

Annual Report

2012-13

The Honourable David Crisafulli MP
Minister for Local Government, Community Recovery
and Resilience
Level 18, Mineral House
41 George Street
Brisbane QLD 4000

18 September 2013

Dear Minister,

I am pleased to present the *Annual Report 2012-2013* and financial statements for the Queensland Reconstruction Authority.

I certify that this Annual Report complies with:

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

A checklist outlining the annual reporting requirements can be found at page 49 of this annual report or accessed at www.qldreconstruction.org.au

Yours sincerely



R G Wilson
Major General (Ret'd)
Chair, Queensland Reconstruction Authority

Accessibility

This Annual Report provides information about the Queensland Reconstruction Authority’s financial and non-financial performance for 2012-2013. It has been prepared in accordance with the *Financial Accountability Act 2009*.

The report records the significant achievements against the Queensland Reconstruction Authority’s strategic plan. This report has been prepared for the Minister for Local Government, Community Recovery and Resilience to submit to Parliament. It has also been prepared to meet the needs of stakeholders including the Commonwealth and local governments, industry and business associations, community groups and staff.



Interpreter Services

The Queensland Government is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have difficulty in understanding this report, you can contact us on 1800 110 841 and we will arrange an interpreter to effectively communicate the report to you.

Readers are also invited to view the report at the Authority’s website at www.qldreconstruction.org.au

The Queensland Reconstruction Authority Annual Report 2012-2013

Copies of this report are available in paper form and can be obtained from the Authority.

Level 11, 400 George Street, Brisbane

PO Box 15428 City East
Queensland 4002 Australia

Telephone +61 7 3008 7200
Facsimile +61 7 3008 7299

www.qldreconstruction.org.au

Additional information is available online.

License

This material is licensed under a Creative Commons – Attribution 3.0 Australia license.



The Queensland Reconstruction Authority requests attribution in the following manner:

©Queensland Reconstruction Authority 2013

Security classification	Public
Date of review of security classification	September 2013
Authority	Queensland Reconstruction Authority
Author	Chief Executive Officer
Document status	Final
Version	1.0

ISSN 978-0-9873118-4-9

Contents

Letter of compliance	3
Accessibility.....	4
Message from the Chair	6
Message from the Chief Executive Officer.....	7
Overview	8
Financial performance	10
Governance	11
Board	13
Structure	18
Risks	19
External scrutiny	19
Financial overview	20
Financials	21
Requirements	49

Message from the Chair

I am pleased to present the Queensland Reconstruction Authority's Annual Report for the 2012–13 financial year.

As Queensland continued its recovery from the loss and damage of the natural disasters of 2010–12, Tropical Cyclone Oswald hit the north of the state during the 2013 Australia Day celebrations before travelling south as a rain depression over many days. The extreme weather saw damage, destruction and isolation revisit 57 local government areas across Queensland.

Over the past 12 months, the Authority has continued to progress its program of major restoration and delivery, while also assisting 2013 disaster affected communities on the ground with recovery in Oswald's immediate aftermath. The added destructive burden of Oswald and associated events has seen the state-wide program of works expand to \$14 billion in damage from events spanning 2009–13. To June this year, the Authority had overseen more than \$7.8 billion in projects completed or underway across Queensland communities.

While significant progress has already been made, there is no room for complacency: Queensland can only be rebuilt through the collective efforts of the Commonwealth, State and Local Governments, working together with their respective communities. Over the next year, the Authority's focus must remain on rebuilding and delivering value for money across the state.

As the Authority continues the reconstruction task, its experience and knowledge also continues to grow. The Authority's high-level coordination role offers Queensland significant competitive advantages, as we now have a highly experienced organisation with a detailed understanding of how to optimise the benefits of natural disaster relief assistance programs, as well as the management of major disaster recovery and rebuilding operations.

We will maintain our focus on supporting these efforts to ensure the continued delivery of community priorities into the future.

Major General Richard Wilson (Ret'd)
Chair

Queensland Reconstruction Authority

Message from the CEO

I am pleased to present the Queensland Reconstruction Authority's Annual Report for the 2012–13 financial year.

The past year has seen the Queensland Reconstruction Authority's operation extended until 2015 and our focus remains squarely on delivery.

The massive program of works to reconstruct infrastructure in disaster-affected communities around Queensland was compounded in January 2013 with the devastation caused by Tropical Cyclone Oswald and its aftermath.

The challenge to the Authority was to maintain the momentum of reconstruction from previous events while ensuring a swift response to the disaster that unfolded across 57 local government areas.

With the subsequent creation of the new Department of Local Government, Community Recovery and Resilience and the appointment of Minister David Crisafulli to oversee reconstruction, the Authority has been re-energised, with streamlined approval processes and more officers on the ground helping councils get on with the job faster.

The Authority continues to work hand in hand with councils so that funding and progress payments are provided swiftly and reconstruction projects can proceed without delay.

It has been a landmark year for reconstruction with the Commonwealth and Queensland Governments establishing the joint \$80 million Betterment Fund, which funds Council-nominated projects so that infrastructure can be built back to a higher standard, enhancing resilience to future disaster events and reducing the spend on reconstruction long term.

As it forges ahead with the reconstruction task, the Authority remains committed to its vision to reconnect, rebuild and improve Queensland communities and the economy.



Graeme Newton

Chief Executive Officer
Queensland Reconstruction Authority

Overview

Legislation

The Queensland Reconstruction Authority was established under the *Queensland Reconstruction Authority Act 2011* following the unprecedented natural disasters that struck Queensland over the summer months of 2010-11. The Authority's role was extended to cover historical disaster events and events of 2012. Subsequently, the *Queensland Reconstruction Authority Amendment Bill 2013* was passed on 14 February 2013 to expand the jurisdiction of the Authority to include recent events of 2013, extending the term of the Authority to 30 June 2015.

The Authority manages and coordinates the Government's program of infrastructure reconstruction within disaster affected communities. The Authority's role focuses on working with state and local government partners to deliver value for money and best practice expenditure and acquittal of public reconstruction funds.

Vision

To reconnect, rebuild and improve Queensland, its communities and economy

Strategic objectives

The Queensland Reconstruction Authority's strategic objectives, in the context of natural disaster relief and recovery are:

- Build a resilient Queensland and support resilient Queenslanders
- Deliver best practice expenditure of public reconstruction funds.

The Authority contributes to achieving the whole of government objectives. In particular:

- 'Restore accountability in Government' by reporting monthly to the State and Commonwealth ensuring transparency and assurance that funds are being used appropriately
- 'Grow a Four Pillar Economy' by coordinating the rapid restoration of a competitive, sustainable Queensland
- 'Deliver better infrastructure and better planning' by coordinating all state-wide natural disaster relief and recovery reconstruction functions.

Key priorities 2013–14

- Continue to actively manage and resource state-wide Natural Disaster Relief and Recovery Arrangement (NDRRA) reconstruction works, including works relating to Queensland's natural disaster events of 2013, and report on their progress
- Manage the distribution of NDRRA funding for restoration and reconstruction programs relating to events from 2009 to 2013
- Acquit NDRRA claims with the Commonwealth Government
- Distribute \$80 million in betterment funding to councils so they can build more resilient roads and other public infrastructure
- Continue to operate a Regional Liaison Officer network to engage with reconstruction delivery agents across the state, providing principal points of contact for each affected region
- Continue damage assessment operations to capture and monitor progress of reconstruction in natural disaster affected areas across the state.

Performance indicators and service standards

In 2012-13, the Queensland Reconstruction Authority:

- continued to actively manage and resource state-wide reconstruction works under the NDRRA program and report on their progress
- operated a Regional Liaison Officer network to provide principal points of contact for each affected region
- supported the State Government's response to the Queensland Floods Commission of Inquiry recommendations
- finalised and maintained state-wide floodplain mapping to support local government planning schemes and implemented Part 1 and Part 2 floodplain toolkit into planning schemes.

In 2013-14 the Authority will:

- continue to actively manage and resource state-wide NDRRA reconstruction works, including works relating to Queensland's natural disaster events of 2013, and report on their progress
- acquit NDRRA claims with the Commonwealth Government
- continue damage assessment operations to capture and monitor progress of reconstruction in natural disaster affected areas across the State
- continue to operate a Regional Liaison Officer network to engage with reconstruction delivery agents across the State, providing principal points of contact for each affected region.

