

2013-14



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

September 2014

Dear Minister,

I am pleased to present the Annual Report 2013-2014 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](http://www.qldreconstruction.org.au)

Yours sincerely



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

# Accessibility

This Annual Report provides information about the Queensland Reconstruction financial and non-financial performance for 2013-2014. It has been prepared in accordance with the *Financial Accountability Act 2009*.

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](http://www.qldreconstruction.org.au)

*The Queensland Reconstruction Authority Annual Report 2013-2014*

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](http://www.qldreconstruction.org.au)

*Additional information is available online and on the Queensland Government Open Data website, [www.qld.gov.au/data](http://www.qld.gov.au/data)*

### 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 2014

Security classification	Public
Date of review of security classification	September 2014
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 .....	50

## Message from the Chair

### **I am pleased to present the Queensland Reconstruction Authority's Annual Report for the 2013-14 financial year.**

This year, as the recovery from the events of 2010-12 neared completion, Queensland was again hit by natural disasters.

Since January 2014, 46 councils across the state have been activated for natural disaster relief and recovery assistance, with many eligible for several different events. These natural disasters, including Tropical Cyclone Ita, which crossed the coast near Cape Flattery in April 2014 as the strongest cyclone in three years, have combined to cause damage forecast at \$450 million.

Through the collective efforts of the Commonwealth, State and Local Governments working together with their respective communities, the Authority's capability in disaster recovery and reconstruction has continued to increase with each successive disaster event. The application of lessons learned has translated to new systems and streamlined processes that have undoubtedly improved community recovery. Together with a reduction in the average assessment times for submissions, and more effective engagement and coordination, the overall result on the ground is better reconstruction outcomes, delivered more quickly.

While the completion of the 2011 and 2012 works programs on 30 June 2014 is an unprecedented achievement that the Authority should proudly celebrate, it is still, from a broader Government perspective, just another milestone on a longer

journey towards finalising the close-out and acquittal of the total combined works program.

Looking forward, our key priorities will be to ensure the ongoing delivery of state-wide NDRRA reconstruction works, reporting on their progress and managing close-outs and acquittals. To assist councils to build more resilient public infrastructure, we will also monitor the progress and expenditure of the Australian and Queensland Governments' Betterment funding.

Our damage assessment operations will continue to capture and monitor the progress of reconstruction in natural disaster affected areas and the Authority will continue to operate a Regional Liaison Officer network to engage with reconstruction delivery agents across the state.

While the achievements of this year are significant, it is important that the Queensland Reconstruction Authority continues to build strong foundations that will effectively support Queensland's disaster reconstruction efforts 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 2013-14 financial year.**

On 30 June 2014, Queensland's reconstruction effort reached the most significant milestone since our establishment. It was the date that works to repair damage from the natural disasters of 2010-11 and 2012 had to be completed. Since 2011, the Authority looked towards this date as the pinnacle of the reconstruction effort.

The Authority has been instrumental in helping our local councils and state agency partners to deliver the biggest reconstruction program in Australia's history – an \$8.3 billion program of works. It was delivered on time and for less than the original estimated cost.

In June, the Minister for Local Government, Community Recovery and Resilience, David Crisafulli announced the completion of the 2011 and 2012 programs and acknowledged the work of the Queensland Reconstruction Authority, Queensland Government agencies and local councils.

This year's delivery of works prefaces the Authority's next priority, the acquittal of the program of works associated with the 2010-11 and 2012 events.

This year has also seen the completion of the audit certificates for 2012-13, acquitting \$2.7 billion in funds, the largest close-out ever achieved in Australia for NDRRA.

The resilience of Queensland assets has been increased under the Betterment Fund, an initiative that was introduced by the Queensland Government. Recent reports indicate many betterment projects around the state are already complete, and those impacted by natural disasters this year have demonstrated resilience. Building back these roads and other assets in a more resilient way will result in positive ongoing benefits for Queensland communities.

In the year ahead, the Authority remains committed to its objective of building and supporting a resilient Queensland and delivering best practice expenditure of public reconstruction funds.



Graeme Newton

Chief Executive Officer  
**Queensland Reconstruction Authority**

# Overview

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

### Purpose

The Queensland Reconstruction Authority (the Authority) was established under the *Queensland Reconstruction Authority Act 2011* following the unprecedented natural disasters which struck Queensland over the summer months of 2010-11. The Authority's role was extended to cover historical 2009 and 2010 disaster events, and events of 2012. The *Queensland Reconstruction Authority Amendment Act 2013* provided for the Authority to include disaster events of 2013 and 2014.

The Authority manages and coordinates the Government's program of infrastructure reconstruction within disaster affected communities. The program is the most significant disaster reconstruction program in Australia's history and the first time that a single Authority has been given responsibility to coordinate the delivery of multiple reconstruction efforts. 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.

As a result of the natural disaster events of 2014, the Authority is also working with affected local governments to assess and establish the scale of damage.

### Strategic Objectives

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

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

The Authority contributes to the Government objectives for the community. In particular:

- 'Restore accountability in Government' by reporting monthly to the State and Australian Governments 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
- 'Invest in better infrastructure and better planning' by coordinating all State-wide natural disaster relief and recovery reconstruction functions.

### Key Priorities 2014-2015

In 2014-15, the Authority's key priorities are to:

- Ensure the ongoing delivery of State-wide NDRRA reconstruction works, and report on their progress
- Manage close-out, acquittal and Australian Government reimbursement processes related to Queensland's natural disaster events for the relevant financial year
- Monitor progress and expenditure of the Australian and Queensland Governments' Betterment funding so councils can build more resilient public infrastructure
- 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.



## Achievements

In 2013-14, the Authority's key achievements were:

- Continued to actively manage and resource State-wide NDRRA reconstruction works, including works relating to Queensland's natural disaster events of 2013 and 2014, as well as report on their progress
- Managed the distribution of NDRRA funding for the approximately \$13.4 billion restoration and reconstruction program
- Managed close-out, acquittal and Australian Government reimbursement processes related to Queensland's natural disaster events for the relevant financial year
- Allocated \$80 million in Australian and Queensland Government Betterment funding relating to the 2013 event to councils so they can build more resilient public infrastructure
- Following 2013 events and the most recent disaster activations in 2014, the Authority's Damage Assessment and Reconstruction Monitoring system teams, in conjunction with the Queensland Fire and Emergency Services, conducted accelerated damage assessments of commercial, residential and council infrastructure in the worst hit areas
- Continued 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
- Finalised the transfer of State-wide floodplain mapping to the Department of Natural Resources and Mines.

