

Queensland Reconstruction Authority



Annual Report

2011-2012



Queensland Reconstruction Authority

The Honourable Jeff Seeney MP
Deputy Premier, Minister for State Development,
Infrastructure and Planning
Level 12, Executive Building
100 George Street
BRISBANE QLD 4000

18 September 2012

Dear Deputy Premier

I am pleased to present the Annual Report 2011-2012 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 is included in this report.

Yours sincerely



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

Accessibility

This Annual Report provides information about the Queensland Reconstruction financial and non-financial performance for 2011-2012. It has been prepared in accordance with the *Financial Accountability Act 2009*.

The report records the significant achievements against the Queensland Reconstruction Authority's operational plan, *The State, Community and Economic Recovery and Reconstruction Plan* (the State Plan).

This report has been prepared for the Deputy Premier 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 2011-2012

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

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Additional information is available online.

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Message from the Chair

I am pleased to present the Queensland Reconstruction Authority's Annual Report for the financial year 2011-12.

I took up the post of Chair of the Authority in September of 2011 from Major General Mick Slater, as Queensland was moving from the immediate post-disaster recovery phase to the reconstruction phase.

The Authority's primary role remains the management and oversight of the reconstruction of the State following the greatest and most complex set of natural disasters in the nation's history. It is an extraordinarily challenging and rewarding task and the partnerships between all stakeholders – State, Federal and Local Government, industry and the community – have been crucial to the immense progress we've made.

At the time of writing, the Authority is overseeing more than \$12.2 billion worth of reconstruction projects. That's more than the cost of building 43 Suncorp Stadiums or 86 new Gateway Bridges (now Sir Leo Heilsher Bridge).

As we continue through the reconstruction phase and into 2013, I'd like to take this opportunity to recognise all the many committed Queenslanders who have played a part in this historic task – building a stronger more resilient Queensland.



Major General Richard Wilson (Ret'd)
Chair

Queensland Reconstruction Authority



Message from the CEO

The Queensland Reconstruction Authority and our reconstruction partners in the Australian, State and Local Governments are managing the largest reconstruction effort in Australia's history – rebuilding communities, fixing infrastructure and restoring regional economies.

The Authority is responsible for coordinating the Government's program of infrastructure renewal and recovery in disaster affected communities – a program with an estimated value of more than \$12 billion. The reconstruction program is progressing well, with \$5.4 billion (44 per cent) of the total reconstruction works delivered across Queensland, and another \$3 billion underway.

Given the scale of the program, the Authority has been focused on delivering value for money and effective governance, to ensure public money is being spent where it is most needed.

As the delivery of projects on the ground moves ahead, the Authority will continue its monitoring role to make sure communities are receiving the best benefit from the reconstruction program.

The Authority is also working with a number of flood affected towns to improve the long term resilience of their communities. By providing advice and assistance, the Authority will continue to support Councils as they consider the various flood mitigation options that may best suit their communities.

In 2012-13, the Authority will continue to effectively oversee the program of works – a program that currently involves more than 10,000 active works sites across the state and expenditure of more than \$300 million per month.



Graeme Newton
Chief Executive Officer
Queensland Reconstruction Authority

Overview

Legislation

Following the unprecedented natural disaster events that struck Queensland over the summer months of 2010-11, the Queensland Reconstruction Authority (the Authority) was established for a period of two years under the *Queensland Reconstruction Authority Act 2011*. Through Ministerial Direction (under the Act), the Authority was later made responsible for all Natural Disaster Relief and Recovery Arrangements (NDRRA) work from 2007-2012.

Vision

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:

- maintain the self-confidence of Queenslanders
- build a resilient Queensland and support resilient Queenslanders
- enhance preparedness and disaster mitigation, and
- contribute to the implementation of relevant associated policies.

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, and
- 'Deliver better infrastructure and better planning' by coordinating the planning and implementation of all state-wide natural disaster relief and recovery reconstruction functions.

Floods Commission of Inquiry

On 16 March 2012, the Queensland Floods Commission of Inquiry (QFCI) handed down its final report. The final report included 177 recommendations across a number of areas including land use planning, building controls, emergency management, mining and insurance. The Authority sits on three implementation groups including Planning, Building and Dams and the Authority's Chief Executive Officer sits on the CEO subcommittee. The Authority is taking the lead on five recommendations that fall within the categories of flood studies for urban areas, model flood planning controls and publication of flood information. The Authority is providing support for 30 other recommendations being led by other agencies. The work of the Authority particularly in relation to rebuilding Grantham and the Floodplain project was commended by the Commission.

Performance indicators and service standards

in 2011-12 the Queensland Reconstruction Authority:

- continued to manage the distribution and acquittal of the estimated \$12.2 billion NDRRA funding program
- established interactive, web-based flood mapping
- facilitated streamlined development approvals for several local governments
- partnered with cyclone design and engineering experts to deliver a two-part guideline Planning for a Stronger, More Resilient North Queensland
- completed the first ever State-wide catchment based floodplain mapping identifying Queensland's floodplains
- released two part guideline Planning for Stronger, More Resilient Floodplains
- released Build Back – The rebuilding navigator interactive website and supporting information
- developed an online application and client management systems for State Government natural disaster grants program
- undertook a rolling program of building recovery audits monitoring progress of reconstruction in key disaster areas
- finalised the Development Scheme for the Grantham Reconstruction Area
- released Planning for Stronger, More Resilient Electrical Infrastructure Guideline.

In 2012-13 the Authority will:

- continue to manage the distribution and acquittal of the estimated \$12.2 billion NDRRA funding program
- continue to Implement the State Plan, *Operation Queensland: the State Community, Economic and Environmental Recovery and Reconstruction Plan 2011-2013*
- Support the State Government's response to the Queensland Floods Commission of Inquiry recommendations
- Finalise and continue to maintain state-wide floodplain mapping to support local government planning schemes
- Support implementation of Part 1 and Part 2 floodplain toolkit into planning schemes.