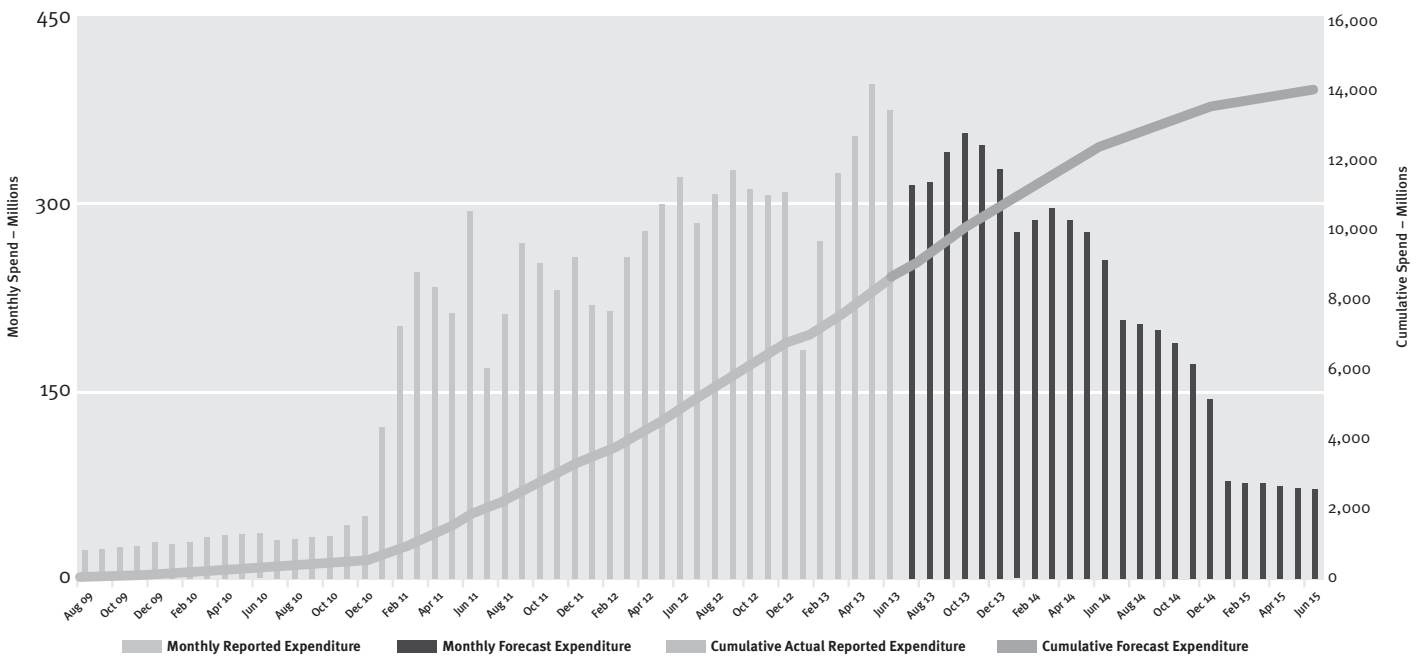
Queensland Reconstruction Authority	2012-13 Target/ Est.	2012-13 Est. actual	2013-14 Target/ Est.
Service standards			
Completion of the reconstruction as required by the Commonwealth NDRRA (events activated before 30 June 2012)	Dec 2012	June 2014	June 2014
Acquittal and finalisation of NDRRA claims with the Commonwealth Government for the relevant financial year	–	–	June 2014
Compliance with legislated requirements to report the Authority's function and performance	100%	100%	100%

Financial performance

The figure below represents the monthly expenditure (left) and estimated costs (right) for all natural disaster events managed by the Authority. This also represents the value of works to be delivered in the period to 30 June 2015.

\$8.1 billion (56 per cent of the total program) has been delivered, leaving 44 per cent of the program to be delivered between now and 30 June 2015.

By utilising a thorough value for money approach, with effective governance, the Authority has avoided costs to the program (i.e. potential savings) in excess of \$1.7 billion. The Authority's operating cost is 0.8 per cent of the total reconstruction program.



Governance

The Authority reports to the Queensland Minister for Local Government, Community Recovery and Resilience. The Authority also reports to the Board, chaired by Major General Richard Wilson AO (Ret'd), comprised of state and federal nominees.

Commonwealth Determination

NDRRA is a joint Commonwealth and state program that provides grant and loan assistance to disaster affected community members, small businesses, primary producers and local and state governments to assist with the recovery from defined natural disasters.

The NDRRA arrangements are set out and administered by the Commonwealth Government in the *Natural Disaster Relief and Recovery Arrangement Determination*. The arrangements provide financial assistance to states in the form of partial reimbursement of actual expenditure related to natural disaster events. Following the series of natural disaster events in 2010-11, all 73 Local Government Authorities and relevant State Departments and Agencies in Queensland are eligible to make funding applications to the State under the NDRRA Commonwealth Determination.

National Partnership Agreement

To reinforce the governance arrangements for delivering the NDRRA program, the Commonwealth and Queensland Governments in February 2011, entered into a National Partnership Agreement (NPA) for Natural Disaster Reconstruction and Recovery. A new NPA was agreed between the Commonwealth and State on 8 February 2013, superseding the previous agreement.

- The Agreement provides for a number of governance arrangements specific to Queensland
- The Agreement identifies that the Queensland Reconstruction Authority will:
 - Lead and oversee Queensland's flood and cyclone recovery operations
 - Monitor and assess the progress of the reconstruction program
 - Monitor and assess the performance of the delivery of projects
 - Report to its Board, the Australian Government Reconstruction Inspectorate and the Queensland Cabinet on the progress of recovery and reconstruction
 - Liaise with the State Disaster Recovery Coordinators and the Commonwealth National Disaster Recovery Taskforce as needed to ensure good integration.

Australian Government Reconstruction Inspectorate

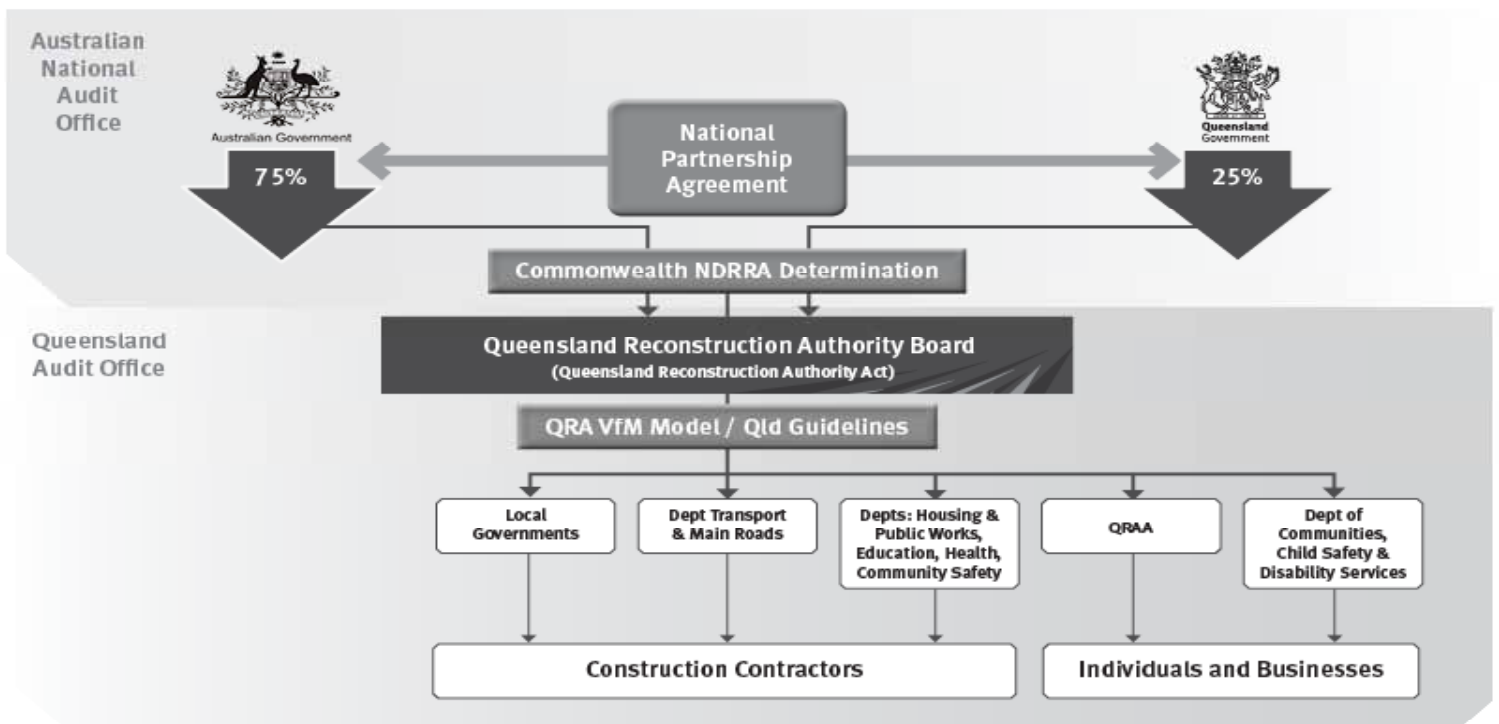
The governance arrangements in the NPA established an Australian Government Reconstruction Inspectorate to oversee the reconstruction activity to provide assurance that value for money is being achieved in the expenditure of both Commonwealth and State funds.

Commonwealth National Disaster Recovery Taskforce

A Commonwealth National Disaster Recovery Taskforce was also established (located in the Department of Regional Australia, Local Government, Arts and Sport). The Taskforce has, as its sole focus, the oversight and coordination of Commonwealth interests in relation to the recovery and reconstruction efforts regarding the flooding and cyclone events that took place in Queensland between November 2010 and January 2013.