## Performance Indicators and Service Standards

Queensland Reconstruction Authority	Notes	2013-14 Adjusted Budget	2013-14 Est. Actual	2014-15 Budget
<b>Service standards</b>				
Completion of the reconstruction as required by the Commonwealth Natural Disaster Relief and Recovery Arrangements	1	June 2014	June 2014	June 2015
Acquittal and finalisation of Natural Disaster Relief and Recovery Arrangement claims with the Commonwealth Government for the relevant financial year	2	June 2014	June 2014	June 2015
Compliance with legislated requirements to report the Authority's function and performance	3	100%	100%	100%

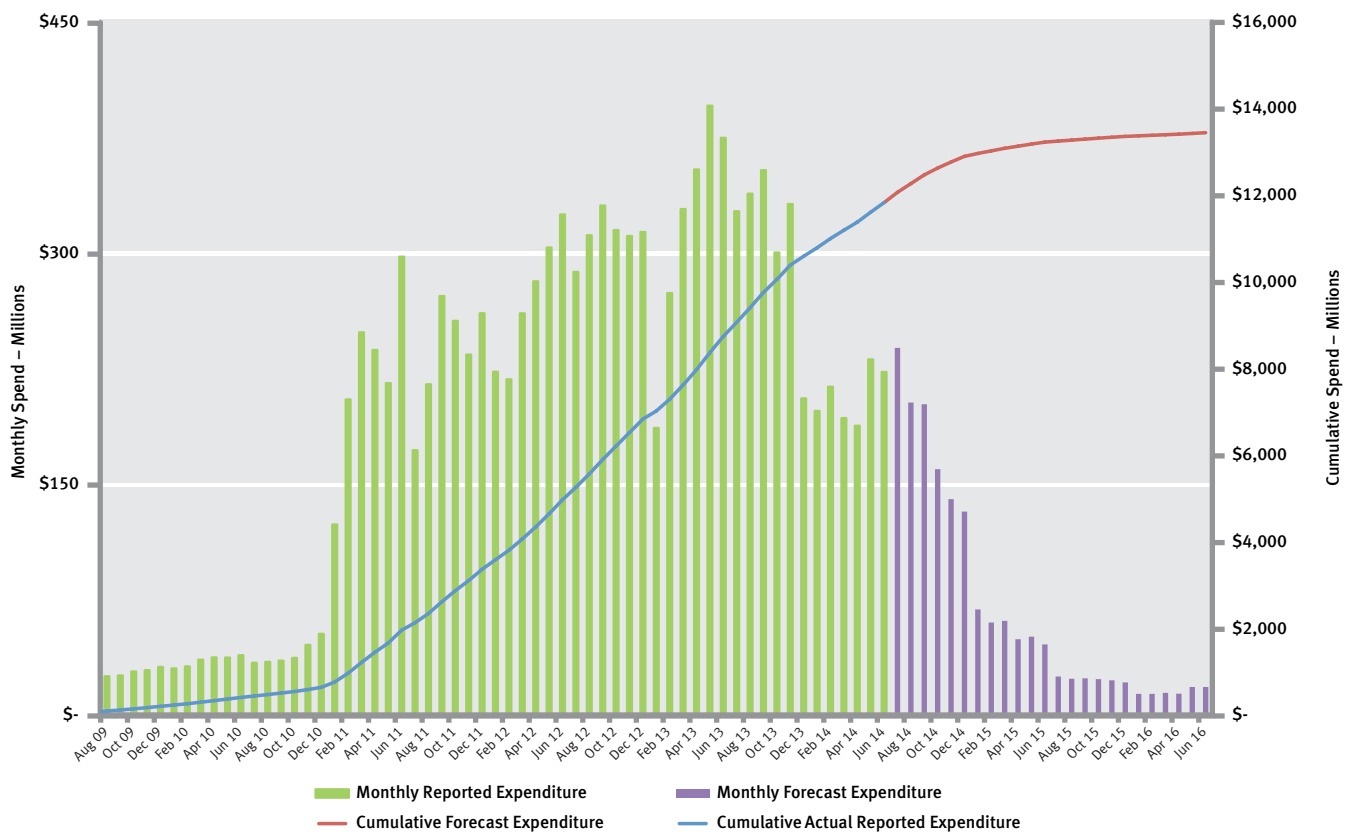
### Notes:

1. The Queensland Reconstruction Authority has been made responsible under ministerial direction for all NDRRA activated disaster events. Deadlines for completion are set by the Australian Government.
2. This relates to acquittal and finalisation of funds from the Australian Government for funds expended for the relevant financial year as required under the Commonwealth's NDRRA Determination.
3. Under the Queensland Reconstruction Authority Act 2011, the Authority is required to publicly provide monthly reports. These are available online at [www.qldra.org.au](http://www.qldra.org.au)

# 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 2016.

Approximately \$11.8 billion (88 per cent of the total \$13.4 billion works program) has been delivered, leaving 12 per cent of the program to be delivered between July 2014 and 30 June 2016.



# Governance

## Governance

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

## 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 NDRRA Determination. The arrangements provide financial assistance to States in the form of partial reimbursement of actual expenditure related to natural disaster events.

## 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 the QRA Board, the Australian Government Reconstruction Inspectorate and the Queensland Cabinet on the progress of recovery and reconstruction
  - Liaise with the State Disaster Recovery Coordinator and the Commonwealth National Disaster Recovery Taskforce as needed to ensure good integration.