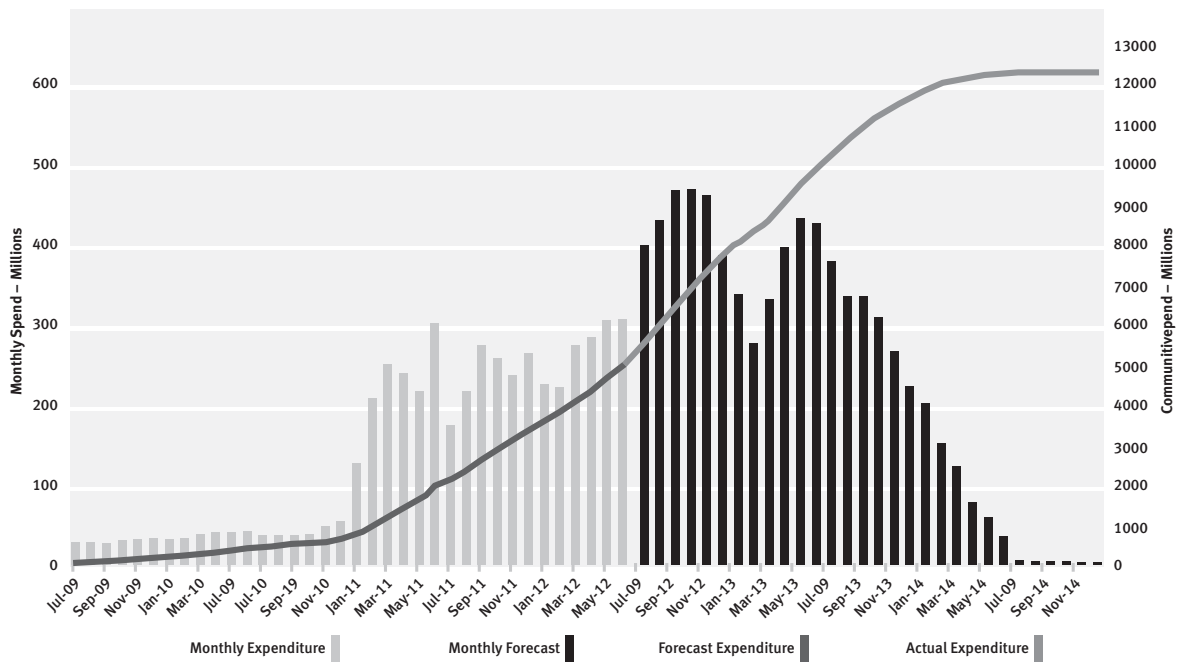
Queensland Reconstruction Authority	2011-12 Target/ Est.	2011-12 Est. actual	2012-13 Target/ Est.
Service standards			
Completion of the Recovery Phase (phase one) of the State Reconstruction Plan.	–	June 2011	Sept 2012
Completion of the Reconstruction Phase (phase two) of the State Reconstruction Plan.	Dec 2012	–	June 2014
Acquit and finalise all NDRRA claims with the Commonwealth Government.	–	–	June 2014
Compliance with legislated requirements to reporting 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 2014.

\$5.4 billion (44 per cent of the total program) has been delivered, leaving 56 per cent of the program to be delivered between now and 30 June 2014.

By utilising a thorough value for money approach, with effective governance, the Authority has avoided costs to the program (i.e. realised savings). Currently, for every dollar spent in operation the Authority saves the State and Australian Governments spending approximately \$22. The Authority's operating cost is 0.8 per cent of the total reconstruction program.



Governance

The Authority reports to the Deputy Premier, as Minister responsible for Reconstruction, through the State Government's Disaster Recovery Cabinet Committee and also to a Board, chaired by Major General Richard Wilson AO (Ret'd), comprised of state and federal nominees.

Commonwealth Determination

NDRRA are 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.

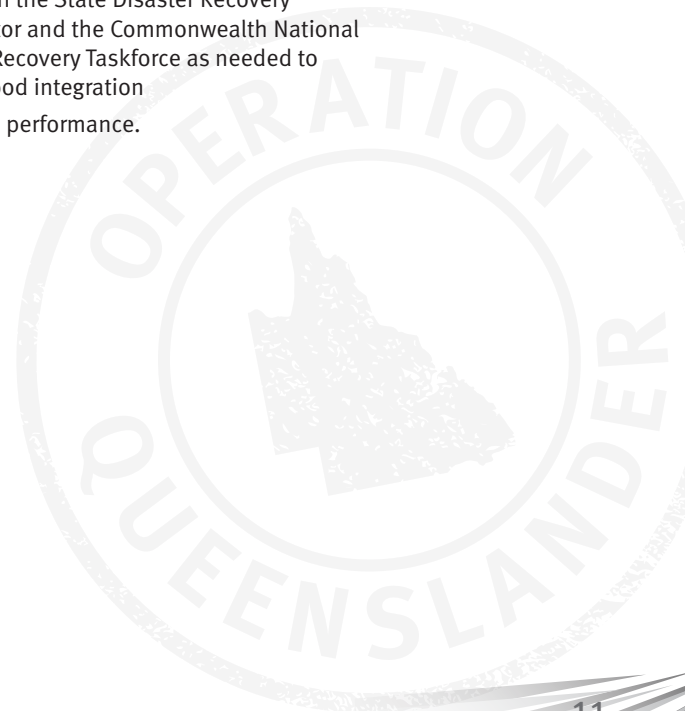
The NDRRA arrangements are set out and administered by the Commonwealth Government in the *NDRRA Determination*. The arrangements provide financial assistance to States in the form of partial reimbursement of actual expenditure related to natural disaster events.