The Governance framework of the Act recognises the exceptional circumstances of the reconstruction program and the need for rapid decision making to occur. The framework enables funds to be paid directly to project delivery agents while fulfilling the audit requirements of the Queensland Auditor-General.

Governance model



Board

Under the Act, the key purpose of the Authority's Board is to oversee the operations of the Authority.

The functions of the Board include:

- Setting the Authority's strategic priorities
- Ensuring the Authority performs its function and exercises its powers in an appropriate, effective and efficient way
- Making recommendations to the Minister about:
 - priorities for community infrastructure, other property and community services needed for the protection, rebuilding and recovery of affected communities, and
 - the need for the declaration of declared projects and reconstruction areas.

QRA Board meetings for 2012–13:

Date	
Tuesday	17 July 2012
Tuesday	21 August 2012
Tuesday	18 September 2012
Tuesday	16 October 2012
Tuesday	20 November 2012
Tuesday	18 December 2012
Tuesday	29 January 2013
Thursday	21 February 2013
Tuesday	19 March 2013
Tuesday	16 April 2013
Tuesday	21 May 2013
Tuesday	18 June 2013

Number of Board meetings attended:	Attended	Held
Chairman		
Maj. Gen. Dick Wilson	12	12
Ms Glenys Beauchamp	10	12
Mr Steve Golding	11	12
Mr Jim McKnoulty	10	12
Mr Brad Orgill	7	12
Ms Kathy Hirschfeld (ceased 21/2/13)	6	8
Mr Brian Guthrie (ceased 21/2/13)	4	8
Mr Stephen Motti (commenced 22/3/13)	4	4
Ms Lyn McLaughlin (commenced 22/3/13)	4	4

Major General Richard Wilson, AO (Ret'd)**BA, MLitt, PhD, MStratStud**

Born in Brisbane on 16 January 1955, Major General Richard (Dick) Wilson was an infantryman with extensive practical command experience at all levels from platoon to division. He has served as the Chair of the Queensland Reconstruction Authority since September 2011 and retired from the Army in January 2012.

During his 39 years in the military, Major General Wilson held a wide range of staff appointments, mainly in the areas of operations, plans and strategy. He also served on exchange with the US Army (1991- 1992) and has operational service which includes assignment with the United Nations Transitional Administration in East Timor (January 2001-March 2002).

A graduate of the Royal Military College, Duntroon, the Australian Army Command and Staff College and the United States Army War College, Major General Wilson's educational qualifications include a Doctor of Philosophy from the University of New South Wales (1986).

Glenys Beauchamp PSM**BEcon, MBA**

Glenys Beauchamp was appointed as the Secretary of the Department of Regional Australia, Local Government, Arts and Sport on 21 December 2010 after acting in the position since 14 September 2010. Prior to this appointment, she was Deputy Secretary in the Department of the Prime Minister and Cabinet, where she also acted as the Commonwealth Coordinator General overseeing the rollout of the infrastructure components of the Government's Stimulus Plan.

Prior to that Ms Beauchamp was Deputy Secretary in the Department of Families, Housing, Community Services and Indigenous Affairs overseeing key policy agendas in relation to child support reforms, early childhood and child protection, early development of the paid parental scheme and implementation of income management in the Northern Territory.

She was awarded a Public Service medal in recognition of her work coordinating the Australian Government's support of the 2009 Victorian bushfires.

Stephen Golding AM, RFD**BE, MEngSc, BEcon, Hon FIEAust, FCILT, FAIM, FITE, FAICD, CPEng, RPEQ**

Mr Stephen Golding had a long career in the Queensland Department of Main Roads, where he joined as an engineer in 1967 and retired as its Director-General in 2005. In a parallel part-time career, he enlisted as a private soldier in the active Army Reserve in 1963 and became inactive in 1998 reaching the rank of Major General. He was the senior Army Reserve officer in Australia.

Mr Golding is an Honorary Fellow of Engineers Australia, a Fellow of three other professional associations and a Fellow of the Australian Institute of Company Directors. He is a Chartered Professional Engineer. For outstanding service to the Australian Army he was appointed a Member of the Order of Australia (AM) in 1998.

Other current board appointments include: Chair, Transport Certification Australia Ltd; Director, North Queensland Bulk Ports Corporation Ltd; Director, Transmax Pty Ltd; Chair, Diocesan Services Commission of the Brisbane Anglican Diocese.

Brian Guthrie PSM**BE, MEngSc, BEcon**

Brian Guthrie has a wealth of government and private sector experience.

He has held positions of Principal and General Manager for organisations with yearly budgets of up to \$500 million. Mr Guthrie was the Secretary/Treasurer of the Urban Local Government Association of Queensland for many years and held Board positions for a number of organisations, including a Prime Ministerial appointment. He is presently on the Local Government Infrastructure Board in Queensland.

Mr Guthrie was responsible for managing the amalgamation of two large urban cities and a water board in North Queensland.

Kathy Hirschfeld**B.E. (Chem), CEng, FTSE, FIChemE, FIEAust, GAICD**

Kathy Hirschfeld is currently a non-executive Director of Snowy Hydro Limited ASC Pty Ltd and a Senator of the University of Queensland.

A chemical engineer, Ms Hirschfeld held executive and leadership roles with BP for almost two decades. Her career with BP began at its Kwinana Refinery in Perth in 1990, where she held Engineering, Maintenance and Operations Management roles.

In 2002–13 she was posted to the UK as a Commercial Manager with BP Exploration.

In 2004, Ms Hirschfeld was appointed as the Refinery Manager of BP's joint venture refinery in Mersin, Turkey where she was responsible for converting the refinery into a Marketing terminal. She was Managing Director of BP's Bulwer Island Oil Refinery and a Director of New Zealand Refining Company until March 2010.

Ms Hirschfeld is President of the Queensland Council for Redkite, a children's cancer charity and a board member of UN Women Australia.

In 2007 Ms Hirschfeld was recognised as one of Australia's 25 most influential female engineers by Engineers Australia.

Jim McKnoulty**B App Sc (Surv), CS, MIS Aust, Hon FPIA, FUDIA**

Jim McKnoulty is Chairman of RPS Eastern Australia, which is part of the RPS global network of professionals providing local solutions in energy and resources, infrastructure, environment and urban growth, employing 4500 staff. He is also Chairman of City Smart Pty Ltd – a company set up by Brisbane City Council to facilitate partnerships in promoting a sustainable future for the city, the Immediate Past National President of Greening Australia and was founding President of The Australian Green Development Forum.

His leadership role in Growth Management and Sustainable Development in Queensland was recognised in 2006 when he was awarded the title of Honorary Fellow of the Planning Institute of Australia and Life Member of Greening Australia.

In 2007, Mr McKnoulty's contribution and commitment to sustainability was further recognised through the Premier's Award for Leadership in Business Sustainability and Ernst and Young's Queensland Entrepreneur of the Year in the Business Services Category.

Mr McKnoulty is a director of the Brisbane Institute, an adjunct Professor at QUT and a member of the Advisory Committee to the QUT Faculty of Built Environment and Engineering.

Brad Orgill**B.Econ, GDip (App Fin), M.A. (Asian Studies), M EnvSci & Law**

Brad Orgill worked with UBS, a Swiss headquartered global investment bank, asset management and wealth management firm for 22 years, equally spent in Asia and Australia. He retired as Chairman and Country Head of UBS Australia, and member of the UBS AG Group Managing Board in 2008.

In Asia he was UBS CEO and Country Head in each of Hong Kong, China and Singapore and carried regulatory and geographic leadership across all UBS's businesses. He is a past member of the Business Council of Australia (BCA), the Young Presidents' Organisation (YPO) and Australian Business in the Community Network.

Mr Orgill was Chair of the Building the Education Revolution (BER) Implementation Taskforce examining the \$16 billion BER schools stimulus program. He is a member of the Advisory panel for the Regional Development Australia Fund and a Director of NBN CO.

Stephen Motti**Bach. Urb Reg Plan, MPIA, FAICD**

Stephen Motti is a Senior Principal with Brazier Motti, which provides consulting services in survey, town planning, project management, mapping and GIS from offices located in Queensland's regional centres of Townsville, Cairns, Mackay and Ayr.

A qualified Senior Town Planner, Mr Motti holds a Bachelor of Urban and Regional Planning from the University of New England and has over 24 years' industry experience, specialising in development assessment and statutory approvals.

Mr Motti continues to actively participate in industry forums and has held, or continues to hold, roles with the Housing Industry of Australia and the Urban Development Institute of Australia, the Planning Institute of Australia and the Property Council of Australia in Townsville. He also currently sits on the Executive Committee of the Townsville Chamber of Commerce as Deputy President and is a Fellow of the Institute of Company Directors.

Mr Motti is a past president and current member of the Rotary Club of Townsville and is the current Chair of the Townsville Salvation Army Red-Shield Appeal Committee.