### Australian Government Reconstruction Inspectorate

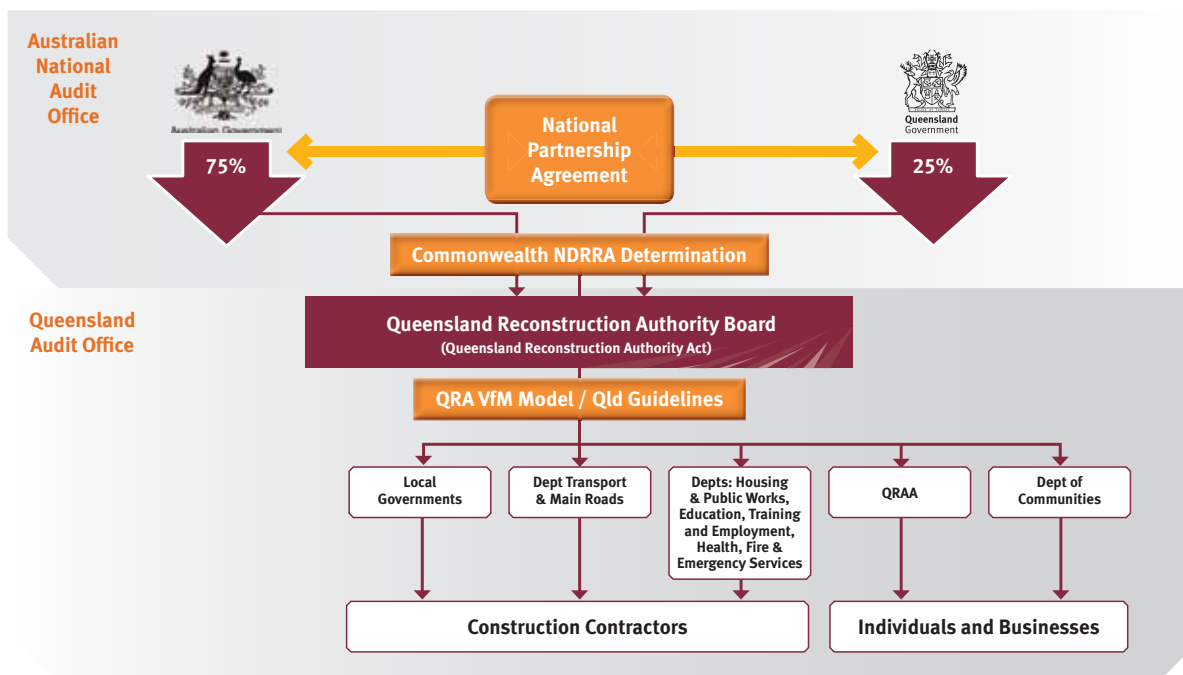
The governance arrangements in the Agreement established an Australian Government Reconstruction Inspectorate to oversee the reconstruction activity to provide assurance that value for money is being achieved in the expenditure of both Commonwealth and State funds.

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.

### Commonwealth National Disaster Recovery Taskforce

A Commonwealth National Disaster Recovery Taskforce was also established (located in the Department of Infrastructure and Regional Development). 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.

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 2013–14:

Date	
Tuesday	16 July 2013
Tuesday	20 August 2013
Tuesday	17 September 2013
Tuesday	15 October 2013
Tuesday	19 November 2013
Tuesday	17 December 2013
Tuesday	28 January 2014
Thursday	18 February 2014
Tuesday	18 March 2014
Tuesday	15 April 2014
Tuesday	20 May 2014
Tuesday	17 June 2014

Number of Board meetings attended:	Attended	Held
Chairman Maj. Gen. Richard Wilson (Ret'd)	12	12
Ms Lyn McLaughlin	11	12
Mr Stephen Golding	10	12
Mr Jim McKnulty (ceased 30/06/14)	9	12
Mr Brad Orgill	9	12
Mr Stephen Motti	10	12
Mr Mike Mrdak (commenced 30/01/14)	3	6
Ms Glenys Beauchamp (ceased 03/10/13)	2	3
Mr Brett Pointing (commenced 01/07/14)	–	–

**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 (July 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 Industry in September 2013. Prior to that she had been Secretary of the Department of Regional Australia, Local Government, Arts and Sport since 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.

**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' 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 was a member of the Advisory panel for the Regional Development Australia Fund and former 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 local authority planning practice.

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 is the current President of the Townsville Chamber of Commerce and is a Fellow of the Institute of Company Directors.

Stephen 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.



**Mike Mrdak**  
**Secretary, Department of Infrastructure and Regional Development**

Mr Mrdak was appointed Secretary of the Department on 29 June 2009, taking responsibility for managing the Department's portfolio interests, supporting the Australian Government's infrastructure agenda, national transport reform initiatives in the road, rail, aviation and maritime sectors and commitment to people living in our regions.

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

**Brett Pointing APM** (commenced 01/07/14)

**BA (Policing), MEd and graduate of the Federal Bureau of Investigation (USA) National Academy**

Deputy Commissioner Pointing joined the Queensland Police Service in 1978 as a Cadet and was inducted into the QPS in 1981. He performed general and criminal investigation duties in Brisbane and rural areas. In 1996 he was promoted to the rank of Inspector and in 2003 to the rank of Superintendent, District Officer, Gold Coast Police District.