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 for Natural Disaster Reconstruction and Recovery.

- 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
 - Develop and implement Queensland's Natural Disaster Recovery Work Plan, identifying specific projects
 - Monitor and assess the performance of the delivery of projects under the agreement
 - Report to the Authority's Board, the Central Agency Steering Committee, the Australian Government Reconstruction Inspectorate and the Queensland Cabinet on the delivery of outcomes set out in the work-plan
 - Liaise with the State Disaster Recovery Coordinator and the Commonwealth National Disaster Recovery Taskforce as needed to ensure good integration
 - Report on performance.



Australian Government Reconstruction Inspectorate

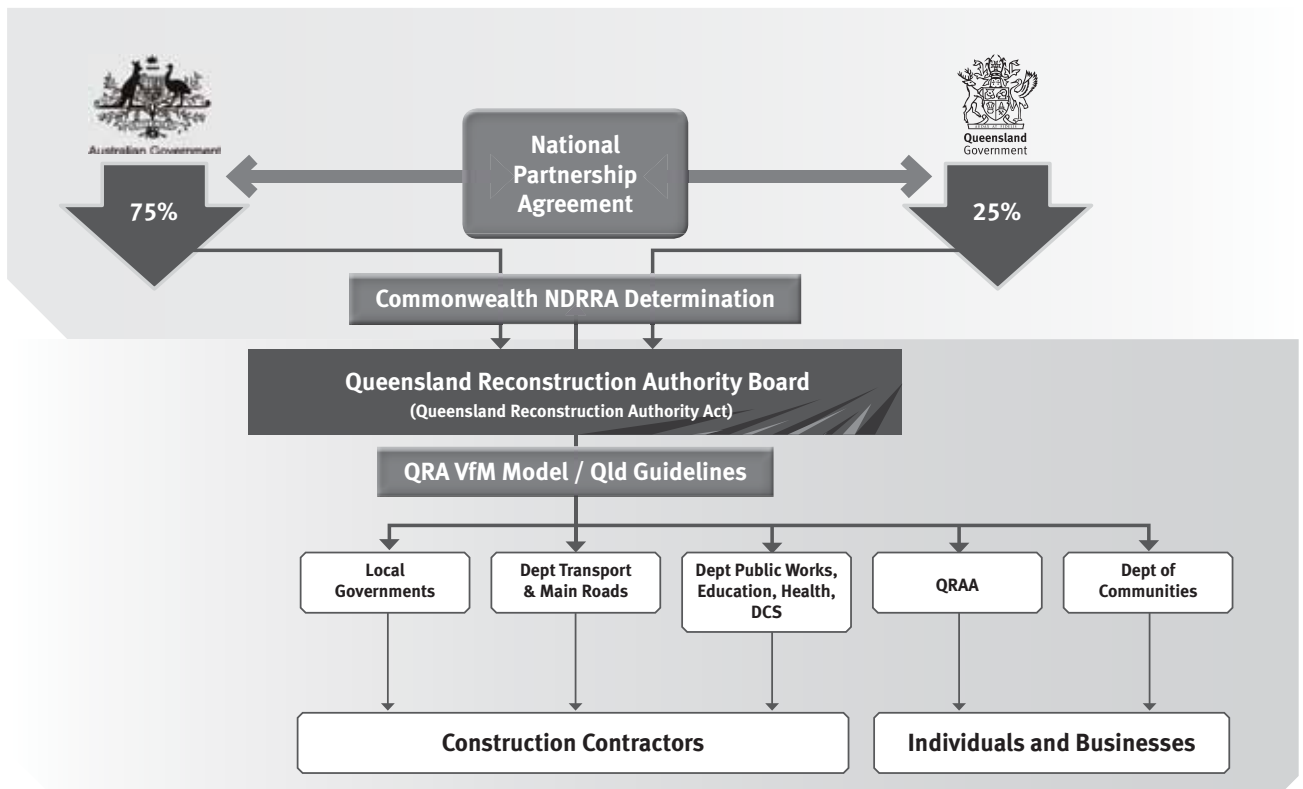
The governance arrangements in the Agreement established an Australian Government Reconstruction Inspectorate to oversee the reconstruction activity to provide assurance that value for money is being achieved in the expenditure of both Commonwealth and State funds.

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.

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 are as follows:

- To set the strategic priorities for the Authority
- To make 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.
- To ensure the Authority performs its function and exercises its powers in an appropriate, effective and efficient way.

Board meetings

Date
Monday 18 July 2011
Monday 15 August 2011
Tuesday 23 August 2011
Monday 19 September 2011
Monday 17 October 2011
Monday 19 December 2011
Monday 16 January 2012
Tuesday 21 February 2012
Monday 26 March 2012
Tuesday 17 April 2012
Tuesday 22 May 2012
Tuesday 19 June 2012

The number of meetings that each member attended

Major General Mick Slater Chair – nominated by Queensland Government, 21 February to 21 August 2011	3
Major General Richard Wilson Chair – nominated by Queensland Government, from 22 August 2011	10
Glenys Beauchamp Member, nominated by Commonwealth Government	8
Brad Orgill Member, nominated by Commonwealth Government	6
Brian Guthrie Member, nominated by Local Government Association of Queensland	7
Jim McKnulty Business Member, nominated by Queensland Government	12
Steve Golding Business Member, nominated by Queensland Government	11
Kathy Hirschfeld Business Member, nominated by Queensland Government	10

OPERATION

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

Born in Brisbane on 16 January 1955, Major General Richard (Dick) Wilson is 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 Secretary, Department of Regional Australia, Local Government, Arts and Sport on 21 December 2010 after acting in this position since 14 September 2010. Prior to this appointment she was Deputy Secretary, Governance, in the Department of the Prime Minister and Cabinet. In this role she was also 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.

