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>
<b>Overdue</b>						
Less than 30 days	592	0.10	2	546	0.56	3
30 to 60 days	170	0.33	1	122	1.65	2
60 to 90 days	10	1.05	0	19	2.96	1
Greater than 90 days	25	7.63	2	6	56.8	3
<b>Total overdue</b>	<b>797</b>	<b>0.39</b>	<b>5</b>	<b>693</b>	<b>1.34</b>	<b>9</b>

**9. Inventories**

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Inventories on hand	12,180	11,756
Inventories in transit	532	676
<b>Total</b>	<b>12,712</b>	<b>12,432</b>

**Accounting Policy - Inventories**

Inventories held for sale are valued at the lower of cost or net realisable value.

For non-electrical items included in inventory, cost is assigned on a weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing location, except for training costs which are expensed as incurred.

Costs in respect of electrical items included in inventory through the Betta franchise are assigned on a first in first out basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing location, except for training costs which are expensed as incurred.

Net realisable value is determined on the basis of CEQ's normal selling pattern.

Expenses associated with marketing, selling and distribution are deducted to determine net realisable value.

CEQ conducts stocktakes throughout the reporting period. Where a stocktake is not conducted at the end of the reporting period, a provision for expected shrinkage is made based on previously achieved stocktake shrinkage results.

Under current arrangements with CEQ's suppliers, the risks and rewards of ownership of inventory transfer to CEQ at the time the inventory is dispatched from the suppliers' warehouse. Accordingly, goods in transit have been brought to account as at 30 June 2022.

**COMMUNITY ENTERPRISE QUEENSLAND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**10. Property, Plant and Equipment and Depreciation Expense**

**(a) Closing Balances and Reconciliation of Carrying Amount**

<b>2022</b>	<b>Land Fair Value \$'000</b>	<b>Buildings Fair Value \$'000</b>	<b>Plant &amp; Equipment Cost \$'000</b>	<b>Work in Progress Cost \$'000</b>	<b>Total \$'000</b>
Gross	8,160	57,796	17,809	1,943	<b>85,708</b>
Less: Accumulated depreciation	-	(26,706)	(12,445)	-	<b>(39,151)</b>
	<b>8,160</b>	<b>31,091</b>	<b>5,364</b>	<b>1,943</b>	<b>46,558</b>
<i>Represented by movement in carrying amount:</i>					
Carrying amount at 1 July 2021	8,305	26,197	5,953	3,168	<b>43,623</b>
Acquisitions	-	-	-	2,949	<b>2,949</b>
Disposals	-	-	(58)	-	<b>(58)</b>
Transfers between asset classes	-	3,400	774	(4,174)	<b>-</b>
Net revaluation increments / (decrements) in asset revaluation surplus	(145)	3,130	-	-	<b>2,985</b>
Depreciation expense	-	(1,637)	(1,305)	-	<b>(2,942)</b>
<b>Carrying amount at 30 June 2022</b>	<b>8,160</b>	<b>31,091</b>	<b>5,364</b>	<b>1,943</b>	<b>46,558</b>
<b>2021</b>	<b>Land Fair Value \$'000</b>	<b>Buildings Fair Value \$'000</b>	<b>Plant &amp; Equipment Cost \$'000</b>	<b>Work in Progress Cost \$'000</b>	<b>Total \$'000</b>
Gross	8,305	48,288	18,233	3,168	<b>77,994</b>
Less: Accumulated depreciation	-	(22,091)	(12,280)	-	<b>(34,371)</b>
	<b>8,305</b>	<b>26,197</b>	<b>5,953</b>	<b>3,168</b>	<b>43,623</b>
<i>Represented by movement in carrying amount:</i>					
Carrying amount at 1 July 2020	8,305	25,141	5,880	2,112	<b>41,437</b>
Acquisitions	-	-	-	5,184	<b>5,184</b>
Disposals	-	(409)	(135)	-	<b>(544)</b>
Transfers between asset classes	-	2,513	1,614	(4,128)	<b>-</b>
Net revaluation increments / (decrements) in asset revaluation surplus	-	522	-	-	<b>522</b>
Depreciation expense	-	(1,570)	(1,405)	-	<b>(2,975)</b>
<b>Carrying amount at 30 June 2021</b>	<b>8,305</b>	<b>26,197</b>	<b>5,953</b>	<b>3,168</b>	<b>43,623</b>

CEQ's buildings that are constructed on leasehold Deed of Grant in Trust (DOGIT) land are held in trust by the Torres Strait Island Regional Council (TSIRC) for the benefit of the peoples of the Torres Strait. Tenure to the various parcels of land is secured by way of a trustee lease from the TSIRC for a period of thirty years. Under Section 61 of the *Land Act 1994*, the trustee lease must not contain a covenant, agreement or condition to review the lease. All trustee leases are subject to the approval of the Minister for Resources ("the Minister").

When a lease is due to expire, TSIRC and CEQ may negotiate a new lease and approach the Minister for approval of that lease. Such approval is not expected to be unreasonably withheld, provided the current lease has been complied with and the proposed lease is in accordance with the *Land Act 1994*. Of the thirteen stores constructed on DOGIT land, seven stores have had 30 year trustee leases successfully negotiated with the remaining leases at various stages awaiting approval. All existing trustee leases are at peppercorn rates, therefore, no right-of-use asset and lease liability is recorded.