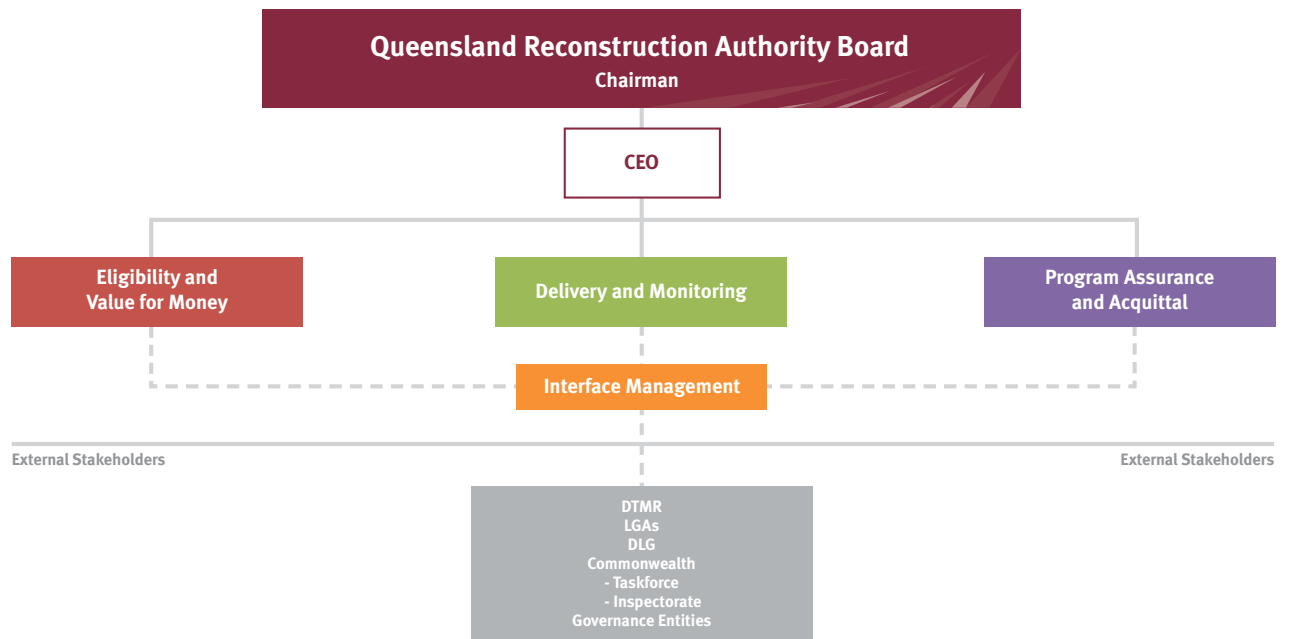
In the capacity of Assistant Commissioner he commanded the Metropolitan South Region, Operations Support Command and Metropolitan North Region. During the 2010-2011 Season of Disasters, Deputy Commissioner Pointing was appointed the Executive Officer to the State Disaster Coordination Group and played a pivotal role in coordinating the police response.

On 1 January 2013 Deputy Commissioner Pointing was appointed to his current position as the Disaster Recovery Coordinator for the Bundaberg and North Burnett Regional Council areas in the wake of Ex-tropical Cyclone Oswald.

He was awarded the Australian Police Medal in the 2008 Queen's Honours List. He has been awarded the Queensland Police Service Medal, National Service Medal, National Police Medal, National Emergency Medal, Meritorious Service Award and the Queensland Flood and Cyclone Citations.

On 5 October Deputy Pointing was appointed Commander of Operation Resolute leading the QPS response against Criminal Motorcycle Gangs.

# 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 on the delivery and acquittal 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 72.

As Authority staff are public servants 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.

All new Board members undergo an Induction session with the Chairman of the Board and are given an Induction Pack. It is a comprehensive resource that describes the Authority's governance, context and the duties and operations of the Board. It is an integral part of the Induction process and is regularly updated and communicated to ensure that Board members have ready access to the latest Board processes and policies. It includes information about the Code of Conduct and the application of ethics principles and obligations.

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 within the timeframes required by the Commonwealth Determination.
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 that 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 Recordkeeping

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 reports to Parliament on the results of Local Government entities' audit in 2011–12 and 2012–13, the Auditor General has noted that:

*'The 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 2014 and the Authority's financial position at the end of that period.

## Operating Result

The Authority's operating result for 2013-14 was a surplus of \$185 million. The surplus was a result of the receipt of NDRRA funding in advance of grants expenditure.

## 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.

## Liabilities

Liabilities mainly relate to creditors, accrued employee benefits and other payables due by the Authority relating to operational activities.

Statement of Comprehensive Income	2014 \$'000	2013 \$'000
Grants	3,653,961	1,361,920
Other revenue	1,792	13
<b>Total revenue</b>	<b>3,655,753</b>	<b>1,361,933</b>
Grants	3,439,010	2,882,245
Employee expenses	8,238	10,069
Supplies and services	22,199	18,853
Other expenses	1,013	376
<b>Total expenses</b>	<b>3,470,460</b>	<b>2,911,543</b>
<b>Total comprehensive income</b>	<b>185,293</b>	<b>(1,549,610)</b>

Statement of Financial Position	2014 \$'000	2013 \$'000
Cash and cash equivalents	297,650	165,471
Other assets	94,501	49,455
<b>Total assets</b>	<b>392,151</b>	<b>214,926</b>
Payables	2,248	10,327
Other liabilities	1,367	1,356
<b>Total liabilities</b>	<b>3,615</b>	<b>11,683</b>
<b>Equity</b>	<b>388,536</b>	<b>203,243</b>

financials



# Queensland Reconstruction Authority

ABN 13 640 918 183

## **Financial Statements**

For the year ended 30 June 2014

## Financial Statements

For the year ended 30 June 2014

# Contents

Purpose and Scope of the Financial Statements .....	24
Statement of Comprehensive Income.....	25
Statement of Financial Position .....	26
Statement of Changes in Equity.....	27
Statement of Cash Flows.....	28
Notes to and forming part of the Financial Statements .....	29
Management Certificate.....	47
Independent Audit Report.....	48

## 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 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 2014

	Note	2014 \$000	2013 \$000
<b>Income from continuing operations</b>			
Grants	2	3,653,961	1,361,920
Other revenue	3	1,792	13
<b>Total income from continuing operations</b>		<b><u>3,655,753</u></b>	<b><u>1,361,933</u></b>
<b>Expenses from continuing operations</b>			
Grants	4	3,439,010	2,882,245
Employee expenses	5	8,238	10,069
Supplies and services	7	22,199	18,853
Depreciation and amortisation	8	–	160
Other expenses	9	1,013	216
<b>Total expenses from continuing operations</b>		<b><u>3,470,460</u></b>	<b><u>2,911,543</u></b>
<b>Operating result from continuing operations</b>		<b><u>185,293</u></b>	<b><u>(1,549,610)</u></b>
<b>Total comprehensive income</b>		<b><u>185,293</u></b>	<b><u>(1,549,610)</u></b>