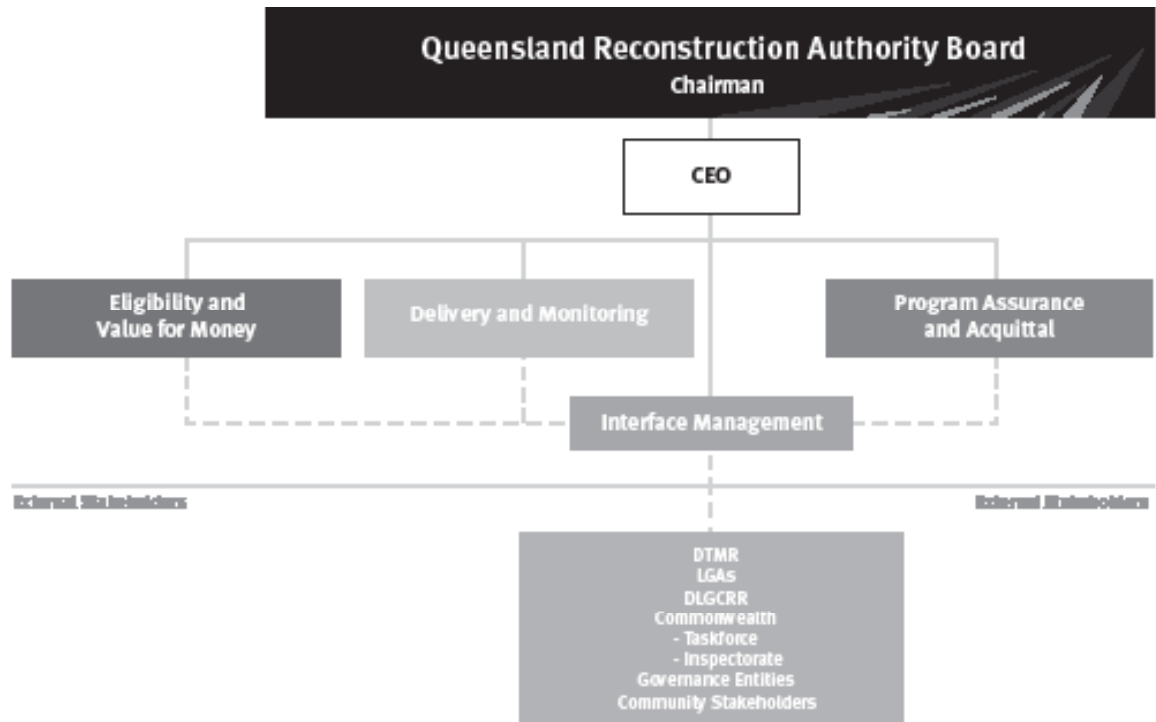
Lyn McLaughlin

Lyn McLaughlin was Mayor of the Burdekin Shire from 2004 to 2012 after having served the Burdekin Shire as a Councillor between 1994 and 2000.

She has a strong focus and commitment to regional issues and is currently the Chairman of the Queensland Local Government Grants Commission and Deputy Chairman of Regional Development Australia (Townsville and North West Queensland).

Ms McLaughlin has enjoyed a teaching career, having undertaken numerous permanent, contract and relief opportunities with Queensland's Department of Education for almost three decades (1976 to 2004).

Structure



The Authority has been structured to facilitate the coordinated delivery of the reconstruction effort with the current staffing function designed to ensure the efficient, focused delivery of the state-wide reconstruction program.

With the extension of the Authority to 30 June 2015, tasks managed by the Authority have been rationalised, with the primary focus now on the delivery of the NDRRA combined reconstruction program by 30 June 2015.

Staffing

The Authority engages public servants on interchange and temporary arrangements including technical experts on short-term contracts to fulfil specific tasks on an as needed basis. The Authority encourages a work/life balance and also complies with the Directives and Awards that work in conjunction with the *Carers Recognition Act (2008)*.

The number of employees including both full-time employees and part-time employees measured on a full-time equivalent basis is 84.

As public servants employed by the Authority staff are on interchange and temporary arrangements or employed on short-term contracts, there are no early retirements, redundancies or retrenchment packages to report.

The Authority adopts an internal performance management framework for both employees and managers/supervisors. Industrial relations activities and issues are effectively managed both internally and through the engagement of external consultants, including Public Sector and Industrial Employee Relations (PSIER) and the Public Service Commission (PSC).

The Authority adheres to the Code of Conduct for the Queensland Public Service under the Public Sector Ethics Act 1994 and provides staff with access to training as required.

The Authority is committed to supporting the whole-of-government's Public Sector Renewal Program and communicates its objectives to staff through regular emails and staff briefings.

Risks

A detailed risk assessment of the entire reconstruction program has been undertaken. The significant risks can be categorised into three main areas.

1. Scope and Cost Risk – delivery of approved and eligible scope of works.
2. Delivery within timeframe – delivery of program of works by 30 June 2015.
3. Audit Risk – to gain reimbursement from the Commonwealth.

The Authority has developed a suite of mitigation measures to manage the key program risks. The Authority's Board and Management utilise a risk management framework to reduce the overall risks of the program.

Internal assurance

The Authority has established an internal assurance function in relation to audit and risk issues of the Authority internally and risks relating to the provision and acquittal of NDRRA funding.

The internal assurance team includes qualified auditors seconded to the Authority from other State agencies under officer interchange arrangements. The Authority has an assurance process which was prepared with regard to Queensland Treasury's Audit Committee Guidelines.

A risk-based approach has been adopted in relation to the preparation of the assurance process. It has been designed to ensure that assurance is an effective tool to assist the Authority's management in discharging its responsibilities under the NPA.

Information Systems and Record Keeping

The Authority's electronic records management TRIM system is maintained in compliance with the Public Records Act 2001 and the Right to Information Act 2009. Staff employed in this area have high level skills in TRIM, data security, information retention and disposal.

External scrutiny

The Queensland Auditor-General conducted a performance management systems audit on the Authority's systems and processes. The Auditor-General's findings were presented to the Queensland Parliament in September 2011. The audit assessed the systems put in place by the Queensland Government to ensure that it was fulfilling its role and complying with the requirements of the NPA.

The Queensland Auditor-General found that:

'Overall the Authority has designed and implemented appropriate systems and processes to address the requirements of the Agreement. The urgent and tight timeframes for establishing the Authority and the expected large numbers of individual submissions, meant that prompt action and some ingenuity had to be applied. The Authority has been able to rapidly set up its functions through a variety of means, including the use of established policies and procedures from organisations with similar functions.'

Subsequently, in the Queensland Auditor-General's report to Parliament Number 10 (Results of audits: Local government entities 2011-12) the Auditor-General notes:

'The QRA has established robust systems to address previous deficiencies including initiatives such as a value for money strategy; on site inspections at councils; progress payments; scheduled reviews of projects at the 50 per cent and 100 per cent stage; 10 per cent retention of costs until final confirmation of project deliverables; and review of actual costs to council ledgers.'

Through these pre- and post-payment approval processes, QRA has now established a clear understanding with local governments and a greater certainty about compliance requirements with the Determinations. This is evidenced by our ability to determine the eligibility of expenditure on claims processed through QRA.'

Financial overview

The financial statements included in this annual report provide specific information regarding the Authority's activities for the year ended 30 June 2013 and the Authority's financial position at the end of that period.

Operating result

The Authority's operating result for 2012-13 was a deficit of \$1,550 million. The deficit was a result of the provision of NDRRA grants in this financial year using NDRRA advances received in prior years.

Revenues

Revenue predominately relates to NDRRA funding from the Commonwealth via Queensland Treasury and Trade and also includes funding from the Queensland Government for operations of the Authority.

Expenses

Expenses predominately relate to the payment of NDRRA grants to Local Government Authorities and State Agencies.

Assets

Assets include unspent NDRRA funds from the Commonwealth and Queensland Governments being held in a separate bank account and GST refundable from the Australian Taxation Office (\$49.3 million).

Liabilities

Liabilities mainly relate to grants payable to QRAA (\$6 million) and creditors, and other payables due by the Authority relating to operational activities.

Statement of Comprehensive Income	2013 \$'000	2012 \$'000
Grants	1,361,920	2,565,843
Other revenue	13	31,617
Total revenue	1,361,933	2,597,460
Grants	2,882,245	1,933,873
Contributions	-	1,603
Employee expenses	10,069	12,856
Supplies and services	18,853	13,782
Other expenses	376	386
Total expenses	2,911,543	1,962,500
Total comprehensive income	(1,549,610)	634,960

Statement of Financial Position	2013 \$'000	2012 \$'000
Cash and cash equivalents	165,471	1,761,227
Other assets	49,455	23,095
Total assets	214,926	1,784,322
Grants payable	6,089	25,181
Other liabilities	5,594	6,288
Total liabilities	203,243	31,469
Equity	203,243	1,752,853

financials



Queensland Reconstruction Authority

ABN 13 640 918 183

Financial Statements

For the year ended 30 June 2013

Contents

Purpose and scope of the Financial Statements	23
Statement of Comprehensive Income.....	24
Statement of Financial Position	25
Statement of Changes in Equity.....	26
Statement of Cash Flows.....	27
Notes to and forming part of the Financial Statements	28
Management Certificate	45
Independent Audit Report.....	46

Queensland Reconstruction Authority

Financial Statements

Purpose and scope of the financial statements

Queensland Reconstruction Authority (the Authority) was established as a Statutory Body on 21 February 2011 under The Queensland Reconstruction Authority Act 2011 (“the Act”). The Authority’s tenure was extended under the *Queensland Reconstruction Authority Amendment Act 2013* to 30 June 2015.