**(b) Recognition and Acquisition**

**Accounting Policy – Recognition Thresholds**

Items of property, plant and equipment with a historical cost or other value equal to or in excess of the following thresholds in the year of acquisition are reported as Property, Plant and Equipment:

	<b>\$</b>
Buildings and Infrastructure (including land improvements)	10,000
Land	1
Plant and Equipment	5,000

Items with a lesser value are expensed in the year of acquisition.

Land improvements undertaken by CEQ are included within the building class.

**COMMUNITY ENTERPRISE QUEENSLAND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

Expenditure is only added to an asset's carrying amount if it increases the service potential or useful life of the existing asset. Maintenance expenditure that merely restores original service potential (lost through ordinary wear and tear) is expensed.

**Accounting Policy – Cost of Acquisition**

Historical cost is used for the initial recording of all Property, Plant and Equipment acquisitions. Historical 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, including architects' fees and engineering design fees. However, any training costs are expensed as incurred.

Where assets are received free of charge from another Queensland Government agency (whether as a result of a machinery of government or other involuntary transfer), the acquisition cost is recognised as the carrying amount in the books of the other agency immediately prior to the transfer.

Assets acquired at no cost or for nominal consideration, other than from another Queensland Government entity, are recognised at their fair value at date of acquisition.

Where a non-current physical 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 lease liability is recognised at the same amount.

**(c) Measurement using Historical Cost**

**Accounting Policy**

Plant and equipment are measured at historical cost in accordance with Queensland Treasury's Non-Current Asset Accounting Policies. The carrying amounts for such plant and equipment are not materially different from their fair values.

Separately identified components of assets are measured on the same basis as the assets to which they relate.

**(d) Measurement using Fair Value**

**Accounting Policy**

Land, buildings and infrastructure are measured at fair value in accordance with Queensland Treasury's Non-Current Asset Accounting Policies. These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and impairment losses, where applicable.

The cost of items acquired during the financial year has been determined by management of CEQ to materially represent their fair value at the end of the reporting period.

Land and buildings at fair value are revalued on an annual basis either by appraisals undertaken by an independent professional valuer, or by the use of appropriate and relevant indices.

**Use of Specific Appraisals (comprehensive revaluations)**

Revaluations based on independent valuer appraisals are undertaken at least once every five years. However, if a class of asset experiences significant changes in fair value, that class is subject to a comprehensive valuation in the reporting period, where practicable, regardless of the timing of the previous method of valuation. CEQ is programmed to undertake a comprehensive valuation during 2022-2023.

Materiality is considered in determining whether the difference between the carrying amount and the fair value of an asset is material (in which case revaluation is warranted).

The fair values reported by CEQ are based on appropriate valuation techniques that maximise the use of available and relevant observable inputs and minimise the use of unobservable inputs (as defined in Note 16).

**Use of Indices**

Where assets have not been specifically appraised in the reporting period, the previous valuations are materially kept up-to-date via the application of relevant indices, utilised by a registered valuer as part of an independent appraisal. Management assesses the relevance and suitability of appraisal and any material movement in the valuation is disclosed.

**COMMUNITY ENTERPRISE QUEENSLAND  
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Accounting for Changes in Fair Value

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation surplus of the appropriate class, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation surplus relating to that class.

On revaluation, accumulated depreciation is re-stated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining life.

**(e) Depreciation Expense**

**Accounting Policy**

Land is not depreciated as it has an unlimited useful life.

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 CEQ.

**Key Judgement**

Straight line depreciation is used as that is consistent with the even consumption of future economic benefits over an assets useful life to CEQ.

For depreciable assets, residual value is determined to be zero reflecting the estimated amount to be received on disposal at the end of their useful life.

Assets under construction (work-in-progress) are not depreciated until they reach service delivery capacity. Service delivery capacity relates to when the construction is complete and the asset is first put to use or is installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant classes within property, plant and equipment.

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.

Major spares purchased specifically for particular assets are capitalised and depreciated on the same basis as the asset to which they relate.

The depreciable amount of improvements to or on leasehold land is allocated progressively over the estimated useful lives of the improvements or the unexpired period of the lease, whichever is the shorter. The unexpired period of a lease includes any option period where exercise of the option is probable. The exception to this are the buildings located on land secured by way of native title trustee lease. These buildings are depreciated on a straight line basis so as to allocate the net cost or revalued amount of each asset, progressively over its estimated useful life to CEQ, rather than the unexpired term of the native title lease. Native title leases are granted to CEQ initially on a 30 year term. It is expected the leases will be renegotiated at the end of the initial 30 year term, on the basis the terms of the lease are complied with.

For each class of depreciable assets, the following depreciation rates are used:

<b>Class</b>	<b>Rate %</b>
Buildings	2.6 – 33.3
Plant and equipment:	5 – 50

**(f) Impairment**

**Accounting Policy**

All non-current physical assets carried at cost are assessed for indicators of impairment on an annual basis or, where the asset is measured at fair value, for indicators of a change in fair value/service potential since the last valuation was completed. Where indicators of a material change in fair value or service potential since the last valuation arise, the asset is revalued at the reporting date. If an indicator of possible impairment exists, CEQ 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.

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Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but 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.

When an asset is revalued using either a market or income valuation approach, any accumulated impairment losses at that date are eliminated against the gross amount of the asset prior to restating for the revaluation.

**11. Payables**

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade creditors	5,154	6,125
Sundry creditors and accruals	2,377	1,730
	<u>7,531</u>	<u>7,855</u>
GST payable	-	614
GST receivable	-	(574)
	<u>-</u>	<u>40</u>
<b>Total</b>	<b><u>7,531</u></b>	<b><u>7,895</u></b>

**Accounting Policy – 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 7 to 30 day terms. GST receivable for 2022 see Note 8.

