

Queensland Reconstruction Authority

Annual Report

2014-15





The Honourable Jackie Trad MP
Deputy Premier
Minister for Transport
Minister for Infrastructure, Local Government and Planning
Minister for Trade
Level 12, Executive Building
100 George Street
Brisbane QLD 4000

Dear Deputy Premier,

I am pleased to present the Annual Report 2014-15 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 51 of this annual report or accessed at 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 Authority's financial and non-financial performance for 2014-15. It has been prepared in accordance with the *Financial Accountability Act 2009*.

This report has been prepared for the Deputy Premier, Minister for Transport, Minister for Infrastructure, Local Government and Planning and Minister for Trade 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 2014-15

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

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Message from the Chair

I am pleased to present the Queensland Reconstruction Authority's (the Authority) Annual Report for the 2014-15 financial year.

As Queensland continued its recovery from the loss and damage of the natural disasters of recent years, including Tropical Cyclone Ita in 2014, Severe Tropical Cyclone Marcia hit central Queensland communities hard. It crossed the coast near Yeppoon and travelled south-west, with Livingstone, Rockhampton, Banana and North Burnett the most severely affected local government areas (LGAs).

Ultimately, 19 LGAs were activated under the Natural Disaster Relief and Recovery Arrangements (NDRRA) as a result of this Category 5 system.

This system was followed soon after by Tropical Cyclone Nathan that impacted Far North Queensland, including Cook Shire and a number of Indigenous councils on Cape York.

The Authority was quick to provide advice and assistance on the ground to these disaster affected communities while, at the same time, continuing to work hard to progress its ongoing state-wide program of major restoration and delivery. The added destructive burden of Marcia and associated events has expanded the combined program of works to the extent that, by June this year, the Authority had more than \$12.5 billion in projects either completed or underway across Queensland.

In addition to the Authority's crucial role facilitating recovery after natural disasters, the Authority has focused on the enormous task of acquitting the program of works associated with the 2010-11 and 2012 disaster

events. These works, necessarily completed by 30 June 2014, have generated the biggest acquittal of NDRRA funding in the nation's history – \$5.7 billion.

Over the next year, the focus of the Authority must remain firmly fixed on rebuilding Queensland communities and delivering value for money reconstruction outcomes across the state. At the same time, however, the Authority will need to be at the forefront of Queensland's response to federal disaster funding reforms.

Finally, in what has been a landmark year for the Authority, the organisation has now been established as a permanent feature of Queensland's recovery and reconstruction landscape. This new status provides greater scope for the Authority to bring its hard won experience to bear in ways that will ensure that natural disaster funding programs deliver even better and more far-reaching benefits for communities throughout Queensland.

A handwritten signature in black ink, appearing to read 'Richard Wilson', with a long horizontal flourish extending to the right.

Major General Richard Wilson (Ret'd)
Chair
Queensland Reconstruction Authority

Message from the CEO

The past year has seen many achievements for the Authority, including the completion of works associated with the 2013 disaster events. This includes 230 projects delivered under the Betterment Fund to improve infrastructure resilience around the state.

Some of these projects have already been tested by subsequent events, including Cyclone Marcia in 2015, with almost all undamaged or functional immediately following the events.

Of the completed Betterment projects, 71 were in the impact zone of eight separate natural disaster events, with 12 of the projects impacted by two subsequent events. The cost of rebuilding these assets to pre-disaster standard would have cost more than \$22 million in restoration funding. Thus, an investment in resilience of approximately \$16 million has led to an avoided cost of \$22 million in year two.

Following the success of the 2013 Betterment Fund, a \$20 million Betterment Fund has been approved in the wake of Tropical Cyclone Marcia to improve resilience in the impacted areas.

TC Marcia also saw the first-time use of a QRA-developed crowd-sourcing application to help monitor impacts on the ground through social media feeds.

The Authority continued to respond immediately following natural disaster events in 2014-15, including the Brisbane Severe Storm and cyclones Marcia and Nathan, providing assistance in undertaking Rapid Damage Assessments, as well as providing technical and engineering specialists to assist councils.

While the Authority was busy responding to natural disaster events, staff were also focused on completing

audit certificates for 2013-14. In finalising this claim — \$5.7 billion — the Authority more than doubled its record from the previous year for the largest close-out ever achieved in Australia for Natural Disaster Relief and Recovery Arrangements (NDRRA) programs.