## Queensland Reconstruction Authority

### Statement of Financial Position

As at 30 June 2014

	Note	2014 \$000	2013 \$000
<b>Current assets</b>			
Cash and cash equivalents	10	297,650	165,471
Receivables	11	94,501	49,455
<b>Total current assets</b>		<b><u>392,151</u></b>	<b><u>214,926</u></b>
<b>Non-current assets</b>			
Property, plant and equipment	12	–	–
<b>Total non-current assets</b>		<b><u>–</u></b>	<b><u>–</u></b>
<b>Total assets</b>		<b><u>392,151</u></b>	<b><u>214,926</u></b>
<b>Current liabilities</b>			
Payables	13	2,248	10,327
Accrued employee benefits	14	1,367	1,326
<b>Total current liabilities</b>		<b><u>3,615</u></b>	<b><u>11,653</u></b>
<b>Non-current liabilities</b>			
Accrued employee benefits	14	–	30
<b>Total non-current liabilities</b>		<b><u>–</u></b>	<b><u>30</u></b>
<b>Total liabilities</b>		<b><u>3,615</u></b>	<b><u>11,683</u></b>
<b>Net assets</b>		<b><u>388,536</u></b>	<b><u>203,243</u></b>
<b>Equity</b>			
Accumulated surpluses		388,536	203,243
<b>Total equity</b>		<b><u>388,536</u></b>	<b><u>203,243</u></b>

The accompanying notes form part of these financial statements

## Queensland Reconstruction Authority

### Statement of Changes in Equity

For the year ended 30 June 2014

	2014 \$000	2013 \$000
<b>Opening Balance</b>	203,243	1,752,853
Operating result from continuing operations	185,293	(1,549,610)
<b>Closing Balance</b>	<b><u>388,536</u></b>	<b><u>203,243</u></b>

## Queensland Reconstruction Authority

### Statement of Cash Flows

For the year ended 30 June 2014

	Note	2014 \$000	2013 \$000
<b>Cash flows from operating activities</b>			
<b>Inflows:</b>			
Grants		3,633,777	1,361,933
Other revenue		1,690	–
GST collected from customers		134	88
GST refunded from ATO		301,131	261,919
		<b><u>3,936,732</u></b>	<b><u>1,623,940</u></b>
<b>Outflows:</b>			
Grants		(3,424,542)	(2,894,456)
Payments to suppliers		(27,252)	(25,308)
Payments to employees		(7,934)	(9,966)
GST paid to suppliers		(344,825)	(289,966)
		<b><u>(3,804,553)</u></b>	<b><u>(3,219,696)</u></b>
<b>Net cash provided by / (used in) operating activities</b>	<b>15</b>	<b><u>132,179</u></b>	<b><u>(1,595,756)</u></b>
<b>Cash flows from investing activities</b>			
<b>Outflows:</b>			
Payments for property, plant and equipment		–	–
<b>Net cash used in investing activities</b>		<b><u>–</u></b>	<b><u>–</u></b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b><u>132,179</u></b>	<b><u>(1,595,756)</u></b>
Cash and cash equivalents at the beginning of reporting period		165,471	1,761,227
<b>Cash and cash equivalents at end of reporting period</b>	<b>10</b>	<b><u>297,650</u></b>	<b><u>165,471</u></b>

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 2014

#### 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 recovers from the impacts of disaster events.

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

- Actively manage and resource State-wide Natural Disaster Relief and Recovery Arrangements (NDRRA) reconstruction works as well as report on their progress;
- Manage the distribution of NDRRA funding for the restoration and reconstruction program; and
- Manage close-out, acquittal and Commonwealth Government reimbursement processes related to Queensland's natural disaster events.

#### 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 2014.

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.

## Queensland Reconstruction Authority

### Notes to and forming part of the Financial Statements

For the year ended 30 June 2014

#### (c) Grants

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.

#### (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 expenditure reimbursable to the Authority.

#### (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.

## Queensland Reconstruction Authority

### Notes to and forming part of the Financial Statements

For the year ended 30 June 2014

#### **(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.

The Authority was originally established for a life of two years and plant and equipment has been depreciated on this basis. Refer Note 12.

#### **(k) 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.

#### **(l) 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.

#### **(m) 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 17.

#### **(n) 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(o).

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 2014

#### **(o) 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 or transferred within 12 months of the reporting date. The liability is recognised at its undiscounted value.

#### *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 6 for the disclosures on key executive management personnel and remuneration.

#### **(p) 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.

#### **(q) 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.



## Queensland Reconstruction Authority

### Notes to and forming part of the Financial Statements

For the year ended 30 June 2014

#### (r) 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.

#### (s) 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.

AASB 13 *Fair Value Measurement* became effective from reporting periods beginning on or after 1 January 2013. The standard sets out a new definition of 'fair value' as well as new principles to be applied when determining the fair value of assets and liabilities. The standard has required an increased amount of information to be disclosed in relation to fair value measurements for both assets and liabilities.

However, all the Authority's assets and liabilities are reported at cost, including Property, Plant and Equipment as permitted by AASB 116 *Property, Plant and Equipment*. Given the nature of the Authority's assets and liabilities, the Standard therefore has limited application to the Authority. Disclosures of Financial Assets (Receivables) and Financial Liabilities (Payables) are set out in the Financial Instrument note at Note 17.

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards with future commencement dates are as set out below:

AASB 1055 *Budgetary Reporting* applies from reporting periods beginning on or after 1 July 2014. The Authority will need to include in its 2014-15 financial statements the original budgeted figures from the Income Statement, Balance Sheet, Statement of Changes in Equity, and Cash Flow Statement as published in the 2014-15 Queensland Government's Service Delivery Statements. The budgeted figures will need to be presented consistently with the corresponding (actuals) financial statements, and will be accompanied by explanations of major variances between the actual amounts and the corresponding original budgeted figures.

## Queensland Reconstruction Authority

### Notes to and forming part of the Financial Statements

For the year ended 30 June 2014

	2014	2013
	\$000	\$000
<b>2. Grants</b>		
Commonwealth Government Grants – NDRRA	3,606,042	1,326,321
Queensland Government Grants – NDRRA	20,184	16,351
Queensland Government Grants – operational funding	27,735	19,248
<b>Total</b>	<b><u>3,653,961</u></b>	<b><u>1,361,920</u></b>

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

Expenditure reimbursed	1,792	13
<b>Total</b>	<b><u>1,792</u></b>	<b><u>13</u></b>

Expenditure reimbursed relates to revenue from on-charging Authority expenditure to other Government Departments and Agencies in accordance with pre-agreed arrangements.