The Authority’s principal place of business is situated at:

Level 11
400 George Street
BRISBANE QLD 4000

The Act establishes the Authority to:

- coordinate and manage the rebuilding and recovery of affected communities, including the repair and rebuilding of community infrastructure and other property
- provide for the following to facilitate flood mitigation for affected communities, or the protection, rebuilding and recovery of affected communities:
 - the declaration of declared projects and reconstruction areas; and
 - the making of development schemes for declared projects and reconstruction areas.

The financial statements have been prepared by the Authority to meet the requirements of Section 62 of the Financial Accountability Act 2009 and Australian Accounting Standards. Queensland Treasury’s model financial accounts are used to assist with standardised financial reporting.

Queensland Reconstruction Authority Statement of Comprehensive Income

For the year ended 30 June 2013

		2013	2012
	Note	\$000	\$000
Income from continuing operations			
Grants	2	1,361,920	2,565,843
Other revenue	3	13	31,617
Total income from continuing operations		<u>1,361,933</u>	<u>2,597,460</u>
Expenses from continuing operations			
Grants	4	2,882,245	1,933,873
Contributions	5	–	1,603
Employee expenses	6	10,069	12,856
Supplies and services	8	18,853	13,782
Depreciation and amortisation	9	160	178
Other expenses	10	216	208
Total expenses from continuing operations		<u>2,911,543</u>	<u>1,962,500</u>
Operating result from continuing operations		<u>(1,549,610)</u>	<u>634,960</u>
Total comprehensive income		<u>(1,549,610)</u>	<u>634,960</u>

The accompanying notes form part of these financial statements

Queensland Reconstruction Authority

Statement of Financial Position

As at 30 June 2013

	Note	2013 \$000	2012 \$000
Current assets			
Cash and cash equivalents	11	165,471	1,761,227
Receivables	12	49,455	22,935
Total current assets		<u>214,926</u>	<u>1,784,162</u>
Non-current asset			
Property, plant and equipment	13	–	160
Total non-current assets		<u>–</u>	<u>160</u>
Total assets		<u>214,926</u>	<u>1,784,322</u>
Current liabilities			
Payables	14	10,327	29,923
Accrued employee benefits	15	1,326	1,546
Total current liabilities		<u>11,653</u>	<u>31,469</u>
Non-current liabilities			
Accrued employee benefits	15	30	–
Total non-current liabilities		<u>30</u>	<u>–</u>
Total liabilities		<u>11,683</u>	<u>31,469</u>
Net assets		<u>203,243</u>	<u>1,752,853</u>
Equity			
Accumulated surpluses		203,243	1,752,853
Total equity		<u>203,243</u>	<u>1,752,853</u>

The accompanying notes form part of these financial statements

Queensland Reconstruction Authority
Statement of Changes in Equity

For the year ended 30 June 2013

	2013	2012
	\$000	\$000
Opening Balance	1,752,853	1,117,893
Operating result from continuing operations	(1,549,610)	634,960
Closing Balance	<u>203,243</u>	<u>1,752,853</u>

The accompanying notes form part of these financial statements

Queensland Reconstruction Authority

Statement of Cash Flows

For the year ended 30 June 2013

	Note	2013 \$000	2012 \$000
Cash Flows from Operating Activities			
Inflows:			
Grants and other contributions		1,361,933	2,579,147
GST collected from customers		88	172
GST input tax credits refunded from ATO		261,919	157,990
		<u>1,623,940</u>	<u>2,737,309</u>
Outflows:			
Grants and contributions		(2,894,456)	(1,866,463)
Payments to suppliers		(25,308)	(7,332)
Payments to employees		(9,966)	(12,928)
GST paid to suppliers		(289,966)	(129,299)
		<u>(3,219,696)</u>	<u>(2,016,022)</u>
Net cash provided by operating activities	16	<u>(1,595,756)</u>	<u>721,287</u>
Cash flows from investing activities			
Outflows:			
Payments for property, plant and equipment		–	(108)
Net cash used in investing activities		<u>–</u>	<u>(108)</u>
Net increase / decrease in cash and cash equivalents		(1,595,756)	721,179
Cash and cash equivalents at the beginning of reporting period		1,761,227	1,040,048
Cash and cash equivalents at end of reporting period	11	<u>165,471</u>	<u>1,761,227</u>

The accompanying notes form part of these financial statements

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2013

Objectives and principal activities of the Queensland Reconstruction Authority

The Queensland Reconstruction Authority was established under the *Queensland Reconstruction Authority Act 2011* on 21 February 2011 and is scheduled under the Act to cease operations on 30 June 2015. The Authority's main objective is to provide for appropriate measures to ensure Queensland and its communities effectively and efficiently recover from the impacts of disaster events.

The principal activities undertaken by the Authority to achieve its objective are as follows:

- Coordinate and manage the rebuilding and recovery of affected communities, including the repair and rebuilding of community infrastructure and other property; and
- Provide for the following to facilitate flood mitigation for affected communities, or the protection, rebuilding and recovery of affected communities –
 - The declaration of declared projects and reconstruction areas; and
 - The making of development schemes for declared projects and reconstruction areas.

1. Summary of significant accounting policies

(a) Basis of accounting

The Authority is a statutory body under the *Financial Accountability Act 2009*.

The financial statements have been prepared in accordance with Section 43 of the *Financial and Performance Management Standard 2009*.

The financial statements are general purpose financial statements and cover the Authority as an individual entity.

The general purpose financial statements comply with all accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to not for profit entities as the Authority is a not for profit statutory body. In addition the financial statements comply with the Treasurer's minimum reporting requirements for the period ended 30 June 2013.

Except where specifically stated, the financial statements have been prepared on an accruals basis, under the historical cost convention.

(b) Rounding and comparatives

Amounts included in the financial statements are in Australian dollars, which is the entity's functional and presentation currency, and have been rounded to the nearest \$1,000 unless disclosure of the full amount is specifically required.

(c) Grant and other contributions

Grants, donations and other contributions that are non-reciprocal in nature are recognised as revenue or an expense in the year in which the recipient obtains control over them or right to receive them. Grants that are reciprocal in nature are recognised over the term of the funding arrangements.

Grants received

Grants received by the Authority from the Commonwealth and State Governments are non-reciprocal in nature. The Authority treats these grants as revenue upon receipt as it obtains control at this point.

Grants made

Grants made by the Authority are made in accordance with an Agreement between the Authority and Local or State Government agencies and are non-reciprocal. Grants are treated as an expense when payable as the recipient obtains the right to receive (as defined in APG 2, *Financial Reporting Requirements Queensland Government Agencies*) at that point.

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2013

Contributions below fair value; goods, services and assets

Services received below fair value are recognised as revenue and expenses in the Statement of Comprehensive Income. Contributions of services are recognised only if the services would have been purchased if they had not been donated and their fair value can be measured reliably.

(d) Interest

Natural Disaster Relief and Recovery Arrangements (NDRRA) funds are held in a separate bank account. As advised by Queensland Treasury and Trade, this account is within the whole of Government offset facility with the Queensland Treasury Corporation and interest earned is credited to State Consolidated Funds rather than the Authority.

(e) 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 received but not banked at 30 June.

(f) Receivables

Other receivables relates to expenses reimbursable to the Authority including the recovery of costs relating to the Disaster Coordinators.

(g) Acquisition of assets

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

(h) Property, plant and equipment

The Authority has only one class of asset being plant and equipment. Items of property, plant and equipment with a cost equal to or in excess of \$5,000 are recognised for financial reporting purposes in the year of acquisition. Items with a lesser value are expensed.

(i) Revaluations of non-current physical assets

Plant and equipment is measured at cost in accordance with Treasury's Non Current Asset Policies for the Queensland Public Sector. The carrying value for plant and equipment at cost should not materially differ from their fair value. As a consequence revaluations are not required.

(j) Amortisation and depreciation of property, plant and equipment

Property, plant and equipment is depreciated on a straight-line basis so as to write off the values of each asset, less its estimated residual value, progressively over its estimated useful life to the Authority. Depreciation rates are reviewed annually to ensure the carrying amounts reflect the remaining useful lives of the respective assets.

The depreciation rates for each class of depreciable asset are as follows:

Plant and Equipment	50% – 66.67%
---------------------	--------------

The Authority was originally established for a life of two years and plant and equipment has been depreciated on this basis. Refer to Note 13.

(k) Impairment of non-current assets

All non-current physical assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the Authority 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.

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2013

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.

(l) Leases

At the reporting date, the Authority only held operating leases. The payments for these operating leases are representative of the pattern of benefits derived from the leased asset and are expensed in the periods in which they are incurred.

(m) Payables

Trade creditors are recognised for amounts payable in the future for goods and services received, whether or not billed to the Authority and are measured at the agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are generally unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.

Grants payable have been recognised at year end where claims have been received and assessed and a quantifiable obligation exists.