**12. Right-of-use Assets and Lease Liabilities**

**Leases as Lessee**

<b>Right-of-use assets</b>	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Buildings</b>		
Opening balance at 1 July	3,479	4,419
Additions	3,861	71
Amortisation charge	(507)	(491)
Disposals/derecognition	-	(518)
Other adjustments	(111)	(1)
<b>Closing Balance at 30 June</b>	<b><u>6,722</u></b>	<b><u>3,479</u></b>
<b>Lease liabilities</b>		
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Lease liabilities	525	407
<b>Non-current</b>		
Lease liabilities	6,693	3,576
<b>Total</b>	<b><u>7,218</u></b>	<b><u>3,983</u></b>

# COMMUNITY ENTERPRISE QUEENSLAND

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2022

#### Accounting Policies – Leases as lessee

##### Right-of-use assets

Right-of-use assets are initially recognised at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- lease payments made at or before the commencement date, less any lease incentives received;
- initial direct costs incurred; and
- the initial estimate of restoration costs.

Right-of-use assets are subsequently depreciated over the lease term and are subject to impairment testing on an annual basis.

The carrying amount of right-of-use assets are adjusted for any remeasurement of the lease liability in the financial year following a change in discount rate, a reduction in lease payments payable, changes in variable lease payments that depend upon variable indexes/rates or a change in lease term.

CEQ measures right-of-use assets from concessionary leases at cost on initial recognition, and measures all right-of-use assets at cost subsequent to initial recognition.

CEQ has elected not to recognise right-of-use assets and lease liabilities arising from short-term leases, and leases of low value assets. Variable lease payments not based on an index are also excluded from right-of-use asset calculations. The lease payments are recognised as expenses on a straight-line basis over the lease term. An asset is considered low value where it is expected to cost less than \$10,000 when new.

Where a contract contains both a lease and non-lease components such as asset maintenance services, CEQ allocates the contractual payments to each component on the basis of their stand-alone prices. However, for leases of plant and equipment, CEQ has elected not to separate lease and non-lease components and instead accounts for them as a single lease component.

##### Impairment of right-of-use assets

All right-of-use assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, CEQ determines the asset's recoverable amount. Any amount by which the right-of-use asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

For the year ending 30 June 2022 there were no indicators of impairment for right-of-use assets.

##### Lease liabilities

Lease liabilities are initially recognised at the present value of lease payments over the lease term that are not yet paid. The lease term includes any extension or renewal options that CEQ is reasonably certain to exercise. The future lease payments included in the calculation of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by CEQ under residual value guarantees;
- the exercise price of a purchase option that CEQ is reasonably certain to exercise; and
- payments for termination penalties, if the lease term reflects the early termination.

When measuring the lease liability, CEQ uses its incremental borrowing rate as the discount rate where the interest rate implicit in the lease cannot be readily determined. To determine the incremental borrowing rate, CEQ uses loan rates provided by Queensland Treasury Corporation that correspond to the commencement date and term of the lease.

Subsequent to initial recognition, the lease liabilities are increased by the interest charge and reduced by the amount of lease payments. Lease liabilities are also remeasured in certain situations such as a change in variable lease payments that depend on an index or rate (e.g. a market rent review), or a change in the lease term.

#### Disclosures – Leases as lessee

##### *(i) Details of leasing arrangements as lessee*

##### Buildings

CEQ has various leases for buildings used for corporate office, distribution centre, stores and staff accommodation. Some of these leases are low value leases.

Lease terms are varied, and some have renewal or extension options. The options are not included in the right-of-use asset or lease liability unless CEQ is reasonably certain it will renew the lease.

**COMMUNITY ENTERPRISE QUEENSLAND  
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The corporate office location contains a variable lease component based on overhead's (utility charges). These payments are recognised as lease expenses when incurred. See Note 4.

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
(ii) Amounts recognised in profit or loss		
Interest expense on lease liabilities	142	135
Breakdown of 'Lease expenses' included in Note 4		
- Expenses relating to short term leases	799	844
- Expenses relating to leases of low value assets	41	43
- Expenses relating to variable lease payments	61	13
(iii) Total cash outflow for leases	<b>1,043</b>	<b>1,036</b>

**Accounting policies – Leases as lessor**

CEQ recognises lease payments from operating leases as income on a periodic straight line basis over the lease term.

**Disclosures – Leases as lessor**

(i) Details of leasing arrangements a lessor

Land and Property Rentals

Certain components of CEQ owned properties and land are leased out under non-cancellable operating lease arrangements.

Lease income from operating leases is reported as 'Other revenue'. No amounts were recognised in respect of variable lease payments other than CPI or market rent reviews.

CEQ does not have any finance leases.

(ii) Maturity analysis

The following table sets out a maturity analysis of future undiscounted lease payments receivable under CEQ's operating leases.

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Less than 1 year	408	276
1 to 2 years	311	21
2 to 3 years	60	-
3 to 4 years	42	-
4 to 5 years	7	-
More than 5 years	-	-
<b>Total</b>	<b>828</b>	<b>297</b>

**13. Accrued Employee Benefits**

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Annual leave	952	898
<b>Total</b>	<b>952</b>	<b>898</b>



**COMMUNITY ENTERPRISE QUEENSLAND  
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**Accounting Policy – Annual Leave**

Employee entitlements are accrued for annual leave in respect of services provided by employees up to the reporting date, having regard to remuneration rates, employment related on-costs and leave taken prior to the reporting date.