### 4. Grants

Local Government Authorities (a)	1,203,326	1,127,085
State Agencies – NDRRA (b)	2,234,394	1,706,912
State Agencies – Non NDRRA (c)	1,290	48,248
<b>Total</b>	<b><u>3,439,010</u></b>	<b><u>2,882,245</u></b>

## Queensland Reconstruction Authority

### Notes to and forming part of the Financial Statements

For the year ended 30 June 2014

	2014	2013
	\$000	\$000
<b>4. Grants</b>		
<b>(a) Local government authorities</b>		
Aurukun Shire Council	1,635	2,933
Balonne Shire Council	35,946	34,586
Banana Shire Council	8,006	18,884
Barcaldine Regional Council	7,539	7,400
Barcoo Shire Council	3,873	4,545
Blackall-Tambo Regional Council	12,405	150
Brisbane City Council	66,268	26,573
Boulia Shire Council	1,060	2,152
Bulloo Shire Council	8,160	6,834
Bundaberg Regional Council	64,392	46,467
Burdekin Shire Council	20,028	13,303
Burke Shire Council	2,289	5,748
Cairns Regional Council	13,458	8,259
Carpentaria Shire Council	21,905	23,649
Cassowary Coast Regional Council	54,811	38,871
Central Highlands Regional Council	11,365	41,024
Charters Towers Regional Council	20,612	34,018
Cherbourg Aboriginal Shire Council	272	323
Cloncurry Shire Council	4,963	6,181
Cook Shire Council	22,743	41,758
Croydon Shire Council	9,621	7,819
Diamantina Shire Council	9,409	2,954
Doomadgee Aboriginal Shire Council	3,679	1,634
Etheridge Shire Council	7,619	6,254
Flinders Shire Council	12,537	4,804
Fraser Coast Regional Council	5,998	12,233
Gladstone Regional Council	46,566	23,190
Gold Coast City Council	2,006	–
Goondiwindi Regional Council	5,238	4,944
Gympie Regional Council	12,234	20,699
Hinchinbrook Shire Council	27,213	57,918
Hope Vale Aboriginal Shire Council	2,318	2,273
Ipswich City Council	6,496	25,906
Isaac Regional Council	37,278	10,564
Kowanyama Aboriginal Shire Council	5,987	3,262
Lockhart River Aboriginal Shire Council	1,477	7,512
Lockyer Valley Regional Council	40,377	45,150
Logan City Council	2,451	–
Longreach Regional Council	2,244	2,399
Mackay Regional Council	44,687	45,756
Mapoon Aboriginal Shire Council	848	402
Maranoa Regional Council	41,223	35,662
Mareeba Shire Council	1,406	–
McKinlay Shire Council	4,035	3,632
Moreton Bay Regional Council	11,736	10,663
Mt Isa City Council	–	541
Murweh Shire Council	43,518	21,787
Napranum Aboriginal Shire Council	207	774
North Burnett Regional Council	76,120	24,955

## Queensland Reconstruction Authority

### Notes to and forming part of the Financial Statements

For the year ended 30 June 2014

#### 4. Grants

##### (a) Local government authorities – continued

	2014	2013
	\$000	\$000
Northern Peninsula Area Regional Council	2,847	410
Quilpie Shire Council	14,657	2,824
Palm Island Aboriginal Shire Council	11,046	3,759
Paroo Shire Council	26,740	20,291
Pormpuraaw Aboriginal Shire Council	2,497	6,118
Redland City Council	630	441
Richmond Shire Council	10,166	10,382
Rockhampton Regional Council	11,369	3,082
Scenic Rim Regional Council	30,616	26,686
Somerset Regional Council	34,740	41,342
South Burnett Regional Council	37,518	24,663
Southern Downs Regional Council	27,546	7,388
Sunshine Coast Regional Council	5,414	145
Tablelands Regional Council	16,702	10,075
Toowoomba Regional Council	26,815	81,979
Torres Shire Council	1,088	514
Torres Strait Island Regional Council	3,270	–
Townsville City Council	20,560	66,291
Western Downs Regional Council	58,208	10,060
Whitsunday Regional Council	7,818	60,620
Winton Shire Council	3,830	–
Woorabinda Aboriginal Shire Council	1,121	1,011
Wujal Wujal Aboriginal Shire Council	249	481
Yarrabah Aboriginal Shire Council	1,621	1,178
<b>Total</b>	<b><u>1,203,326</u></b>	<b><u>1,127,085</u></b>

##### (b) State agencies – NDRRA

Department of Communities, Child Safety and Disability Services	60,043	49,101
Department of Community Safety	1,357	3,115
Department of Education, Training and Employment	9,598	3,496
Department of Environment and Heritage Protection	–	191
Department of Agriculture, Fisheries and Forestry	5,528	696
Department of National Parks, Recreation, Sports and Racing	20,557	124
Department of Natural Resources and Mines	3,075	848
Department of Premier & Cabinet	–	8
Department of Housing and Public Works	7,713	17,718
Department of Transport and Main Roads	1,996,575	1,537,802
Department of State Development, Infrastructure and Planning	8	310
Department of Science, Information Technology, Innovation and the Arts	616	(13)
Department of Justice and Attorney-General	1	300
Gladstone Ports Corporation	4,607	–
Public Safety Business Agency	3,774	–
QRAA (Grants)	61,765	65,700
QRAA (Loans)	20,184	16,351
Queensland Health	17,066	5,368
Queensland Parliamentary Service	–	17
Queensland Police Service	6,041	4,252
Queensland Urban Utilities	14,574	–
Southbank Corporation	589	1,528
Unity Water	723	–
<b>Total</b>	<b><u>2,234,394</u></b>	<b><u>1,706,912</u></b>

## Queensland Reconstruction Authority

### Notes to and forming part of the Financial Statements

For the year ended 30 June 2014

	2014	2013
	\$000	\$000
<b>(c) State agencies – Non NDRRA</b>		
Department of Agriculture, Fisheries and Forestry	–	58
Department of Housing and Public Works	1,290	46,706
Department of National Parks, Recreation, Sports and Racing	–	1,484
<b>Total</b>	<b><u>1,290</u></b>	<b><u>48,248</u></b>
<b>Total Grants</b>	<b><u>3,439,010</u></b>	<b><u>2,882,245</u></b>