(n) Financial instruments

Recognition

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

Classification

Financial instruments are classified and measured as follows:

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

The Authority does not enter into transactions for speculative purposes or for hedging. Apart from cash and cash equivalents, the Authority holds no financial assets at fair value through profit and loss.

All other disclosures relating to the measurement basis and financial risk management of financial instruments held by the Authority are included in Note 18.

(o) Officer Interchange

The Authority is predominately staffed by Queensland Government officers on interchange arrangements under section 184 of the *Public Service Act 2008* who are considered employees for the purposes of these financial statements and are treated as per the policy in Note 1(p).

The Authority is invoiced for wages, salaries and on costs by Queensland Government Agencies. These costs are recorded as employee expenses.

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2013

(p) Employee benefits

Employer superannuation contributions are regarded as employee benefits.

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

Wages, salaries and recreation leave

Wages, salaries and recreation leave due and unpaid at reporting date are recognised in the Statement of Financial Position at the remuneration rates expected to apply at the time of payment.

All unpaid entitlements are expected to be paid within 12 months, and have been recognised at their undiscounted values.

Sick Leave

Sick leave entitlements are non-vesting and are only paid upon valid claims for sick leave by employees. Sick leave expense is accounted for in the reporting period in which the leave is taken by the employee.

Long Service Leave

The liability for long service leave is predominately expected to be settled within 12 months of the reporting date. Both current and non-current liabilities are recognised at their undiscounted values.

Superannuation

Contributions to superannuation funds are recorded as they become payable and the Authority's legal or constructive obligation is limited to these contributions

Executive Remuneration

Key executive management personnel and remuneration disclosures are made in accordance with section 5 to the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury and Trade. Refer to note 7 for the disclosures on key executive management personnel and remuneration.

(q) Insurance

The Authority's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund, premiums being paid on a risk assessment basis. In addition, the Authority pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

(r) Issuance of financial statements

The financial statements are authorised for issue by the Chairman and Chief Executive Officer as at the date of signing the management certificate.

(s) Judgements and assumptions

The preparation of financial statements requires the determination and use of certain critical accounting estimates, assumptions and management judgement that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Authority has made no judgements or assessments which may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(t) New and revised accounting standards

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

At the date of the report there were no accounting standards with future commencement dates that will materially impact on the Authority.

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2013

2. Grants

	2013	2012
	\$000	\$000
Commonwealth Government Grants – NDRRA	1,326,321	533,800
Queensland Government Grants – NDRRA	16,351	1,998,840
Queensland Government Grants – operational funding	19,248	33,203
Total	<u>1,361,920</u>	<u>2,565,843</u>

Grants and other contributions have been recognised in accordance with note 1(c).

Commonwealth Government NDRRA Grants are administered through Queensland Treasury and Trade.

Commonwealth and Queensland Government NDRRA grant monies are held in the Authority's NDRRA account. Queensland Government grant monies for operational funding are held in the Authority's Operating account.

3. Other revenue

Other Income	13	–
Donations	–	31,617
Total	<u>13</u>	<u>31,617</u>

4. Grants

Local Government Authorities – NDRRA (a)	1,127,085	721,881
State Agencies – NDRRA (b)	1,706,912	1,183,539
State Agencies – Non NDRRA (c)	48,248	28,453
Total	<u>2,882,245</u>	<u>1,933,873</u>

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2013

4. Grants

(a) Local government authorities – NDRRA

	2013	2012
	\$000	\$000
Aurukun Shire Council	2,933	1,440
Balonne Shire Council	34,586	12,371
Banana Shire Council	18,884	18,725
Barcaldine Regional Council	7,400	6,031
Barcoo Shire Council	4,545	1,386
Blackall-Tambo Regional Council	150	9,257
Brisbane City Council	26,573	60,500
Boulia Shire Council	2,152	4,045
Bulloo Shire Council	6,834	7,710
Bundaberg Regional Council	46,467	8,649
Burdekin Shire Council	13,303	8,983
Burke Shire Council	5,748	–
Cairns Regional Council	8,259	13,504
Carpentaria Shire Council	23,649	5,000
Cassowary Coast Regional Council	38,871	40,087
Central Highlands Regional Council	41,024	36,655
Charters Towers Regional Council	34,018	12,927
Cherbourg Aboriginal Shire Council	323	140
Cloncurry Shire Council	6,181	457
Cook Shire Council	41,758	12,868
Croydon Shire Council	7,819	9
Diamantina Shire Council	2,954	5,981
Doomadgee Aboriginal Shire Council	1,634	473
Etheridge Shire Council	6,254	1,191
Flinder Shire Council	4,804	3,160
Fraser Coast Regional Council	12,233	6,282
Gladstone Regional Council	23,190	3,216
Goondiwindi Regional Council	4,944	11,622
Gympie Regional Council	20,699	16,441
Hinchinbrook Shire Council	57,918	19,952
Hope Vale Aboriginal Shire Council	2,273	379
Ipswich City Council	25,906	49,446
Isaac Regional Council	10,564	6,614
Kowanyama Aboriginal Shire Council	3,262	2,720
Lockhart River Aboriginal Shire Council	7,512	–
Lockyer Valley Regional Council	45,150	68,238
Logan City Council	–	40
Longreach Regional Council	2,399	879
Mackay Regional Council	45,756	37,397
Mapoon Aboriginal Shire Council	402	–
Maranoa Regional Council	35,662	5,301
McKinlay Shire Council	3,632	2,908
Moreton Bay Regional Council	10,663	7,762
Mt Isa City Council	541	1,529
Murweh Shire Council	21,787	269
Napranum Aboriginal Shire Council	774	–
North Burnett Regional Council	24,955	9,213

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2013

4. Grants

(a) Local government authorities – NDRRA – continued

	2013	2012
	\$000	\$000
Northern Peninsula Area Regional Council	410	218
Quilpie Shire Council	2,824	2,602
Palm Island Aboriginal Shire Council	3,759	7,881
Paroo Shire Council	20,291	3,296
Pormpuraaw Aboriginal Shire Council	6,118	–
Redland City Council	441	–
Richmond Shire Council	10,382	319
Rockhampton Regional Council	3,082	10,249
Scenic Rim Regional Council	26,686	13,409
Somerset Regional Council	41,342	26,528
South Burnett Regional Council	24,663	–
Southern Downs Regional Council	7,388	–
Sunshine Coast Regional Council	145	952
Tablelands Regional Council	10,075	9,418
Toowoomba Regional Council	81,979	30,296
Torres Shire Council	514	501
Torres Strait Island Regional Council	–	2,612
Townsville City Council	66,291	25,456
Western Downs Regional Council	10,060	27,740
Whitsunday Regional Council	60,620	37,467
Winton Shire Council	–	–
Woorabinda Aboriginal Shire Council	1,011	889
Wujal Wujal Aboriginal Shire Council	481	288
Yarrabah Aboriginal Shire Council	1,178	–
Total	1,127,085	721,881

(b) State agencies – NDRRA

Arts Queensland	–	(1,333)
Darling-Downs Moreton Rabbit Board	–	77
Department of Communities, Child Safety and Disability Services	49,101	2,025
Department of Community Safety	3,115	–
Department of Education, Training and Employment	3,496	6,119
Department of Environment and Heritage Protection	191	5,902
Department of Agriculture, Fisheries and Forestry	696	–
Department of National Parks, Recreation, Sports and Racing	124	–
Department of Natural Resources and Mines	848	–
Department of Premier & Cabinet	8	26
Department of Housing and Public Works	17,718	–
Department of Transport and Main Roads	1,537,802	939,627
Department of State Development, Infrastructure and Planning	310	–
Department of Science, Information Technology, Innovation and the Arts	(13)	–
Department of Justice and Attorney-General	300	–
QRAA (Grants)	65,700	150,627
QRAA (Loans)	16,351	79,513
Queensland Health	5,368	–
Queensland Parliamentary Service	17	145
Queensland Police Service	4,252	812
Southbank Corporation	1,528	–
Total	1,706,912	1,183,539

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2013

4. Grants

(c) State agencies – Non NDRRA

	2013 \$000	2012 \$000
Department of Agriculture, Fisheries and Forestry	58	–
Department of Education, Training and Employment	–	7,715
Department of Environment and Heritage Protection	–	3,041
Department of Housing and Public Works	46,706	11,630
Department of National Parks, Recreation, Sports and Racing	1,484	–
Department of Transport and Main Roads	–	6,067
Total	<u>48,248</u>	<u>28,453</u>
Total Grants	<u>2,882,245</u>	<u>1,933,873</u>

Refer to note 1 (c). These grants are made in accordance with an agreement between the recipient and the Authority. The agreement allows for an advance of grant monies prior to the approval of projects. All NDRRA grants are required to be acquitted in accordance with the agreement and NDRRA requirements.

Non-NDRRA grants are for projects that are funded by the State Government. These projects are ineligible for funding under the NDRRA.

Both NDRRA and Non-NDRRA grants disclosed in this note include grant advances and grants for expenditure incurred on approved projects.

5. Contributions

Join Forces Program	–	751
Build Back Blitz	–	852
Total	<u>–</u>	<u>1,603</u>

Under the Join Forces Program QRA facilitated matches on behalf of corporate donors with not for profit organisations that were impacted by the 2010-11 flood and cyclone events and ineligible for NDRRA funding.