She also coordinated Australian Government support in relation to 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. He joined as an engineer in 1967 and retired as 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 as a Major General having been 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 experience working in government and private sectors. He has held positions of General Manager and Principal for organisations with budgets ranging up to \$500 million per annum.

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 a non-executive director of Snowy Hydro Limited ASC Pty Ltd and a Senator of the University of Queensland. With almost 20 years in leadership and executive roles with BP, she was Managing Director of BP's Bulwer Island Oil Refinery and a Director of New Zealand Refining Company until March 2010.

A chemical engineer, Ms Hirschfeld's career with BP started at Kwinana Refinery in Perth in 1990, where she held Engineering, Maintenance and Operations Management roles. In 2002/3 she was posted to BP Exploration in the UK as a Commercial Manager. Ms Hirschfeld was appointed Refinery Manager at BP's joint venture refinery in Mersin, Turkey in 2004, and was responsible for closure of the refinery and conversion to a Marketing terminal.

She 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 by Engineers Australia as 1 of 25 of Australia's most influential female engineers.

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

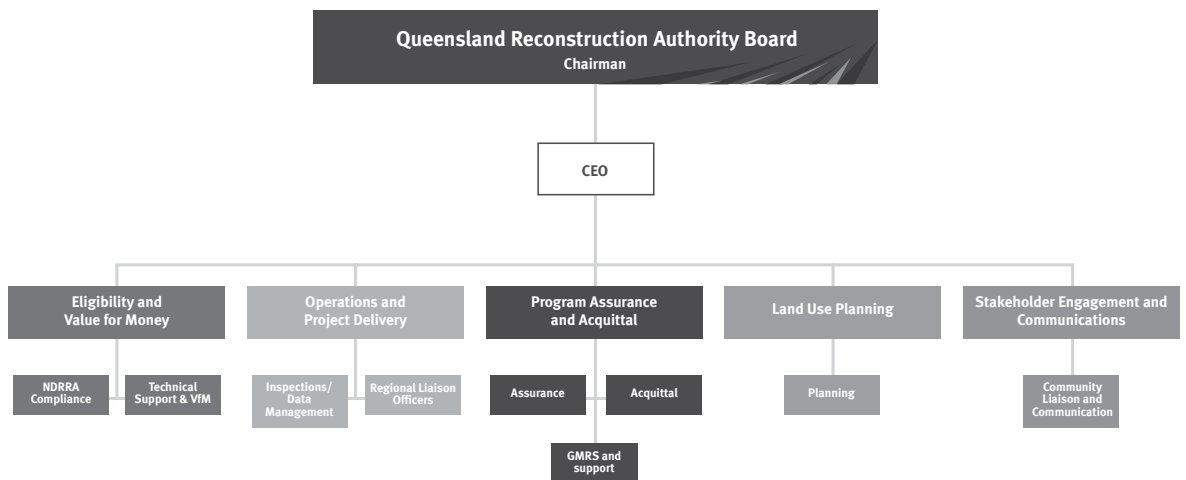
Brad Orgill worked with UBS, a Swiss headquartered but global investment bank, asset management and wealth management firm for 22 years, equally spent in Asia and Australia. He retired as Chairman and Country Head of UBS Australia, and member of the UBS AG Group Managing Board in 2008.

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.

Recently, Mr Orgill has been 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.



Structure



The creation of the Authority allowed for the first time the delivery of the reconstruction effort in a thoroughly coordinated manner. The current staffing function is harmonised to ensure the efficient focused delivery of the reconstruction program.

As progress has been achieved the tasks managed by the Authority have been rationalised and reduced, with the primary focus now on the delivery of the NDRRA combined reconstruction program by 30 June 2014.

Staffing

The Authority engages 101 public servants on interchange arrangements, as well as Australian Defence Force personnel, and contractors. The Authority encourages a work/life balance and also

complies with Directives and Awards which work in conjunction with the *Carers Recognition Act (2008)*.

The Authority adopts an internal performance management framework for both employees and managers/supervisors that utilises external consultants such as the Department of State Development, Infrastructure and Planning, as required. Talent recognition is demonstrated via the Authority's Intranet and weekly newsletter.

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 encourages work life balance by promoting flexible hours and leave arrangements, work from home and telecommuting arrangements.

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 2014
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 approved a Strategic Assurance Plan 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 plan. It has been designed to ensure that Assurance is an effective tool to assist the Authority's management in discharging its responsibilities under the National Partnership Agreement.

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 National Partnership Agreement.

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 submission, 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 organisation with similar functions.'

The Queensland Auditor-General also found that:

'Overall, the Governance arrangements directing the operations of the Authority and the Board are well-grounded in legislation and the National Partnership Agreement'.

Financial overview

The financial statements included in this annual report provide specific information regarding the Authority's activities for the year ended 30 June 2012 and the Authority's financial position at the end of the period.

Operating result

The Authority's operating result for 2011-12 was a surplus of \$635 million. The surplus relates to the receipt of funding in advance from the Queensland Government.

Revenues

Revenue predominately relates to funding from the Queensland Government from the proceeds from the Abbot Point Coal Terminal and also includes NDRRA grants from the Commonwealth Government and 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

The remaining unspent funds from the Commonwealth and Queensland Governments are being held in a separate bank account by the Authority. This account comprises approximately \$1.8 billion of funds which will be used to provide NDRRA grants in 2012-13. Remaining assets relate to GST refundable from the Australian Taxation Office (\$21.4 million) and other receivables due to the Authority.