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. Employee expenses

##### *Employee benefits*

Officer interchange	6,548	8,210
Wages and salaries	1,199	1,372
Recreational leave	20	22
Long service leave	60	37
Employer superannuation contributions	118	136
Board fees	24	25
Other employee benefits	86	87
	<b><u>8,055</u></b>	<b><u>9,889</u></b>

##### *Employee related expenses*

Payroll tax	122	111
Other employee related expenses	61	69
	<b><u>183</u></b>	<b><u>180</u></b>
<b>Total</b>	<b><u>8,238</u></b>	<b><u>10,069</u></b>

Refer Note 1(n) and 1(o)

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	64	74
QRA employees	8	10
<b>Total</b>	<b><u>72</u></b>	<b><u>84</u></b>

## Queensland Reconstruction Authority

### Notes to and forming part of the Financial Statements

For the year ended 30 June 2014

#### 6. 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 2013–14 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>	1 new member commenced on 30/01/2014 1 member ceased on 30/06/2014 and another on 3/10/2013

##### 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 Local Government, Community Recovery and Resilience. The remuneration of the Chair is set by the Governor in Council. The Chair is engaged directly by the Authority.

Board members were remunerated in 2013-14 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 2014

#### 6. 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 2014						
Position	Short-term employee benefits		Long-term employee benefits	Post employment benefits	Termination benefits	Total
	Base	Non-monetary benefits				
	\$'000	\$'000				
Chief Executive Officer	381	30	8	51	–	470
Chair#	82	–	–	6	–	88
Board Member	5	–	–	–	–	5
Board Member	3	–	–	–	–	3
Board Member	4	–	–	–	–	4
Board Member	4	–	–	–	–	4
Board Member	4	–	–	–	–	4
<b>Total</b>	<b>483</b>	<b>30</b>	<b>8</b>	<b>57</b>	<b>–</b>	<b>578</b>

One board member was not remunerated as they are a Commonwealth public sector employee.

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				
Chief Executive Officer <sup>^</sup>	373	30	8	47	–	458
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
<b>Total</b>	<b>613</b>	<b>49</b>	<b>8</b>	<b>65</b>	<b>–</b>	<b>735</b>

\* 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.

<sup>^</sup> The comparative has been restated to reflect the payment of backpay.

One board member is not remunerated as they are a Commonwealth public sector employee.

##### c) Performance based payments

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

## Queensland Reconstruction Authority

### Notes to and forming part of the Financial Statements

For the year ended 30 June 2014

	<b>2014</b>	<b>2013</b>
	<b>\$000</b>	<b>\$000</b>
<b>7. Supplies and services</b>		
Contractors – short-term technical	16,939	12,779
IT Managed Services	2,669	3,060
Operating lease rentals	1,026	1,012
Travel	818	963
Supplies and consumables	494	599
Other supplies and services	231	380
Other Occupancy costs	22	60
<b>Total</b>	<b><u>22,199</u></b>	<b><u>18,853</u></b>
<b>8. Depreciation and amortisation</b>		
Plant and equipment	–	160
<b>Total</b>	<b>–</b>	<b><u>160</u></b>
<b>9. Other expenses</b>		
Audit fees – external	987	191
Insurance premiums – Queensland Government Insurance Fund	26	25
<b>Total</b>	<b><u>1,013</u></b>	<b><u>216</u></b>

External audit fees relate to the estimated cost of the Queensland Audit Office external audits of the financial statements of the Authority for 2014 of \$25,000 (2013: \$35,000) and the NDRRA Commonwealth Certificates (2012–13 and prior years) of \$962,000 (2013: \$156,000).



## Queensland Reconstruction Authority

### Notes to and forming part of the Financial Statements

For the year ended 30 June 2014

	2014	2013
	\$000	\$000
<b>10. Cash and cash equivalents</b>		
Cash at bank – NDRRA	291,867	155,474
Cash at bank – Operating Account	5,783	9,997
<b>Total</b>	<b><u>297,650</u></b>	<b><u>165,471</u></b>

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).

#### 11. Receivables

Accrued revenue	102	–
Other receivables	1,893	136
GST receivable	92,506	49,319
<b>Total</b>	<b><u>94,501</u></b>	<b><u>49,455</u></b>

#### 12. Property, plant and equipment

##### *Plant and equipment*

At cost	–	31
Less: accumulated depreciation	–	(31)
<b>Total</b>	<b><u>–</u></b>	<b><u>–</u></b>

## Queensland Reconstruction Authority

### Notes to and forming part of the Financial Statements

For the year ended 30 June 2014

	2014 \$000	2013 \$000
<b>12. Property, plant and equipment (continued)</b>		
<b>Plant and equipment reconciliation</b>		
Carrying amount at 1 July	–	160
Additions	–	–
Disposals	–	–
Depreciation	–	(160)
Carrying amount at 30 June	<u>–</u>	<u>–</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.

#### 13. Payables

Trade creditors	1,279	3,021
Grants payable	–	6,089
Other payables	969	1,217
<b>Total</b>	<b><u>2,248</u></b>	<b><u>10,327</u></b>

#### 14. Accrued employee benefits

##### Current accrued employee benefits

Officer interchange costs payable	1,190	1,144
Recreation leave	86	83
Long service leave	91	99
<b>Total</b>	<b><u>1,367</u></b>	<b><u>1,326</u></b>

##### Non-Current accrued employee benefits

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

## Queensland Reconstruction Authority

### Notes to and forming part of the Financial Statements

For the year ended 30 June 2014

	2014 \$000	2013 \$000
<b>15. Reconciliation of operating surplus/(deficit) to net cash flow from operating activities</b>		
Operating surplus/(deficit)	185,293	(1,549,610)
<i>Adjustment for non-cash items</i>		
Depreciation and amortisation	–	160
<i>Changes in assets and liabilities</i>		
Change in receivables	(45,046)	(26,520)
Change in payables	(8,079)	(19,596)
Change in accrued employee benefits	11	(190)
<b>Net cash flow from operating activities</b>	<b><u>132,179</u></b>	<b><u>(1,595,756)</u></b>

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 those years. The net operating deficit for 2012–13 was funded from the prior year surpluses.