On 11 June 2015 the ongoing need for the Authority was recognised when a legislative amendment was enacted to remove the expiry date from the *Queensland Reconstruction Authority Act 2011*, making the Authority a permanent feature of Queensland's disaster recovery operations. The stability created by permanency will stand us in good stead moving forward as we continue to reconnect, rebuild and improve Queensland communities following natural disasters.

We will also focus on outcomes of an independent review of the Authority's operations, which has been commissioned to determine the organisation's future role and strategic place in Queensland's disaster recovery environment, as well as outcomes following the Commonwealth Government's review of natural disaster funding arrangements.



Frankie Carroll
Chief Executive Officer
Queensland Reconstruction Authority

Overview

Vision

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* (the Act) following the unprecedented natural disasters that impacted Queensland over the summer months of 2010-11. The Authority's role has been subsequently extended to include historical disaster events from 2009 through to current natural disaster events.

The Authority manages and coordinates the Government's restoration of communities and infrastructure reconstruction within disaster affected communities. The Authority's role focuses on working with state and local government agencies to deliver value for money and accountable expenditure and acquittal of public reconstruction funds. Following a natural disaster event, the Authority also works with disaster-affected local governments to assess and establish the scale of damage.

The Authority has been made a permanent feature of Queensland's disaster recovery landscape. The Authority will continue to deliver accountable expenditure and acquittal of public reconstruction funds, and build a more resilient Queensland, as its permanent functions and strategic objectives are confirmed.

Strategic objectives

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

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

The Authority contributes to achieving whole-of-Government objectives for the community by:

- demonstrating accountability in the use of natural disaster funding, contributing to the Government's objective of providing integrity and accountability
- coordinating the rapid restoration of communities following natural disasters, contributing to the Government's objectives of creating jobs and a diverse economy, and building safe, caring and connected communities
- actively supporting local governments and state agencies in their delivery of reconstruction works, contributing to the Government's objective of delivering quality frontline services.

Key priorities 2015-16

- Ensure the ongoing delivery of state wide Natural Disaster Relief and Recovery Arrangements (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.
- 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 and consult with reconstruction delivery agents across the state, providing principal points of contact for each affected region.

The Authority will also contribute to the Queensland Government's response in relation to the Australian Government's review of natural disaster funding following the release of the Productivity Commission report, which recommended substantial changes to the way NDRRA funding is distributed and managed. The Authority will work with the Australian Government to minimise the impact of natural disaster funding reform on Queensland communities.

Achievements

In 2014-15, the Authority's key achievements were:

- Managing the close-out and acquittal of Queensland's NDRRA works completed to 30 June 2014 that principally comprised works from the natural disaster events of 2010-11 and 2012. At \$5.7 billion, it was the largest NDRRA claim in Australian history, and was submitted to the Commonwealth within the required timeframe.
- Continued to actively manage and resource state-wide NDRRA reconstruction works, including works relating to Queensland's natural disaster events of 2013, 2014 and 2015, and publicly report on their progress.
- In the aftermath of Tropical Cyclone Marcia and other disaster events in 2014-15, approximately half of the Authority's workforce participated in the immediate recovery effort, providing on-ground assistance to councils and undertaking rapid damage assessments of commercial, residential and council infrastructure in the worst hit areas, in conjunction with Queensland Fire and Emergency Services.
- Continued to provide active support for local councils through a Regional Liaison Officer network, engaging with delivery agents across the state, assisting with expertise and advice, and providing principal points of contact for each affected region.

With the removal of the Authority's cessation date, planning is being undertaken to ensure a focus on ongoing key priorities and deliverables as determined by government.

Performance Indicators and Service Standards

Queensland Reconstruction Authority	Notes	2014-15 Target/est.	2014-15 Est. actual	2015-16 Target/est.
Service area: Administration of Natural Disaster Relief and Recovery Arrangements funding				
Service standards				
<i>Effectiveness measures</i> Percentage of NDRRA reconstruction works completed within timeframes required by the Commonwealth Government within budget	1	100%	100%	100%
Prepare and submit NDRRA claims for the relevant financial year supported by unqualified independent audit opinion in order to maximise reimbursement for the Queensland Government	2	June 2015	March 2015	March 2016
<i>Efficiency measure</i> Immediate disaster recovery operating costs per \$ of new disaster event damage	3	New measure	0.25%	0.25%