Liabilities

Liabilities mainly relate to grants payable for QRAA and other State Agencies (\$25.2 million). The remaining liabilities relate to creditors and other payables due by the Authority.

Operating result	2012 \$'000	2011 \$'000
Grants	2,565,843	2,087,067
Other revenue	31,617	250
Total revenue	2,597,460	2,087,317
Grants	1,933,873	959,503
Contributions	1,603	
Employee expenses	12,856	3,055
Supplies and services	13,782	6,658
Other expenses	386	208
Total expenses	1,962,500	969,424
Operating Result	634,960	1,117,893

Balance Sheet	2012 \$'000	2011 \$'000
Cash and cash equivalents	1,761,227	1,040,048
Other Assets	23,095	111,926
Total Assets	1,784,322	1,151,974
Grants payable	25,181	28,800
Other liabilities	6,288	5,281
Total liabilities	31,469	34,081
Equity	1,752,853	1,117,893



financials



Queensland Reconstruction Authority

ABN 13 640 918 183

Financial Statements

For the year ended 30 June 2012

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Queensland Reconstruction Authority

Financial Statements

Purpose and scope of the financial statements

The 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 principal place of business is:

Level 9
119 Charlotte 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
 - 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 2012

	Note	2012 \$000	21 February to 30 June 2011 \$000
Income from continuing operations			
Grants	2	2,565,843	2,087,067
Other revenue	3	31,617	250
Total income from continuing operations		<u>2,597,460</u>	<u>2,087,317</u>
Expenses from continuing operations			
Grants	4	1,933,873	959,503
Contributions	5	1,603	–
Employee expenses	6	12,856	3,055
Supplies and services	8	13,782	6,658
Depreciation and amortisation	9	178	33
Other expenses	10	208	175
Total expenses from continuing operations		<u>1,962,500</u>	<u>969,424</u>
Operating result from continuing operations		<u>634,960</u>	<u>1,117,893</u>
Total comprehensive income		<u>634,960</u>	<u>1,117,893</u>

The accompanying notes form part of these financial statements

Queensland Reconstruction Authority

Statement of Financial Position

As at 30 June 2012

		2012	2011
	Note	\$000	\$000
Current assets			
Cash and cash equivalents	11	1,761,227	1,040,048
Receivables	12	22,935	111,696
Other current assets	13	–	1
Total current assets		<u>1,784,162</u>	<u>1,151,745</u>
Non-current assets			
Property, plant and equipment	14	160	229
Total non-current assets		<u>160</u>	<u>229</u>
Total assets		<u>1,784,322</u>	<u>1,151,974</u>
Current liabilities			
Payables	15	29,923	32,250
Accrued employee benefits	16	1,546	1,831
Total current liabilities		<u>31,469</u>	<u>34,081</u>
Total liabilities		<u>31,469</u>	<u>34,081</u>
Net assets		<u>1,752,853</u>	<u>1,117,893</u>
Equity			
Accumulated surpluses		1,752,853	1,117,893
Total equity		<u>1,752,853</u>	<u>1,117,893</u>

The accompanying notes form part of these financial statements

Queensland Reconstruction Authority
Statement of Changes in Equity

For the year ended 30 June 2012

	2012	21 February to 30 June 2011
	\$000	\$000
Opening Balance	1,117,893	–
Operating result from continuing operations	634,960	1,117,893
Closing Balance	<u>1,752,853</u>	<u>1,117,893</u>

The accompanying notes form part of these financial statements

Queensland Reconstruction Authority

Statement of Cash Flows

For the year ended 30 June 2012

		2012	21 February to 30 June 2011
	Note	\$000	\$000
Cash Flows from Operating Activities			
Inflows:			
Grants and other contributions		2,579,147	2,009,798
Interest received		–	250
GST collected from customers		172	17
GST input tax credits refunded from ATO		157,990	41,947
		<u>2,737,309</u>	<u>2,052,012</u>
Outflows:			
Grants and contributions		(1,866,463)	(915,099)
Payments to suppliers		(7,332)	(3,419)
Payments to employees		(12,928)	(1,120)
GST paid to suppliers		(129,299)	(92,187)
		<u>(2,016,022)</u>	<u>(1,011,825)</u>
Net cash provided by operating activities	17	<u>721,287</u>	<u>1,040,187</u>
Cash flows from investing activities			
Outflows:			
Payments for property, plant and equipment		(108)	(139)
Net cash used in investing activities		<u>(108)</u>	<u>(139)</u>
Net increase / (decrease) in cash held		721,179	1,040,048
Cash and cash equivalents at the beginning of reporting period		1,040,048	–
Cash and cash equivalents at end of reporting period	11	<u>1,761,227</u>	<u>1,040,048</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 2012

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 21 February 2013. 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.

The Authority works closely with local governments and communities to ensure the unique characteristics of each community are factored into the rebuilding process, while at the same time, coordinating government and non-government organisations to deliver the necessary services to assist communities in rebuilding.

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 2012.

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.

The Authority was established on 21 February 2011 as such, the comparatives in the financial statements represent balances for the period 21 February 2011 to 30 June 2011.

(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.

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2012

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.

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.

Assets received below fair value are recognised at their fair value at date of acquisition in accordance with AASB 116 Property, Plant and Equipment.

(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.

The Authority's operating bank account became part of the whole-of-Government offset facility as of 29 June 2011. Prior to this date, the Authority recognised interest on this account when earned. From the 29 June 2011, all 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 receipted but not banked at 30 June.

(f) Receivables

Other receivables relates to expenses reimbursable to the Authority and a grant advance that was not fully acquitted and is therefore repayable.

(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%
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Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2012

The Authority has been established for a life of two years. The building fit-out has a requirement to be rectified at lease end and so has an effective life to the end of the Authority. Plant and Equipment has no expected use post the Authority.