#### 16. 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	1,111	1,058
<b>Total</b>	<b><u>1,111</u></b>	<b><u>1,058</u></b>

Operating leases are entered into as a means of acquiring access to office accommodation. Operating lease terms expire in June 2015. Lease payments are fixed with a fixed rate review in October 2014.

## Queensland Reconstruction Authority

### Notes to and forming part of the Financial Statements

For the year ended 30 June 2014

#### 17. Financial instruments

##### (a) Categorisation of Financial Instruments

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

Category	Note	2014 \$000	2013 \$000
<b>Financial assets</b>			
Cash and cash equivalents	10	297,650	165,471
Receivables	11	94,501	49,455
<b>Total</b>		<b>392,151</b>	<b>214,926</b>
<b>Financial liabilities</b>			
Financial liabilities measured at amortised cost:			
Payables	13,14	3,438	11,471
<b>Total</b>		<b>3,438</b>	<b>11,471</b>

The Authority's activities expose it to a variety of financial risks – credit risk, liquidity risk and market risk. Financial risk management is implemented pursuant to Government policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the Authority.

All financial risk is managed by the Authority in conjunction with Queensland Treasury Corporation. The Authority measures risk exposure using a variety of methods:

Risk Exposure	Measurement Method
Credit risk	Ageing analysis
Liquidity risk	Ageing analysis
Market risk	Not applicable

##### (b) Credit Risk

Credit risk exposure refers to the situation where the Authority may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation. The maximum exposure to credit risk at balance date in relation to each class of 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		
<b>Financial Assets</b>		
Cash and Cash Equivalents	297,650	165,471
Receivables	94,501	49,455
<b>Total</b>	<b>392,151</b>	<b>214,926</b>

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 2014

#### 17. 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 2013–14 year.

No financial assets are past due or impaired.

##### *(c) Liquidity risk*

Liquidity risk refers to the situation where the Authority may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. 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 2013–14 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 (refer to note 1(s)).

#### 18. Events after the end of the Reporting Period

On 1 July 2014 board member Mr Jim McKnoulty was replaced by Mr Brett Pointing. No other 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.

## Queensland Reconstruction Authority

### Notes to and forming part of the Financial Statements

For the year ended 30 June 2014

#### **19. 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 30 June 2015.

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 30 June 2015 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 2014. 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 2014 and of the financial position of the Authority at the end of that year.

**Graeme Newton**  
Chief Executive Officer



Signature

Date : 19 Aug 2014

**Richard Wilson AO**  
Major General (Ret'd)  
Chair



Signature

Date : 19 August 2014

## 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 2014, 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 2013 to 30 June 2014 and of the financial position as at the end of that year.

### *Emphasis of Matter - Material Uncertainty Regarding Continuation as a Going Concern*

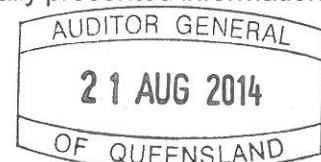
Without modifying my opinion, attention is drawn to Note 19 of the financial report, which identifies that the *Queensland Reconstruction Authority Act 2011* will expire on 30 June 2015 unless amended. Consequently, significant uncertainty exists as to whether the Authority will be able to continue as a going concern past the current expiry date.

### **Other Matters - Electronic Presentation of the Audited Financial Report**

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
<b>Letter of compliance</b>	A letter of compliance from the accountable officer or statutory body to the relevant Minister	ARRs – section 8 3
<b>Accessibility</b>	Table of contents	ARRs – section 10.1 5
	Public availability	ARRs – section 10.2 4
	Interpreter service statement	<i>Queensland Government Language Services Policy</i> ARRs – section 10.3 4
	Copyright notice	<i>Copyright Act 1968</i> ARRs – section 10.4 4
	Information Licensing	QGEA – Information Licensing ARRs – section 10.5 4
<b>General information</b>	Introductory Information	ARRs – section 11.1 6-7
	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
<b>Non-financial performance</b>	Government's objectives for the community	ARRs – section 12.1 8
	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, and service standards	ARRs – section 12.4 9
<b>Financial performance</b>	Summary of financial performance	ARRs – section 13.1 10, 20
<b>Governance – management and structure</b>	Organisational structure	ARRs – section 14.1 18
	Executive management	ARRs – section 14.2 18
	Related entities	ARRs – section 14.3 n/a
	Government bodies	ARRs – section 14.4 n/a
	<i>Public Sector Ethics Act 1994</i>	<i>Public Sector Ethics Act 1994 (section 23 and Schedule)</i> ARRs – section 14.5 18
<b>Governance – risk management and accountability</b>	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	ARRs – section 15.5 19
	Information systems and recordkeeping	ARRs – section 15.6 19
<b>Governance – human resources</b>	Workforce planning, attraction and retention, and performance	ARRs – section 16.1 18
	Early retirement, redundancy and retrenchment	Directive No.11/12 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 16.2 n/a
<b>Open Data</b>	Open Data	ARRs – section 17 4
<b>Financial statements</b>	Certification of financial statements	FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 18.1 47
	Independent Auditors Report	FAA – section 62 FPMS – section 50 ARRs – section 18.2 48
	Remuneration disclosures	<i>Financial Reporting Requirements for Queensland Government Agencies</i> ARRs – section 18.3 39
Compliance checklist		51

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 2013–14, to administer the Natural Disaster Relief and Recovery Arrangements for the below disaster events:

Event	Date Ministerial Direction Provided
North Stradbroke Island Fires – 29 December 2013	15 January 2014
Tropical Cyclone Dylan – 31 January 2014	12 February 2014
Tropical Cyclone Fletcher and associated rainfall and flooding – 2 February 2014	12 February 2014
North East Queensland Monsoonal Rainfall and Flooding – 7-9 February 2014	20 February 2014
Central and Western Queensland Flooding and Rainfall – 18-28 February 2014	12 March 2014
Tropical Cyclone Gillian – 10-11 March 2014	6 June 2014
Central Coast and Southern Queensland Trough – 26-30 March 2014	27 April 2014
Tropical Cyclone Ita and Associated Rainfall and Flooding – 11-14 April 2014	27 April 2014