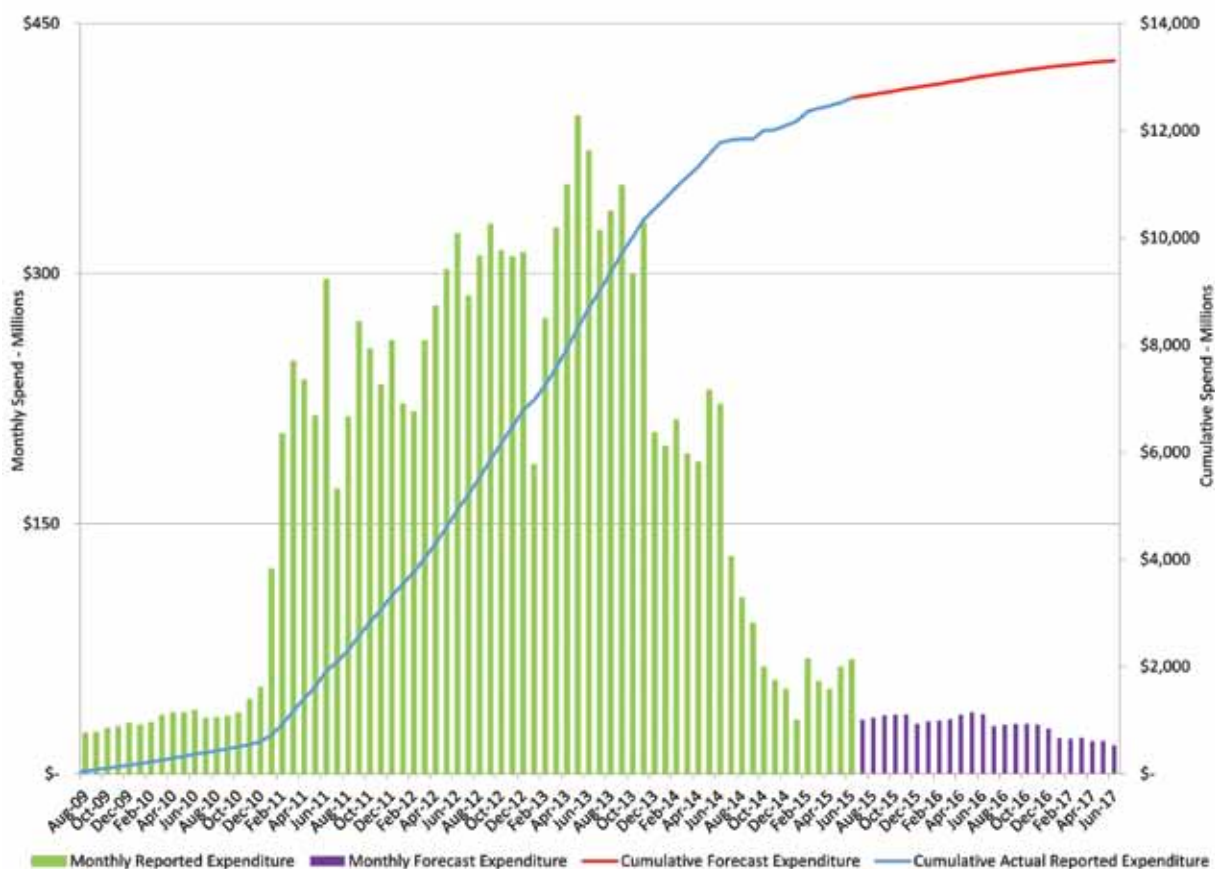
Notes:

1. Deadlines for completion of works eligible for reimbursement under NDRRA are set by the Commonwealth. The wording of this measure has been amended to increase clarity; the calculation methodology remains the same.
2. An unqualified audit opinion is required in order for works to be eligible for reimbursement from the Commonwealth Government. The wording of this measure has been amended to increase clarity; the calculation methodology remains the same.
3. New measure aimed at measuring the efficiency of resource allocation in immediate disaster response and recovery operations. Maintaining or reducing this measure will indicate efficient resource allocation.