(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.

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 19.

(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 2012

(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 expected to be settled within 12 months of the reporting date and is recognised at its 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 Addendum (issued May 2011) 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 Chair 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 2012

2. Grants

Commonwealth Government Grants – NDRRA	533,800	2,050,000
Queensland Government Grants – operational funding	33,203	20,998
Queensland Government Grants – NDRRA	1,998,840	15,604
Services and assets received below fair value	–	465
Total	<u>2,565,843</u>	<u>2,087,067</u>

	2012	21 February to 30 June 2011
	\$000	\$000
Commonwealth Government Grants – NDRRA	533,800	2,050,000
Queensland Government Grants – operational funding	33,203	20,998
Queensland Government Grants – NDRRA	1,998,840	15,604
Services and assets received below fair value	–	465
Total	<u>2,565,843</u>	<u>2,087,067</u>
3. Other revenue		
Interest – Operating account	–	250
Donations	31,617	–
Total	<u>31,617</u>	<u>250</u>
4. Grants		
Local Government Authorities – NDRRA (a)	721,881	450,473
State Agencies – NDRRA (b)	1,183,539	459,454
State Agencies – Non NDRRA (c)	28,453	49,576
Total	<u>1,933,873</u>	<u>959,503</u>

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

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2012

4. Grants and other contributions

(a) Local government authorities – NDRRA

	2012	21 February to 30 June 2011
	\$000	\$000
Aurukun Shire Council	1,440	–
Balonne Shire Council	12,371	4,095
Banana Shire Council	18,725	7,200
Barcaldine Regional Council	6,031	2,117
Barcoo Shire Council	1,386	772
Blackall-Tambo Shire Council	9,257	2,914
Brisbane City Council	60,500	85,000
Boulia Shire Council	4,045	–
Bulloo Shire Council	7,710	828
Bundaberg Regional Council	8,649	7,186
Burdekin Shire Council	8,983	1,776
Burke Shire Council	–	4,125
Cairns Regional Council	13,504	5,895
Carpentaria Shire Council	5,000	2,700
Cassowary Coast Shire Council	40,087	19,958
Central Highlands Regional Council	36,655	13,203
Charters Towers Regional Council	12,927	–
Cherbourg Aboriginal Shire Council	140	96
Cloncurry Shire Council	457	1,016
Cook Shire Council	12,868	3,600
Croydon Shire Council	9	2,745
Diamantina Shire Council	5,981	3,978
Doomadgee Aboriginal Shire Council	473	–
Etheridge Shire Council	1,191	2,724
Flinder Shire Council	3,160	–
Fraser Coast Regional Council	6,282	2,195
Gladstone Regional Council	3,216	18,298
Goondiwindi Regional Council	11,622	2,858
Gympie Regional Council	16,441	3,703
Hinchinbrook Shire Council	19,952	17,154
Hope Vale Shire Council	379	712
Ipswich City Council	49,446	20,700
Isaac Regional Council	6,614	3,679
Kowanyama Aboriginal Shire Council	2,720	–
Lockyer Valley Regional Council	68,238	37,857
Logan City Council	40	–
Longreach Regional Council	879	–
Mackay Regional Council	37,397	4,433
Maranoa Regional Council	5,301	852
McKinlay Shire Council	2,908	936
Moreton Bay Regional Council	7,762	2,831
Mt Isa City Council	1,529	–
Murweh Shire Council	269	621
North Burnett Regional Council	9,213	3,135

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2012

4. Grants and other contributions

(a) Local government authorities – NDRRA – continued

	2012	21 February to 30 June 2011
	\$000	\$000
Northern Peninsula Area Regional Council	218	203
Palm Island Aboriginal Shire Council	7,881	891
Paroo Shire Council	3,296	–
Pompuraaw Aboriginal Shire Council	–	1,350
Quilpie Shire Council	2602	–
Redland City Council	–	849
Richmond Shire Council	319	383
Rockhampton Regional Council	10,249	18,663
Scenic Rim Regional Council	13,409	6,106
Somerset Regional Council	26,528	8,655
South Burnett Regional Council	–	25,943
Southern Downs Regional Council	–	13,198
Sunshine Coast Regional Council	952	694
Tablelands Regional Council	9,418	12,877
Toowoomba Regional Council	30,296	15,445
Torres Shire Council	501	65
Torres Strait Island Regional Council	2,612	–
Townsville City Council	25,456	25,200
Western Downs Regional Council	27,740	13,065
Whitsunday Regional Council	37,467	9,990
Winton Shire Council	–	2,277
Woorabinda Aboriginal Shire Council	889	323
Wujal Wujal Aboriginal Shire Council	288	309
Yarrabah Aboriginal Shire Council	–	2,095
Total	<u>721,881</u>	<u>450,473</u>

(b) State agencies – NDRRA

Department of Transport and Main Roads	939,627	193,000
Department of Public Works	–	6,904
Department of Education and Training	–	41,000
Department of Education, Training and Employment	6,119	–
Department of Employment, Economic Development and Innovation	–	7,160
Queensland Health	–	4,965
Southbank Corporation	–	8,110
Arts Queensland	(1,333)	14,749
Department of Communities	–	67,671
Department of Communities, Child Safety and Disability Services	2,025	–
Department of Environment and Resource Management	–	5,000
Department of Environment and Heritage Protection	5,902	–
QRAA	230,140	92,322
Department of Community Safety	–	18,468
Queensland Parliamentary Service	145	105
Queensland Police Service	812	–
Darling-Downs Moreton Rabbit Board	77	–
Department of Premier & Cabinet	26	–
Total	<u>1,183,539</u>	<u>459,454</u>

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2012

4. Grants and other contributions

(c) State agencies – Non NDRRA

	2012	21 February to 30 June 2011
	\$000	\$000
Department of Transport and Main Roads	6,067	28,800
Department of Education and Training	–	4,000
Department of Education, Training and Employment	7,715	–
Department of Communities	–	16,776
Department of Housing and Public Works	11,630	–
Department of Environment and Heritage Protection	3,041	–
	<u>28,453</u>	<u>49,576</u>
Total	<u>1,933,873</u>	<u>959,503</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 Natural Disaster Relief and Recovery Arrangement grants are required to be acquitted in accordance with the agreement and NDRRA requirements.