Build Back Blitz was a program where donations were used to assist with reconstruction and repairs to homes that were inundated in the January 2011 floods.

Queensland Reconstruction Authority
Notes to and forming part of the Financial Statements

For the year ended 30 June 2013

6. Employee expenses

	2013	2012
	\$000	\$000
Employee benefits		
Officer interchange	8,210	11,497
Wages and salaries	1,372	972
Recreational leave	22	61
Long service leave	37	1
Employer superannuation contributions	136	110
Board fees	25	26
Other employee benefits	87	80
	<u>9,889</u>	<u>12,747</u>
Employee related expenses		
Payroll tax	111	57
Other employee related expenses	69	52
	<u>180</u>	<u>109</u>
Total	<u>10,069</u>	<u>12,856</u>

Refer Note 1(o) and 1(p)

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

Officers on Interchange Arrangements	74	84
QRA employees	10	5
Total	<u>84</u>	<u>89</u>

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2013

7. Key executive management personnel and remuneration

a) Key executive management personnel

The following details for key executive management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the Authority during the 2012-13 financial year

Position	Responsibilities under the Queensland Reconstruction Authority Act 2011	Current Incumbents	
		Contract classification and appointment authority	Date appointed to position
Chief Executive Officer (CEO)	Undertake or commission investigations to ensure the correct processes are adhered to in the rebuilding and recovery of affected Queensland communities; make recommendations to the Minister; and ensure the Authority performs its functions effectively and efficiently.	CEO / Officer <i>Interchange Arrangement under the Public Service Act 2008 and appointed by Governor in Council</i>	21/02/2011 – Appointed
Chair	Leading and directing the activities of the board to ensure the board performs its functions appropriately	Appointed by <i>Governor in Council</i>	19/09/2011 – Appointed
Board Members	Set the strategic priorities for the Authority; make recommendations to the Minister; and ensure the Authority performs its functions and exercises its powers in an appropriate, effective and efficient way.	Appointed by <i>Governor in Council</i>	2 members ceased on 21/2/2013 2 new members commenced on 22/2/2013

b) Remuneration

The remuneration of the CEO is set by the Governor in Council. The CEO is engaged with the Authority under an Officer Interchange arrangement from the Department of State Development, Infrastructure and Planning. The remuneration of the Chair is set by the Governor in Council. The Chair is engaged directly by the Authority.

Board members are remunerated in accordance with the whole-of-Government policy *Remuneration of part-time chairs and members of government boards, committees and statutory authorities*.

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

- Short term employee benefits which include:
 - Base: consisting of base salary, allowances and leave entitlements paid and provided for the entire year or for that part of the year during which the employee occupied the specified position. Amounts disclosed equal the amount expensed in the Statement of Comprehensive Income.
 - Non-monetary benefits: consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.
- Long term employee benefits include long service leave accrued.
- Post employment benefits include superannuation contributions.
- Redundancy payments are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.
- No performance bonuses are payable.

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2013

7. Key executive management personnel and remuneration

b) Remuneration – continued

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.

Year ended 30 June 2013						
Position	Short term employee benefits		Long-term employee benefits	Post employment benefits	Termination benefits	Total
	Base	Non-monetary benefits				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Chief Executive Officer	363	30	8	46	–	447
Chair#	216	19	–	18	–	253
Board Member	5	–	–	–	–	5
Board Member	5	–	–	–	–	5
Board Member	4	–	–	–	–	4
Board Member*	3	–	–	–	–	3
Board Member*	2	–	–	–	–	2
Board Member**	2	–	–	–	–	2
Board Member**	3	–	–	–	–	3
Total	603	49	8	64	–	724

* Board members ceased on 21/2/2013

** Board members commenced on 22/2/2013

The Chair was remunerated on a full-time basis from 1 July 2012 to 20 February 2013. From 21 February 2013 the Chair was remunerated on a part-time basis.

Year ended 30 June 2012						
Position	Short term employee benefits		Long-term employee benefits	Post employment benefits	Termination benefits	Total
	Base	Non-monetary benefits				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Chief Executive Officer	363	30	8	46	–	447
Chair ##	125	13	–	10	–	148
Board Member	6	–	–	–	–	6
Board Member	5	–	–	–	–	5
Board Member	6	–	–	1	–	7
Board Member	4	–	–	–	–	4
Board Member	8	–	–	1	–	9
Total	517	43	8	58	–	626

The remuneration of the Chair disclosed above relates to the period 23 January 2012 to 30 June 2012 (full-time engagement). Prior to this, the Chair was remunerated by the Australian Defence Force for the period 19 September 2011 (date of appointed as Chair of the Authority) to 22 January 2012.

One board member is not remunerated as they are a Commonwealth public sector employee. The disclosure of the CEO's remuneration package for 30 June 2012 (the comparative) has been amended to exclude on-costs charged to the Authority as these costs do not form part of the CEO's remuneration package.

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2013

7. Key executive management personnel and remuneration

c) Performance based payments

There were no performance based payments made by the Authority to key management personnel.

8. Supplies and services

	2013	2012
	\$000	\$000
Contractors – short-term technical	12,779	6,561
IT Managed Services	3,060	3,817
Operating lease rentals	1,012	886
Travel	963	521
Supplies and consumables	599	981
Other supplies and services	380	943
Occupancy costs	60	73
Total	<u>18,853</u>	<u>13,782</u>

9. Depreciation and amortisation

Plant and equipment	160	178
Total	<u>160</u>	<u>178</u>

10. Other expenses

Audit fees – external	191	185
Insurance premiums – Queensland Government Insurance Fund	25	23
Total	<u>216</u>	<u>208</u>

External audit fees relate to the estimated cost of the Queensland Audit Office external audits of the financial statements of the Authority for 2013 of \$35,000 (2012: \$50,000) and the NDRRA Commonwealth Certificates (2012–13 and prior years) of \$156,000 (2012: \$150,000).

11. Cash and cash equivalents

Cash at bank – NDRRA	155,474	1,790,960
Cash at bank – Operating Account	9,997	(29,733)
Total	<u>165,471</u>	<u>1,761,227</u>

The Authority's bank accounts are within the whole-of-Government offset facility and any interest earned on these accounts is credited to State consolidated funds rather than the Authority. See note 1(d).

Queensland Reconstruction Authority
Notes to and forming part of the Financial Statements

For the year ended 30 June 2013

12. Receivables

	2013	2012
	\$000	\$000
Other receivables	136	1,575
GST receivable	49,319	21,360
Total	<u>49,455</u>	<u>22,935</u>

13. Property, plant and equipment

Plant and equipment

At cost	31	370
Less: accumulated depreciation	(31)	(210)
Total	<u>-</u>	<u>160</u>

Plant and equipment reconciliation

Carrying amount at 1 July	160	229
Additions	-	109
Disposals	-	-
Depreciation	(160)	(178)
Carrying amount at 30 June	<u>-</u>	<u>160</u>

The Authority was originally established for a life of two years and plant and equipment has been depreciated on this basis. The Authority has plant and equipment with a written down value of zero still being used in the provision of services.

Plant and equipment including leasehold improvements relating to the Authority's previous premises were disposed during the year. These assets had a carrying amount of zero.

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2013

14. Payables

	2013 \$000	2012 \$000
Trade creditors	3,021	1,659
Grants payable	6,089	25,181
Other payables	1,217	3,083
Total	<u>10,327</u>	<u>29,923</u>

15. Accrued employee benefit

Current accrued employee benefits

Officer interchange costs payable	1,144	1,393
Recreation leave	83	61
Long service leave	99	92
Total	<u>1,326</u>	<u>1,546</u>

Non-Current accrued employee benefits

Long service leave	30	–
Total	<u>30</u>	<u>–</u>

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2013

16. Reconciliation of operating surplus/(deficit) to net cash flow from operating activities

	2013 \$000	2012 \$000
Operating surplus/(deficit)	(1,549,610)	634,960
<i>Adjustment for non-cash items</i>		
Depreciation and amortisation	160	178
<i>Changes in assets and liabilities</i>		
Change in receivables	(26,520)	88,761
Change in payables	(19,596)	(2,327)
Change in accrued employee benefits	(190)	(285)
Net cash flow from operating activities	<u>(1,595,756)</u>	<u>721,287</u>

The Authority received NDRRA advance funding from the Commonwealth and State Governments in 2010-11 and 2011-12 resulting in surpluses reported in the financial statements for these years. The net operating deficit for this financial year was funded from the prior year surpluses

17. Commitments for expenditure

(a) Non-Cancellable Operating Lease

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

Not later than one year	1,058	635
Total	<u>1,058</u>	<u>635</u>

Operating leases are entered into as a means of acquiring access to office accommodation. Operating lease terms expire in June 2014.