Financial performance

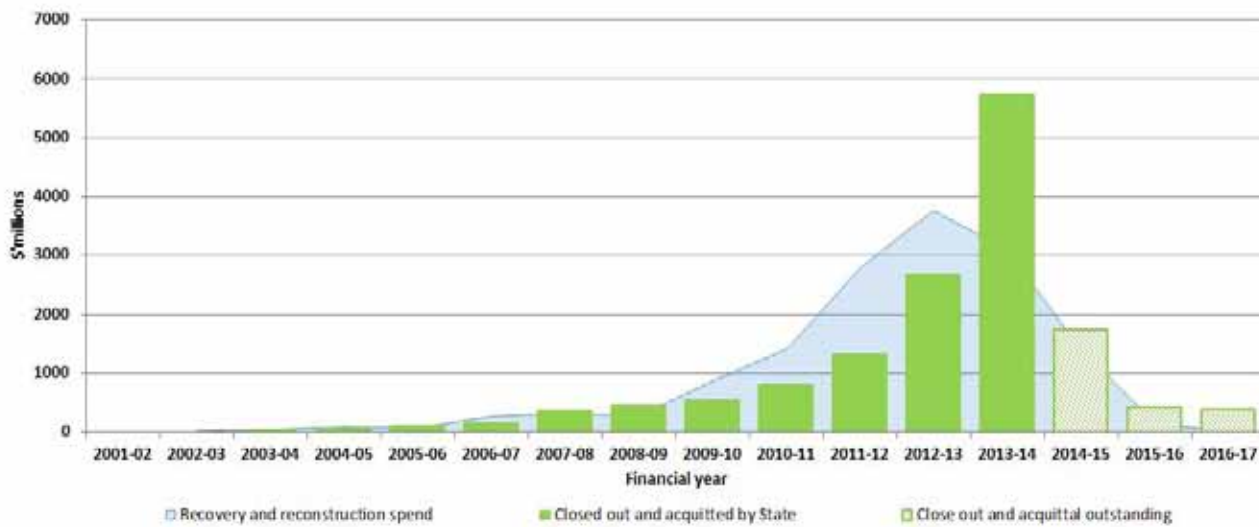
The estimated program of works for all events managed by the Authority is more than \$13 billion. Of this, more than \$12.5 billion has been delivered, with the remaining works in the program to be delivered by 30 June 2017.

The figure below represents the monthly expenditure (left) and estimated total costs (right) for all natural disaster events managed by the Authority. This also represents the value of works estimated to be delivered in the period to 30 June 2017.



Following submission of the 2013-14 claim worth \$5.7 billion in March 2015, approximately \$10.8 billion of the Authority's program of works has completed the State's acquittal processes and been submitted to the Commonwealth in audited claims.

The following graph shows the historical (since 2001-02) and projected NDRRA funding acquittal profile for Queensland based on claims submitted or expected to be submitted for reimbursement by the Commonwealth in order to finalise the more than \$13 billion program currently managed by the Authority.



Governance

Governance

The Authority reports to the Queensland Deputy Premier and Minister for Transport, Minister for Infrastructure, Local Government and Planning and Minister for Trade. The Authority also reports to the Queensland Reconstruction Board, chaired by Major General Richard Wilson AO (Ret'd), comprised of State, Federal and local government nominees.

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 Commonwealth Determination.

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, in February 2011 the Commonwealth and Queensland Governments, 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 provided for a number of governance arrangements specific to Queensland
- The Agreement identified that the Authority would:
 - 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 Queensland Reconstruction 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
- The NPA expired on 30 June 2015.