Non-NDRRA grants are for projects that the State Government has agreed to fund. 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>1,603</u>	<u>–</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 2012

6. Employee expenses

Employee benefits

Officer interchange	11,497	2,847
Wages and salaries	972	94
Recreational leave	61	7
Long service leave	1	–
Employer superannuation contributions	110	10
Board fees	26	19
Other employee benefits	80	30
	<u>12,747</u>	<u>3,007</u>

2012	21 February to 30 June 2011
\$000	\$000
11,497	2,847
972	94
61	7
1	–
110	10
26	19
80	30
<u>12,747</u>	<u>3,007</u>

Employee related expenses

Payroll tax	57	6
Other employee related expenses	52	42
	<u>109</u>	<u>48</u>

57	6
52	42
<u>109</u>	<u>48</u>

Total

12,856 **3,055**

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	84	83
QRA employees	5	1

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2012

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 2011-12 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>	21/02/2011 – Appointed

b) Remuneration

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

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 2012

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 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	409	30	8	46	–	493
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	563	43	8	58	–	672

For the period 21 February 2011 to 30 June 2011						
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	136	11	2	15	–	164
Chair	–	–	–	–	–	–
Board Member	3	–	–	1	–	4
Board Member	3	–	–	1	–	4
Board Member	3	–	–	1	–	4
Board Member	3	–	–	1	–	4
Board Member	2	–	–	1	–	3
Total	150	11	2	20	–	183

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2012

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

	2012	21 February to 30 June 2011
	\$000	\$000
Contractors - short-term staffing	3,513	3,108
Contractors - project related	3,048	1,373
IT Managed Services	3,817	417
Occupancy costs	73	36
Operating lease rentals	886	266
Services received below fair value	–	342
Travel	521	167
Supplies and consumables	981	341
Other supplies and services	943	608
Total	<u>13,782</u>	<u>6,658</u>

9. Depreciation and amortisation

Plant and equipment	178	33
Total	<u>178</u>	<u>33</u>

10. Other expenses

Audit fees – external	185	150
Insurance premiums – Queensland Government Insurance Fund	23	25
Total	<u>208</u>	<u>175</u>

External audit fees relate to the estimated cost of the Queensland Audit Office external audits of the financial statements of the Authority for 2012 of \$35,000 (2011; \$50,000) and the 2009-10, 2010-11 and 2011-12 NDRRA Commonwealth Certificates (2012; \$150,000, 2011; \$100,000).

11. Cash and cash equivalents

Cash at bank – NDRRA	1,790,960	1,057,092
Cash at bank – Operating Account	(29,733)	(17,044)
Total	<u>1,761,227</u>	<u>1,040,048</u>

An overdraft facility was approved on 29 June 2011 to a limit of \$60.2 million in relation to the payment of Non-NDRRA grants. Funding will be provided from State Consolidated Funds.

The effective interest rate on the Authority's bank account during the period was approximately 0% (2011 - 0.5%). See note 1(d).

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

For the year ended 30 June 2012

12. Receivables

	2012	21 February to 30 June 2011
	\$000	\$000
Other receivables	1,575	169
Prepayments	–	104
Grants receivable	–	61,200
GST receivable	21,360	50,223
Total	<u>22,935</u>	<u>111,696</u>

13. Other current assets

Rental bond	–	1
Total	<u>–</u>	<u>1</u>

14. Property, plant and equipment

Plant and equipment

At cost	370	262
Less: accumulated depreciation	(210)	(33)
Total	<u>160</u>	<u>229</u>

Property, plant and equipment reconciliation

	Plant and equipment	Total
Carrying amount at 30 June 2011	229	229
Additions	109	109
Disposals	–	–
Depreciation	(178)	(178)
Carrying amount at 30 June 2012	<u>160</u>	<u>160</u>

Carrying amount at 21 February 2011	–	–
Additions*	262	262
Disposals	–	–
Depreciation	(33)	(33)
Carrying amount at 30 June 2011	<u>229</u>	<u>229</u>

* Additions include an amount of \$123,000 being donated assets (refer note 1(c))

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2012

15. Payables

	2012	21 February to 30 June 2011
	\$000	\$000
Trade creditors	1,659	2,811
Grants payable	25,181	28,800
Other payables	3,083	639
Total	<u>29,923</u>	<u>32,250</u>

16. Accrued employee benefit

Officer interchange costs payable	1,393	1,824
Recreation leave	61	7
Long service leave	92	–
Total	<u>1,546</u>	<u>1,831</u>

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

Operating surplus/(deficit)	634,960	1,117,893
<i>Adjustment for non-cash items</i>		
Assets received below fair value	–	(123)
Depreciation and amortisation	178	33
<i>Changes in assets and liabilities</i>		
Change in receivables	88,761	(111,696)
Change in other current assets	–	(1)
Change in payables	(2,327)	32,250
Change in accrued employee benefits	(285)	1,831
Net cash flow from operating activities	<u>721,287</u>	<u>1,040,187</u>

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

For the year ended 30 June 2012

18. Commitments for expenditure

(a) Non-Cancellable Operating Lease

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

Not later than one year
 Later than one year and not later than five years
 Later than five years
Total

2012	21 February to 30 June 2011
\$000	\$000
635	1,013
–	638
–	–
<u>635</u>	<u>1,651</u>

Operating leases are entered into as a means of acquiring access to office accommodation. Operating lease terms expire in February 2013 in line with the date the Authority will cease to operate.