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2013

18. Financial instruments

(a) Categorisation of Financial Instruments

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

Category

Financial assets

Cash and cash equivalents

Receivables

Total

Financial liabilities

Financial liabilities measured at amortised cost:

Payables

Total

	2013 \$000	2012 \$000
	165,471	1,761,227
	49,455	22,935
Total	<u>214,926</u>	<u>1,784,162</u>
	11,471	31,316
Total	<u>11,471</u>	<u>31,316</u>

(b) Credit Risk

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

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

Category

Financial assets

Cash and Cash Equivalents

Receivables

Total

	165,471	1,761,227
	49,455	22,935
Total	<u>214,926</u>	<u>1,784,162</u>

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

Exposure to credit risk is monitored on an ongoing basis.

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2013

18. Financial instruments

(b) Credit Risk – Continued

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

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

No impairment loss has been recognised for the 2012–13 year.

No financial assets are past due or impaired.

(c) Liquidity risk

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

The Authority aims to reduce the exposure to liquidity risk by ensuring the Authority has sufficient funds available to meet employee and any supplier obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts to match the expected duration of the various employee and supplier liabilities.

All financial liabilities disclosed in the financial statements for 2012–13 are due within one year.

(d) Market risk

The Authority does not trade in foreign currency and is not materially exposed to commodity price changes.

The Authority is not exposed to interest rate risk as all interest earned is credited to State Consolidated Funds (refer note 1(d)).

(e) Fair value

The Authority does not recognise any financial assets and liabilities at fair value. The fair value of receivables and payables is assumed to approximate the value of the original transaction less any allowance for impairment.

19. Events after the end of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Authority, the results of those operations, or the state of affairs of the Authority in future financial years.

Certificate of the Queensland Reconstruction Authority

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

- a) the prescribed requirements for the establishment and keeping the accounts have been complied with in all material respects; and
- b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Authority for the financial year ended 30 June 2013 and of the financial position of the Authority at the end of that year.

Graeme Newton
Chief Executive Officer



Signature
Date 20 August 2013

Richard Wilson AO
Major General (Ret'd)
Chair



Signature
Date 20 August 2013

INDEPENDENT AUDITOR'S REPORT

To the Board of the Queensland Reconstruction Authority

Report on the Financial Report

I have audited the accompanying financial report of the Queensland Reconstruction Authority, which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Chief Executive Officer and Chair.

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

Auditor's Responsibility

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

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

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

Independence

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

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

Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

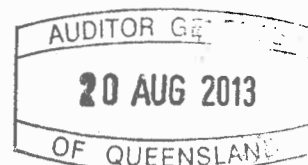
- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Queensland Reconstruction Authority for the financial year 1 July 2012 to 30 June 2013 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



A M GREAVES FCA FCPA
Auditor-General of Queensland



Queensland Audit Office
Brisbane

requirements



Annual Report Requirements

Summary of requirement	Basis for requirement	Annual report reference
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister(s)	ARRs – section 8 3
Accessibility	Table of contents	ARRs – section 8.1 5
	Glossary	ARRs – section 8.2 4
	Public availability	ARRs – section 8.2 4
	Interpreter service statement	<i>Queensland Government Language Services Policy</i> 4
	Copyright notice	<i>Copyright Act 1968</i> 4
Information Licensing	Information Licensing	<i>Queensland Government Enterprise Architecture – Information licensing</i> ARRs – section 10.5 4
	General information	Introductory Information
General information	Agency role and main functions	ARRs – section 11.2 8
	Operating environment	ARRs – section 11.3 8
	Machinery of government changes	ARRs – section 11.4 n/a
	Non-financial performance	Government objectives for the community
Non-financial performance	Other whole-of-Government plans / specific initiatives	ARRs – section 12.2 11
	Agency objectives and performance indicators	ARRs – section 12.3 8-9
	Agency service areas, service standards and other measures	ARRs – section 12.4 9
Financial performance	Summary of financial performance	ARRs – section 13.1 10, 20
	Chief Finance Officer (CFO) statement	ARRs – section 13.2 n/a
Governance – management and structure	Organisational structure	ARRs – section 14.1 18
	Executive management	ARRs – section 14.2 18
	Related entities	ARRs – section 14.3 n/a
	Boards and committees	ARRs – section 14.4 13-17
	Public Sector Ethics Act 1994	<i>Public Sector Ethics Act 1994</i> (section 23 and Schedule) ARRs – section 14.5 18
Governance – risk management and accountability	Risk management	ARRs – section 15.1 19
	External Scrutiny	ARRs – section 15.2 19
	Audit committee	ARRs – section 15.3 19
	Internal Audit	ARRs – section 15.4 19
	Public Sector Renewal Program	ARRs – section 15.5 19
	Information systems and recordkeeping	ARRs – section 15.7 19
Governance – human resources	Workforce planning, attraction and retention	ARRs – section 16.1 18
	Early retirement, redundancy and retrenchment	<i>Directive No.11/12 Early Retirement, Redundancy and Retrenchment</i> ARRs – section 16.2 n/a
	Voluntary Separation Program	ARRs – section 16.3 n/a
Financial statements	Certification of financial statements	<i>FAA – section 62</i> <i>FPMS – sections 42, 43 and 50</i> ARRs – section 18.1 45
	Independent Auditor's Report	<i>FAA – section 62</i> <i>FPMS – section 50</i> ARRs – section 18.2 46
	Remuneration disclosures	<i>Financial Reporting Requirements for Queensland Government Agencies</i> ARRs – section 18.3 38
Disclosure of additional information	Additional information to be reported online: Consultancies Overseas travel Information systems and recordkeeping	ARRs – section 17 4
Compliance checklist		49

Under the *Queensland Reconstruction Authority Act 2011* the Authority:

Must include in its annual report, details of any direction or notice given by the Minister under

Sub-section (1) during the financial year to which the report relates;

The below table lists Ministerial Directions provided to the Authority in 2011-2012, to administer the Natural Disaster Relief and Recovery Arrangements for the below disaster events:

Event	Date Ministerial Direction Provided
Central and Southern Queensland low – 25 February 2013 to 3 March 2013	20 March 2013
Longreach flood – 20 February 2013	6 June 2013
Tropical Cyclone Oswald and associated rainfall and flooding – 21 to 28 January 2013	30 January 2013
Barcoo severe storm – 15 January 2013	30 January 2013
South West Queensland wildfires – 21 December 2012	30 January 2012
Far North Queensland bushfires – late October to December 2012	30 January 2012
Northern and Far Northern Queensland affected by heavy rainfall and associated flooding from 15 March 2012	1 and 12 April 2012 2 June 2012*
East Coast Low from 22 March 2012	12 April 2012
North Coast Storms and Flooding and East Coast Hybrid Low 24 February 2012 – 7 March 2012 (combination of below events) <i>North Coast Queensland affected by storm and localised flooding, 24 – 26 February 2012</i> <i>East Coast of Queensland affected by the Hybrid Low and resultant heavy rainfall and associated flooding, 4 – 7 March 2012</i>	12 April 2012 29 February 2012 5 March 2012 23 March 2012
Localised Heavy Rainfall Northern Queensland October 2011	23 March 2012
South East Queensland affected by heavy rainfall and associated flooding 23-26 January 2012	5 March 2012
North West and Western Queensland affected by heavy rainfall and associated flooding from 27 January 2012 – February 2012	7, 13, 16 and 29 February 2012 5 March 2012
South East Queensland Low May 2009	15 February 2012
Sunshine Coast, Gympie and Fraser Coast flooding April 2009	15 February 2012
Tropical Cyclone Hamish 5-11 March 2009	15 February 2012
Tara storms 15 February 2009	15 February 2012
Queensland Monsoonal flooding and Tropical Cyclone Charlotte and Ellie January – February 2009	15 February 2012
Baralaba storms 7 December 2008	15 February 2012
Queensland Storms and associated flooding 16-22 November 2008	15 February 2012
South West Queensland flooding June 2008	15 February 2012
South East Queensland storms 29 May-2 June 2008	15 February 2012
South East and Western Queensland storms and flooding 3-8 February 2008	15 February 2012
Queensland Monsoonal flooding February – March 2008	15 February 2012
Queensland Monsoonal flooding January 2008	15 February 2012
South East Queensland East Coast Low December 2007 – January 2008	15 February 2012
Central Western Queensland Storms and flooding December 2007	15 February 2012
South West Queensland Storms and flooding 23-30 November 2007	15 February 2012
Central and Southern Queensland storms October 2007	15 February 2012
South East and North Queensland East Coast Low August 2007	15 February 2012
Far Northern Queensland affected by damaging winds and heavy rainfall on 3 and 4 February 2012	13 February 2012, 1 April 2012
Southern Queensland affected by heavy rainfall and associated flooding, November – December 2011	14 January 2012
Bushfires in August, September, October and November 2011	14 January 2012
South East Queensland Flooding 9 – 12 October 2010	28 November 2011
South West Queensland Low and Associated Flooding September 2010	28 November 2011
Queensland Monsoonal Flooding and Tropical Cyclones Olga, Neville, Ului and Paul January to April 2010	28 November 2011
Northern, Central and South West Queensland Flooding, 22 December 2009 to 8 January 2010	28 November 2011
Queensland Bushfires, September to October 2009	28 November 2011
South West Queensland Flooding, 20 -25 November 2009	28 November 2011

*Where more than one date is listed, additional Local Government Areas were activated for NDRRA arrangements for the same event.