**14. Provisions**

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Long Service Leave	754	698
<b>Total</b>	<b>754</b>	<b>698</b>
<b>Non-Current</b>		
Long Service Leave	175	126
<b>Total</b>	<b>175</b>	<b>126</b>
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Movements in provisions</b>		
<b>Long Service Leave</b>		
Opening balance	824	752
Additional provision recognised	165	107
Reduction in provision as a result of payments	(60)	(35)
<b>Closing balance</b>	<b>929</b>	<b>824</b>

**Accounting Policy – Provisions**

The provision for long service leave represents CEQ's best estimate of the future benefit that employees have earned. The amount and timing of the associated outflows is uncertain and dependant on employees attaining the required years of service. Where CEQ no longer has the ability to defer settlement of the obligation beyond 12 months from the reporting date, liabilities are presented as current. This would usually occur when employees are expected to reach the required years of service in the 12 months from reporting date. The discount rate used to determine the present value of future benefits at 30 June 2022 was 3.77% (2021: 1.52%).

Where employees have met the prerequisite length of service and CEQ does not have an unconditional right to defer this liability beyond 12 months, long service leave is classified as a current liability; otherwise it is classified as non-current.

**15. Asset Revaluation Surplus by Class**

**Accounting Policy**

The asset revaluation surplus represents the net effect of upwards and downwards revaluations of assets to fair value.

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Balance 1 July 2020</b>	2,419	18,097	20,516
Revaluation increments	-	522	522
Revaluation decrements	-	-	-
<b>Balance 30 June 2021</b>	<b>2,419</b>	<b>18,619</b>	<b>21,038</b>
Revaluation increments	-	3,130	3,130
Revaluation decrements	(145)	-	(145)
<b>Total</b>	<b>(145)</b>	<b>3,130</b>	<b>2,985</b>
<b>Balance 30 June 2022</b>	<b>2,274</b>	<b>21,749</b>	<b>24,023</b>

**COMMUNITY ENTERPRISE QUEENSLAND  
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**16. Fair Value Measurement**

**(a) Accounting Policies and Inputs for Fair Values**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. Observable inputs used by the entity include, but are not limited to, published sales data for land and general office buildings.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by the entity include, but are not limited to, subjective adjustments made to observable data to take account of the characteristics of the entity's assets/liabilities, internal records of recent construction costs (and/or estimates of such costs), assets' characteristics/functionality, and assessments of physical condition and remaining useful life. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use.

*Fair Value Measurement Hierarchy*

Details of individual assets and liabilities measured under each category of fair value are set out in the tables at Note 16(c).

All assets and liabilities of the statutory body for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

- Level 1 represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;
- Level 2 represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and
- Level 3 represents fair value measurements that are substantially derived from unobservable inputs.

None of CEQ's valuations of assets or liabilities are eligible for categorisation into level 1 of the fair value hierarchy.

There were no transfers of assets between fair value hierarchy levels during the period.

**(b) Basis for Fair Values of Assets and Liabilities**

***Managed Funds***

Managed funds are investments in the Queensland Treasury Corporation's (QTC) cash fund measured at fair value based on the current redemption value of the fund as at 30 June 2022 as advised by QTC and are included in level 2 of the fair value hierarchy.

***Land***

CEQ's land was last comprehensively revalued in March 2018 based on specific appraisals by an independent valuer, Asset Advance Valuers & Property Consultants (Asset Advance Valuers). The effective date of the valuation was 31 March 2018. Level 2 valuation inputs were used to value land in freehold title. Sales prices for comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre. Valuations represent the replacement cost of the land. Land components not held under freehold title have not been assessed as use is restricted under trustee leases and indigenous land use agreements (ILUA) in place.

For the purpose of assessing the fair value for the CEQ's land assets, value has been determined by using the Market Approach methodology. The Market Valuation approach concept of value is derived from transactions for the same or similar assets. To assist with assessing the movement of land prices an analysis of property sales evidence and property trend charts has been completed. The analysis of the movement in land prices is based on available sales data. In some cases, it may be adjusted based on the Valuers' professional judgement which is supported by recent sales data. As at 31 March 2018 the Land Asset Valuation had been primarily based on comparison with actual property sales data.

A desktop valuation was performed, effective as at 30 June 2022, to ensure any material changes in value were recognised. Asset Advance Valuers provided appropriate indices derived from data on land sales in the respective areas during the previous year as well as data from other Far North Queensland regions with similarity to the Torres Strait LGA area. Based on the analysis of the indices, the valuer recommended a nil change to fair value.

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**Buildings**

CEQ's buildings were last comprehensively revalued in March 2018 based on specific appraisals by an independent valuer, Asset Advance Valuers. The effective date of the valuation was 31 March 2018.

Where there is a market for buildings, fair value has been derived from sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach were price per square metre. Currently, there are no buildings valued in this manner.

Where buildings are of a specialist nature and there is no active market for the assets, fair value has been determined on the basis of replacement with a modern equivalent corresponding to the building presently existing. Where there is no depth of market, the net current value of a building asset is the gross current replacement value less accumulated depreciation to reflect the consumed or expired service potential of the asset. The gross current replacement values have been derived from reference to actual costs incurred for some of the subject assets, cost of similar asset improvements constructed within the Far North Queensland region and also supported by reference to available data prepared and provided by construction cost consultants and published building price indices.