Australian Government Reconstruction Inspectorate

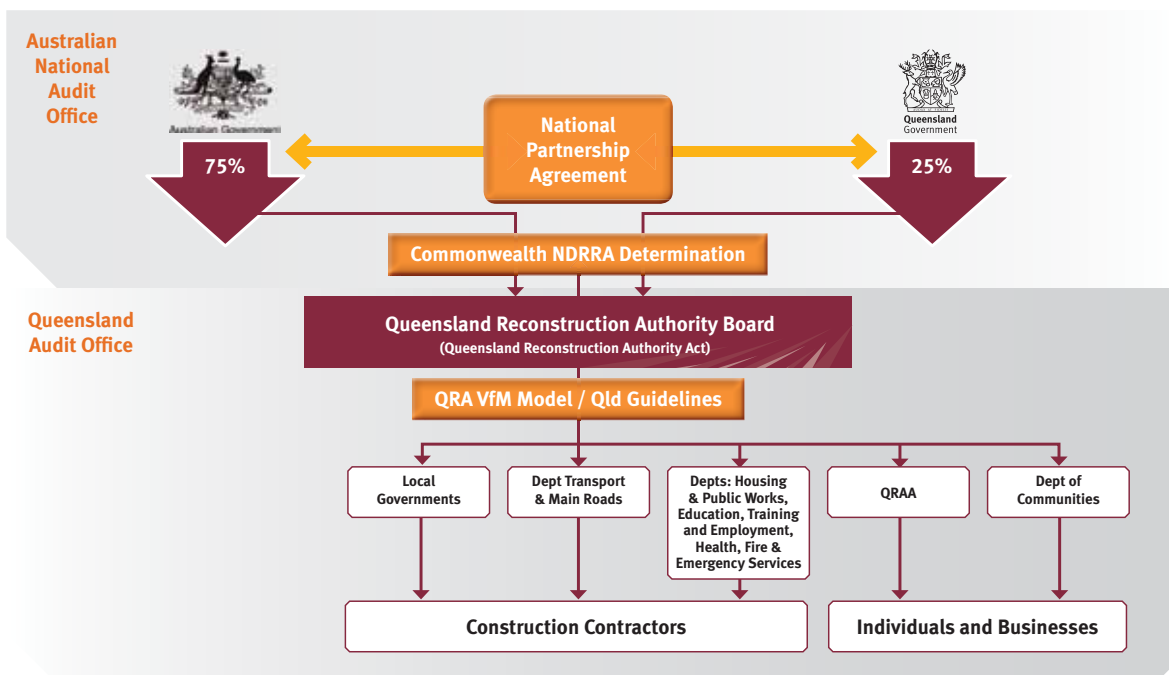
The governance arrangements in the NPA established an Australian Government Reconstruction Inspectorate to oversee the reconstruction activity to provide assurance that value for money was being achieved in the expenditure of both Commonwealth and State funds.

Commonwealth National Disaster Recovery Taskforce

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

The Australian Government Reconstruction Inspectorate and National Disaster Recovery Taskforce ceased operations on 30 June 2015.

Governance model



Board

Under the Act, the key purpose of the Queensland Reconstruction 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.

Board meetings for 2014-15:

Date	
Tuesday	15 July 2014
Tuesday	19 August 2014
Tuesday	16 September 2014
Tuesday	21 October 2014
Tuesday	18 November 2014
Tuesday	16 December 2014
Tuesday	27 January 2015
Thursday	17 February 2015
Tuesday	17 March 2015
Tuesday	21 April 2015
Tuesday	19 May 2015
Tuesday	16 June 2015

Number of Board Meetings	Attended:
Chairman Maj. Gen. Richard Wilson	12
Mr Steve Golding	12
Mr Brad Orgill	6
Mr Stephen Motti	11
Mr Mike Mrdak	2
Ms Lyn McLaughlin	11
Mr Brett Pointing	11

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 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 and has operational service which includes assignment with the United Nations Transitional Administration in East Timor (July 2001 – March 2002).

Major General Wilson is a graduate of the Royal Military College, Duntroon, the Australian Army Command and Staff College and the United States Army War College. His interests include reading military history, rugby and keeping fit.

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.

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 25 years' industry experience, specialising in development assessment and project delivery.

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.

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

Mike Mrdak
Secretary, Department of Infrastructure
and Regional Development

Mike Mrdak was appointed Secretary of the Department of Infrastructure and Regional Development, 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 is a primary school teacher, who served as 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 Chair of the Queensland Local Government Grants Commission, Deputy Chair of Regional Development Australia (Townsville and North West Queensland) and a member of the James Cook University Council.

Ms McLaughlin has also served as president, secretary and treasurer of numerous community, recreational and sporting organisations.

Brett Pointing APM
BA (Policing) MEd and graduate of the Federal Bureau of Investigation (USA) National Academy

Deputy Commissioner Brett Pointing joined the Queensland Police Service (QPS) 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.