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2012

19. 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

	2012	21 February to 30 June 2011
	\$000	\$000
Cash and cash equivalents	1,761,227	1,040,048
Receivables	22,935	111,696
Total	<u>1,784,162</u>	<u>1,151,744</u>
Financial liabilities measured at amortised cost:		
Payables	31,316	34,074
Total	<u>31,316</u>	<u>34,074</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

Cash and Cash Equivalents	1,761,227	1,040,048
Receivables	22,935	111,696
Total	<u>1,784,162</u>	<u>1,151,744</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 2012

19. 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 2011-12 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. An overdraft facility has been established to provide for the occasions where non NDRRA payments are made that exceed funds available.

All financial liabilities disclosed in the financial statements for 2011-12 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.

20. 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.

21. Going Concern

The Queensland Reconstruction Authority was established under the Queensland Reconstruction Authority Act 2011 on 21 February 2011. Under section 139, the Act is due to expire on 21 February 2013.

The current government is reviewing options in relation to the Authority's operations.

The ability of the Authority to continue as a going concern beyond 21 February 2013 is dependent upon the amendment of the Act and extension of the expiry date.

Each of the Authority's assets and liabilities were classified as current at 30 June 2012, with the exception of physical assets, reflecting the fact that the Authority may not continue. Assets and liabilities are reported at amounts which management anticipate to realise should the Authority be dissolved. No adjustments have been made to reported balances.

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 2012 and of the financial position of the Authority at the end of that year.

Graeme Newton
Chief Executive Officer



Signature
Date 21 August 2012

Richard Wilson AO
Major General (Ret'd)
Chair



Signature
Date 21 August 2012

INDEPENDENT AUDITOR'S REPORT

To the Board of Queensland Reconstruction Authority

Report on the Financial Report

I have audited the accompanying financial report of Queensland Reconstruction Authority, which comprises the statement of financial position as at 30 June 2012, 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 2011 to 30 June 2012 and of the financial position as at the end of that year.

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

Without modifying my opinion, attention is drawn to Note 21 to the financial report, which identifies that the *Queensland Reconstruction Authority Act 2011* will expire on 21 February 2013 unless amended. Consequently, significant uncertainty exists as to whether the Authority will be able to continue as a going concern past the current expiry date.

Other Matters - Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Queensland Reconstruction Authority for the year ended 30 June 2012. Where the financial report is included on Queensland Reconstruction Authority's website the Board is responsible for the integrity of Queensland Reconstruction Authority's website and I have not been engaged to report on the integrity of Queensland Reconstruction Authority's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or otherwise included with the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

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



P G SHIPPERLEY FCPA
(as delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane



requirements



Annual Report Requirements

Summary of requirement	Basis for requirement	Annual report reference	
Accessibility	Table of contents	ARRs – section 8.1	5
	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
	Government Information Licensing Framework (GILF) Licence	<i>Government Information Licensing Framework (GILF) QGEA Policy</i> ARRs – section 8.5	4
	Disclosure of additional information	ARRs – section 17	4
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister(s)	ARRs – section 9	3
General information	Introductory Information	ARRs – section 10.1	6-7
	Agency role and main functions	ARRs – section 10.2	8
	Operating environment	ARRs – section 10.3	8
	External scrutiny	ARRs – section 10.4	19
	Machinery of government changes	ARRs – section 10.5	n/a
	Review of proposed forward operations	ARRs – section 10.6	n/a
Non-financial performance	Government objectives for the community	ARRs – section 11.1	8
	Council of Australian Government (COAG) initiatives	ARRs – section 11.3	11
	Agency objectives and performance indicators	ARRs – section 11.4	8-9
	Agency services and service standards	ARRs – section 11.5	9
Financial performance	Summary of financial performance	ARRs – section 12.1	10, 20
	Chief Finance Officer (CFO) statement	ARRs – section 12.2	n/a
Governance – management and structure	Organisational structure	ARRs – section 13.1	18
	Executive management	ARRs – section 13.2	18
	Related entities	ARRs – section 13.3	n/a
	Schedule of statutory authorities or instrumentalities	ARRs – section 13.4	n/a
	Boards and committees	ARRs – section 13.5	13-17
	<i>Public Sector Ethics Act 1994</i>	<i>Public Sector Ethics Act 1994</i> (section 23 and Schedule) ARRs – section 13.6	n/a
Governance – risk management and accountability	Risk management	ARRs – section 14.1	19
	Audit committee	ARRs – section 14.2	19
	Internal Assurance	ARRs – section 14.3	19
	Carers (Recognition) Act 2008	<i>Carers (Recognition) Act 2008</i>	18
Governance – human resources	Workforce planning, attraction and retention	ARRs – section 15.1	18
	Early retirement, redundancy and retrenchment	<i>Directive No. 17/09 Early Retirement, Redundancy and Retrenchment</i> ARRs – section 15.2	n/a
	Voluntary Separation Program	ARRs – section 15.3	n/a
Financial statements	Certification of financial statements	<i>FAA – section 62</i> <i>FPMS – sections 42, 43 and 50</i> ARRs – section 16.1	45
	Independent Auditors Report	<i>FAA – section 62</i> <i>FPMS – section 50</i> ARRs – section 16.2	46
	Remuneration disclosures	<i>Financial Reporting Requirements for Queensland Government Agencies</i> ARRs – section 16.3	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
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
Baralba 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.