In determining the level of accumulated depreciation, the asset has been disaggregated in significant components which exhibit different patterns of consumption or useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component, the pattern of consumption of the asset's future economic benefit and the condition of the asset. Condition was assessed taking into account both physical characteristics as well as factors such as functionality, capability, utilisation and obsolescence.

During 2021-22, the fair values of all types of buildings were updated using appropriate indices supplied by Asset Advance Valuers. The basis of derivation of these indices are consistent with the underlying data inputs adopted for the last specific appraisal. Based on the analysis of the indices, the valuer recommended an increase of 12% applicable to this asset class. The significant increase is mostly due to availability and competition of materials and contractors in the building industry, impacting the supplies and services required to construct buildings.

CEQ is programmed to undertake a comprehensive valuation during 2022-2023, therefore no comprehensive valuation was completed in 2021-2022, albeit the significant increase. CEQ management concluded that the desktop valuation completed by Asset Advance Valuers is fair and representative of the assets in use.

Assets in this category which were purchased or established during 2021-22 and imported into the fixed asset register after valuations were completed, are not subject to the 12% indexation as cost is considered to represent fair value.

**(c) Categorisation of Assets and Liabilities Measured at Fair Value**

	Level 2		Level 3		Total Carrying Amount	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Land	8,160	8,305	-	-	8,160	8,305
Buildings	-	-	31,091	26,197	31,091	26,197
Managed Funds	37,027	30,868	-	-	37,027	30,868
<b>Total</b>	<b>45,187</b>	<b>39,173</b>	<b>31,091</b>	<b>26,197</b>	<b>76,278</b>	<b>65,370</b>

**(d) Level 3 Fair Value Measurement – Reconciliation**

The changes in level 3 assets with recurring fair value measurements are detailed in Note 10(a).

**17. Financial Risk Disclosures**

**Financial Instrument Categories**

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

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

**Risks Arising from Financial Instruments**

**(a) Risk Exposure**

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

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All financial risk is managed by the Corporate office under policies approved by CEQ. CEQ provides written principles for overall risk management as well as policies covering specific areas.

CEQ's activities expose it to a variety of financial risks as set out in the following table:

<b>Risk Exposure</b>	<b>Definition</b>	<b>Exposure</b>
Credit risk	The risk that CEQ may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.	CEQ is exposed to credit risk in respect of its receivables (Note 8).
Liquidity risk	The risk CEQ may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.	CEQ is exposed to liquidity risk in respect of its payables (Note 11 and Note 12).
Market risk	<p>The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.</p> <p><i>Interest rate risk</i> is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.</p>	<p>CEQ does not trade in foreign currency and is not materially exposed to commodity price changes or other market prices.</p> <p>CEQ is exposed to interest rate risk through its cash deposited in interest bearing accounts (Note 7).</p>

**(b) Risk Measurement and Management Strategies**

CEQ measures risk exposure using a variety of methods as follows:

<b>Risk Exposure</b>	<b>Measurement Method</b>	<b>Risk Management Strategies</b>
Credit risk	Aging analysis, earnings at risk	<p>CEQ manages credit risk through the use of a credit management strategy.</p> <p>This strategy aims to reduce exposure to credit default by ensuring that CEQ invests in secure assets and monitors all funds owed on a timely basis.</p> <p>Exposure to credit risk is monitored on an ongoing basis.</p>
Liquidity risk	Cash flow maturity analysis	<p>CEQ manages liquidity risk through the use of a liquidity management strategy.</p> <p>This strategy aims to reduce exposure to liquidity risk by ensuring CEQ has sufficient funds available to meet employee, supplier and financier obligations as they fall due.</p> <p>This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various liabilities.</p>
Market risk	Interest rate sensitivity analysis	CEQ does not undertake any hedging in relation to interest risk and manages its risk as per its liquidity risk management strategy.

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**Liquidity Risk – Contractual Maturity of Financial Liabilities**

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

	Note								
		2022	Contractual Maturity Payable In			2021	Contractual Maturity Payable In		
Financial Liabilities		Total	< 1 Yr	1 – 5 Years	> 5 Years	Total	< 1 Yr	1 – 5 Years	> 5 Years
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Payables	11	7,531	7,531	-	-	7,855	7,855	-	-
Lease liabilities		8,982	763	2,882	5,336	4,745	498	1,858	2,389
Total		16,513	8,294	2,882	5,336	12,600	8,353	1,858	2,389

**18. Commitments**

**Indigenous Land Use Agreements**

Commitments under Indigenous Land Use Agreements (ILUA) at the reporting date (inclusive of anticipated GST) are payable:

Not later than one year	52	51
Later than one year and not later than five years	216	213
Later than five years	882	937
<b>Total</b>	<b>1,150</b>	<b>1,201</b>
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>

**Capital Expenditure Commitments**

Commitments for capital expenditure at reporting date (inclusive of anticipated GST) are payable:

Property, Plant and Equipment:		
Not later than one year	7,493	678
Later than one year and not later than five years	-	-
Later than five years	-	-
<b>Total</b>	<b>7,493</b>	<b>678</b>
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>

**Right of Use Assets Commitments**

Leases not yet commenced to which the lessee is committed at reporting date (inclusive of anticipated GST):

Not later than one year	-	217
Later than one year and not later than five years	-	1,235
Later than five years	-	1,858
<b>Total</b>	<b>-</b>	<b>3,310</b>

**COMMUNITY ENTERPRISE QUEENSLAND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**19. Reconciliation of Operating Results to Net Cash Flows Provided by Operating Activities**

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Operating surplus	5,650	8,726
Depreciation expense	2,942	2,975
Amortisation of ROU Assets	507	491
Interest expense	142	135
(Gain)/loss on disposal of property, plant and equipment	26	542
(Gain)/loss on derecognition of ROU Assets	(24)	(19)
Change in assets and liabilities:		
(Increase)/decrease in trade receivables	(159)	(71)
(Increase)/decrease in GST input tax credits receivable	(177)	139
(Increase)/decrease in other receivables	158	(82)
(Increase)/decrease in inventories	(280)	(1,740)
(Increase)/decrease in prepayments/other	(515)	150
Increase/(decrease) in accounts payable	(325)	(1,715)
Increase/(decrease) in accrued employee benefits	159	58
Increase/(decrease) in unearned revenue	295	43
Increase/(decrease) in GST payable	25	(144)
<b>Net cash from operating activities</b>	<b>8,423</b>	<b>9,488</b>

**Changes in Liabilities Arising from Financing Activities**

<b>2022</b>	<b>Note</b>	<b>Non-cash Changes</b>			<b>Cash Flows</b>	
		<b>Closing Balance 2021</b>	<b>New Leases Acquired</b>	<b>Other</b>	<b>Cash Repayments</b>	<b>Closing Balance 2022</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Lease Liabilities	12	3,983	3,861	6	(632)	7,218
<b>Total</b>		<b>3,983</b>	<b>3,861</b>	<b>6</b>	<b>(632)</b>	<b>7,218</b>

<b>2021</b>	<b>Note</b>	<b>Non-cash Changes</b>			<b>Cash Flows</b>	
		<b>Closing Balance 2020</b>	<b>New Leases Acquired</b>	<b>Other</b>	<b>Cash Repayments</b>	<b>Closing Balance 2021</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Lease Liabilities	12	4,813	71	(403)	(498)	3,983
<b>Total</b>		<b>4,813</b>	<b>71</b>	<b>(403)</b>	<b>(498)</b>	<b>3,983</b>

**20. Events after the Balance Date**

On 30 June 2022 the incumbent CEO's contract matured. On 1 July 2022 CEQ appointed a new CEO to manage the day-to-day operations of CEQ.

**21. Future Impact of Accounting Standards Not Yet Effective**

At the date of authorisation of the financial report, all Australian accounting standards and interpretations with future effective dates are not likely to have a material impact on the financial statements of CEQ.

**22. Related Parties**

**(a) Key Management Personnel Disclosures**

**(i) Details of Key Management Personnel**

CEQ's responsible Minister is identified as part of its KMP, consistent with additional guidance included in the revised version of AASB 124 *Related Party Disclosures*. That Minister is the Minister for Seniors and Disability Services and the Minister for Aboriginal and Torres Strait Island Partnerships.

**COMMUNITY ENTERPRISE QUEENSLAND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

Non-ministerial KMP include those positions that had authority and responsibility for planning, directing and controlling the activities of CEQ during 2021-22 and 2020-21. These positions include CEQ's board of directors, as well as certain management positions. For those members of management that have been determined as KMP, further details have been included in the below table.

<b>Position</b>	<b>Responsibilities</b>
Chief Executive Officer	The Chief Executive Officer provides strategic leadership of the statutory body's service delivery and is responsible for the efficient, effective and economic administration of the statutory body.
General Manager Finance	The General Manager Finance provides strategic leadership and direction for the financial administration of the statutory body.
General Manager Operations	The General Manager Operations provides strategic leadership and management of the statutory body's retail service delivery.
General Manager Human Resources	The General Manager Human Resources provides strategic leadership and management of the statutory body's human capital and human resources systems.
General Manager Infrastructure and Logistics	The General Manager Infrastructure and Logistics provides strategic leadership in business development matters, capital delivery, management of the statutory body's inventory supply chain and information, technology and communications.
General Manager Merchandise	The General Manager Merchandise provides strategic leadership and management of the statutory body's inventory procurement.
General Manager Stakeholder Engagement	The General Manager Stakeholder Engagement provides strategic leadership and management of the statutory body's engagement with communities.

All KMP are appointed under common law employment contracts.

**(ii) Remuneration Policies**

Remuneration policy for CEQ KMP is set by CEQ's Employment, Training and Safety Committee, a sub-committee of the Board, in conjunction with the CEO. The remuneration and other terms of employment for the KMP are specified in employment contracts.

Remuneration expenses for KMP comprise the following components:

Short term employee expenses which include:

- meeting attendance fees, salaries, allowances and leave entitlements earned and expensed for the entire year or for that part of the year during which the employee occupied a KMP position;
- performance payments recognised as expense during the year; and
- non-monetary benefits – consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.

Long term employee expenses include amounts expensed in respect of long service leave entitlements earned.

Post-employment expenses include amounts expensed in respect of employer superannuation obligations.

Termination benefits include payments in lieu of notice on termination and other lump sum separation entitlements (excluding annual and long service leave entitlements) payable on termination of employment or acceptance of an offer of termination of employment.

Risk performance payments may be paid or payable annually depending on satisfaction of key criteria, as described in part (iv) *Performance Payments*. The amounts are approved by the CEQ Board in conjunction with the Employment, Training and Safety Committee, a sub-committee of the CEQ Board, and the CEO.

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.

**COMMUNITY ENTERPRISE QUEENSLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**(iii) Remuneration Expense**

The following disclosures focus on the expenses incurred by CEQ that are attributable to KMP during the respective reporting periods. Therefore, the amounts disclosed reflect expenses recognised in the Statement of Comprehensive Income.

**2021-22**

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post-Employment Expenses	Total Expenses
	Monetary Expenses \$'000	Non-Monetary Benefits \$'000	\$'000	\$'000	\$'000
Board of Directors	81	-	-	8	89
Chief Executive Officer	416	-	6	43	465
General Manager Finance	231	-	3	22	256
General Manager Retail Operations	189	-	3	19	211
General Manager Human Resources	202	-	3	21	226
General Manager Infrastructure and Logistics	198	-	3	20	221
General Manager Merchandise	185	-	3	19	207
General Manager Stakeholder Engagement	154	-	3	15	172
<b>Total</b>	<b>1,656</b>	<b>-</b>	<b>24</b>	<b>167</b>	<b>1,847</b>

**2020-21**

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post-Employment Expenses	Total Expenses
	Monetary Expenses \$'000	Non-Monetary Benefits \$'000	\$'000	\$'000	\$'000
Board of Directors	108	-	-	10	118
Chief Executive Officer	419	-	6	41	465
General Manager Finance	232	-	3	21	256
General Manager Retail Operations	188	-	3	18	208
General Manager Human Resources	212	-	3	19	234
General Manager Infrastructure and Logistics	192	-	3	19	214
General Manager Merchandise	190	-	3	18	210
General Manager Stakeholder Engagement	149	-	2	14	166
<b>Total</b>	<b>1,690</b>	<b>-</b>	<b>23</b>	<b>160</b>	<b>1,871</b>



**COMMUNITY ENTERPRISE QUEENSLAND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**(iv) Performance Payments**

Details of Performance Payment Entitlements by KMP:

Position	Summary of basis for entitlement and assessment	12 Months ended 30 June 2022		12 Months ended 30 June 2021	
		Date Paid	Amount \$'000	Date Paid	Amount \$'000
Chief Executive Officer (CEO)	The remuneration package for the CEO provides for performance payments to be made conditional on the achievement of key performance indicators (KPI) specified in the KMP's employment contract and subject to discretionary approval by the Board of Directors.  Achievement of each KPI is measured on an annual basis against deliverables linked to the CEQ strategic plan. Eligibility for performance payments only occurs where deliverables have been met.	1 October 2021	68	15 July 2020	66
General Manager Finance (GMF)	The remuneration package for the GMF provides for performance payments to be made conditional on the achievement of key performance indicators (KPI) specified in the KMP's employment contract and subject to discretionary approval by the CEO.  Achievement of each KPI is measured on an annual basis against deliverables linked to the CEQ strategic plan. Eligibility for performance payments only occurs where deliverables have been met.	22 July 2021	19	15 July 2020	19
General Manager Operations (GMO)	The remuneration package for the GMO provides for performance payments to be made conditional on the achievement of key performance indicators (KPI) specified in the KMP's employment contract and subject to discretionary approval by the CEO.  Achievement of each KPI is measured on an annual basis against deliverables linked to the CEQ strategic plan. Eligibility for performance payments only occurs where deliverables have been met.	22 July 2021	16	15 July 2020	15
General Manager Human Resources (GM HR)	The remuneration package for the GMHR provides for performance payments to be made conditional on the achievement of key performance indicators (KPI) specified in the KMP's employment contract and subject to discretionary approval by the CEO.  Achievement of each KPI is measured on an annual basis against deliverables linked to the CEQ strategic plan. Eligibility for performance payments only occurs where deliverables have been met.	22 July 2021	18	15 July 2020	18

**COMMUNITY ENTERPRISE QUEENSLAND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

Position	Summary of basis for entitlement and assessment	12 Months ended 30 June 2022		12 Months ended 30 June 2021	
		Date Paid	Amount \$'000	Date Paid	Amount \$'000
General Manager Infrastructure and Logistics (GMIL)	The remuneration package for the GMIL provides for performance payments to be made conditional on the achievement of key performance indicators (KPI) specified in the KMP's employment contract and subject to discretionary approval by the CEO.  Achievement of each KPI is measured on an annual basis against deliverables linked to the CEQ strategic plan. Eligibility for performance payments only occurs where deliverables have been met.	22 July 2021	17	15 July 2020	17
General Manager Merchandise (GMM)	The remuneration package for the GMM provides for performance payments to be made conditional on the achievement of key performance indicators (KPI) specified in the KMP's employment contract and subject to discretionary approval by the CEO.  Achievement of each KPI is measured on an annual basis against deliverables linked to the CEQ strategic plan. Eligibility for performance payments only occurs where deliverables have been met.	22 July 2021	16	15 July 2020	15
General Manager Stakeholder Engagement (GMSE)	The remuneration package for the GMSE provides for performance payments to be made conditional on the achievement of key performance indicators (KPI) specified in the KMP's employment contract and subject to discretionary approval by the CEO.  Achievement of each KPI is measured on an annual basis against deliverables linked to the CEQ strategic plan. Eligibility for performance payments only occurs where deliverables have been met.	22 July 2021	14	15 July 2020	2
<b>Total Performance Payments</b>			<b>168</b>		<b>152</b>

**Conditional Entitlement to Performance Payments at 30 June 2022**

As at the date of management certification of these financial statements, the eligibility to a performance payment for the KMP in respect of 2021-22 has been confirmed subsequent to 1 July 2022 and \$174,677 was paid on 8 July 2022. The amount approved for payment has been determined in accordance with the guidelines specified above. The performance payment will be reported as an expense within 2022-23.

**(b) Transactions with People/Entities Related to KMP**

A number of KMP, or their related parties, hold positions in other entities that result in them having control or significant influence over those entities.

For 2022 there were no transactions with KMP or their related parties. The aggregate value of transactions and outstanding balances relating to KMP and entities over which they have control or significant influence, during last financial year, are presented below for comparative purposes.

**COMMUNITY ENTERPRISE QUEENSLAND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**2021-22**

KMP	Position	Goods and Services	Transaction values 2022 \$'000	Balance outstanding 2022 \$'000
-	-	-	-	-

**2020-21**

KMP	Position	Goods and Services	Transaction values 2021 \$'000	Balance outstanding 2021 \$'000
Ms Eleanor Scott – Board Member	Partner at Preston Law	Legal Services provided by Preston Law	10	-

**(c) Transactions with Other Queensland Government-Controlled Entities**

The Department of Seniors, Disability Services and Aboriginal and Torres Strait Island Partnerships (DSDSATSIP) and CEQ have entered into a Memorandum of Understanding (MoU) in relation to the relevant roles and responsibilities by the parties including the use of the store buildings previously managed by DSDSATSIP. "The purpose of this MoU is to provide the parties with clear guidance for roles, responsibilities and costs attributable to functions and services provided or utilised by CEQ during the transition period." Under the MoU, CEQ has incurred costs in relation to the properties located at Doomadgee, Kowanyama, Pormpuraaw, Lockhart River and Palm Island communities (included in short-term lease payments Note 12).

**23. Taxation**

CEQ is a statutory 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 CEQ. GST credits receivable from, and GST payable to the ATO are recognised (refer to Note 8 and Note 11).

In June 2015, CEQ was registered as a Charitable Institution under the Taxation Administration Act 2001 (Qld). As a registered Charitable Institution, CEQ is eligible for an exemption under the Queensland Duties Act 2001, Land Tax Act 2010 and Payroll Tax Act 1971 for activities which meet the criteria for qualifying exempt purposes.

**24. Climate Risk Disclosure**

Climate Risk Assessment

CEQ addresses the financial impacts of climate risks by identifying and monitoring the accounting judgements and estimates that will potentially be affected, including asset useful lives, fair value of assets, provisions or contingent liabilities and changes to future expenses and revenue.

CEQ has not identified any immediate material climate related risks relevant to the financial report at the reporting date, however, CEQ constantly monitors the emergence of such risks under the Queensland Government's Climate Transition Strategy and Climate Action Plan 2030.

**25. COVID-19**

CEQ has assessed the impact of COVID-19 on Financial Reporting for 2021-22 as not having a material negative impact. Revenue from sales of goods was historically higher than previous years not affected by the pandemic. CEQ provides essential services to remote Indigenous communities, as such CEQ has continued to provide goods and services in accordance with its statutory objectives. CEQ has amended daily operations in accordance with health guidelines including social distancing and increased sanitation obligations. CEQ has not experienced any material change in receivables, fair value of assets or any change in employee entitlements associated with COVID-19.

CEQ's financial statements are not expected to be impacted by COVID-19 programs beyond June 2022, although the actual impacts cannot be reliably estimated at the reporting date.

**COMMUNITY ENTERPRISE QUEENSLAND  
MANAGEMENT CERTIFICATE  
FOR THE YEAR ENDED 30 JUNE 2022**

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 38 of the *Financial and Performance Management Standard 2019* 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;
- (b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of Community Enterprise Queensland for the financial year ended 30 June 2022 and of the financial position of the statutory body at the end of year; and

We acknowledge responsibility under s.7 and s.11 of the *Financial and Performance Management Standard 2019* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.

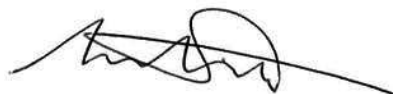


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Dr Mark Wenitong

Acting Chairperson

Date: 22 August 2022



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Michael Dykes

Chief Executive Officer

Date: 22 August 2022

## INDEPENDENT AUDITOR'S REPORT

To the Board of Community Enterprises Queensland

### Report on the audit of the financial report

#### Opinion

I have audited the accompanying financial report of Community Enterprises Queensland.

In my opinion, the financial report:

- a) gives a true and fair view of the entity's financial position as at 30 June 2022, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019, the *Australian Charities and Not-for-profits Commission Act 2012*, the Australian Charities and Not-for-profits Commission Regulation 2013 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

#### Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

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

#### Responsibilities of the entity for the financial report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019, the *Australian Charities and Not-for-profits Commission Act 2012*, the Australian Charities and Not-for-profits Commission Regulation 2013 and Australian Accounting Standards, and for such internal control as the Board determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Board is also responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the entity or to otherwise cease operations.

### **Auditor's responsibilities for the audit of the financial report**

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. This is not done for the purpose of expressing an opinion on the effectiveness of the entity's internal controls, but allows me to express an opinion on compliance with prescribed requirements.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the entity.
- Conclude on the appropriateness of the entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## **Report on other legal and regulatory requirements**


### **Statement**

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2022:

- a) I received all the information and explanations I required.
- b) I consider that, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

### **Prescribed requirements scope**

The prescribed requirements for the establishment and keeping of accounts are contained in the *Financial Accountability Act 2009*, any other Act and the Financial and Performance Management Standard 2019. The applicable requirements include those for keeping financial records that correctly record and explain the entity's transactions and account balances to enable the preparation of a true and fair financial report.



24 August 2022

Michelle Reardon  
as delegate of the Auditor-General

Queensland Audit Office  
Brisbane