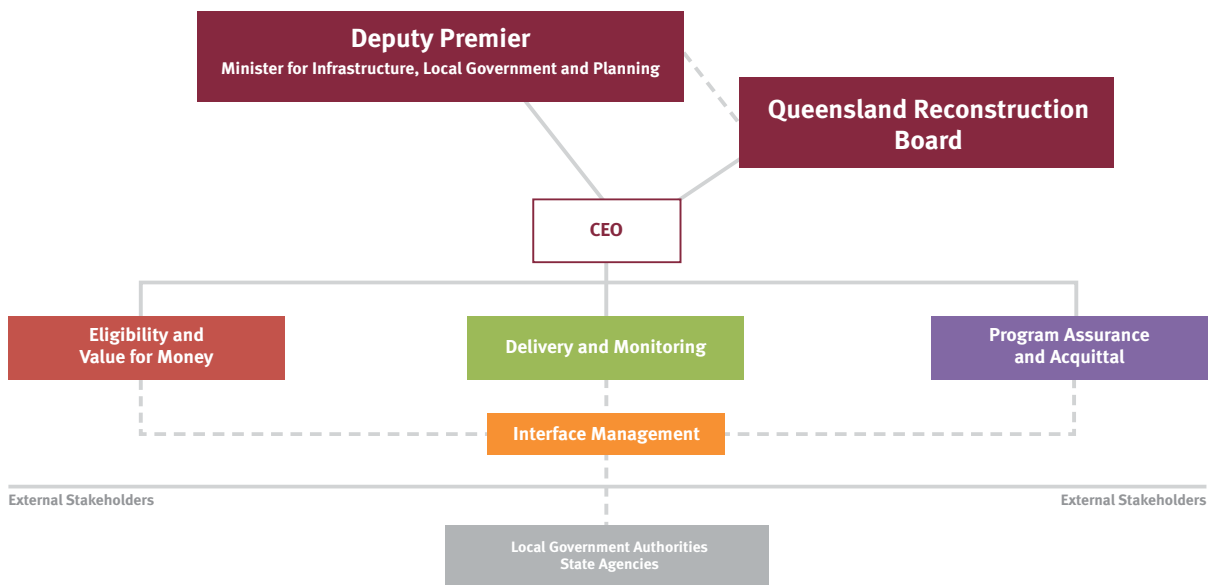
In the capacity of Assistant Commissioner he commanded the Metropolitan South Region, Operations Support Command and Metropolitan North Region. During the 2010-11 season of disasters, Deputy Commissioner Pointing was appointed the Executive Officer to the State Disaster Coordination Group and played a pivotal role in coordinating the police response.

On 1 January 2013 Deputy Commissioner Pointing was appointed to his current position of Deputy Commissioner, Regional Operations and later that month was appointed 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 2013 Deputy Commissioner Pointing was appointed Commander of Operation Resolute leading the QPS response against Outlaw Motor Cycle Gangs. Deputy Commissioner Pointing has also been appointed the Police Service Champion for Indigenous Issues and the Champion for Domestic Violence Issues.

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.

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 which work in conjunction with the *Carers Recognition Act (2008)*.

As Authority staff are largely 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 advisors, including the Public Service Commission.

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.

Risks

A detailed assessment of the Authority's strategic and operational risks has been undertaken. The significant risks associated with the Authority's core operations administering the NDRRA reconstruction program 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 2017.
3. Reimbursement risk – audit and acquittal of claims to gain reimbursement from the Commonwealth.

In addition, the Authority is currently managing risks associated with potential changes to future disaster funding arrangements by the Commonwealth, its change to being a permanent statutory authority and the outcomes of an independent review of the Authority's operations, which has been commissioned to determine the organisation's future role and strategic place in Queensland's disaster recovery landscape.

The Authority has developed a suite of mitigation measures to manage the key 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 internal audit and risk issues, and risks relating to the provision and acquittal of NDRRA funding.

A risk-based approach has been adopted in relation to the Authority's assurance activities to ensure they are an effective tool to assist the Authority's management in discharging its responsibilities under the NDRRA and NPA.

Information systems and record keeping

The Authority's electronic records management TRIM system is maintained in compliance with the *Public Records Act 2001* and the *Right to Information Act 2009*.

Staff employed in this area have high level skills in TRIM, data security, and 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 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'.

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

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

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

The Queensland Audit Office undertakes its audit of completed works that have been closed out by the Authority to certify that expenditure included in the Commonwealth Claim is eligible under the Determination.

Financial overview

The Financial Statements included in this annual report provide specific information regarding the Authority's activities for the year ended 30 June 2015 and the Authority's financial position at the end of that period.

Operating result

The Authority's operating result for 2014-15 was a deficit of \$63 million. The deficit was a result of the payment of NDRRA grant expenditure in this financial year using grant advances received in prior years.

Revenues

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

Expenses

Expenses predominantly relate to the payment of NDRRA grants to LGAs 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	2015 \$'000	2014 \$'000
Grants	1,012,867	3,653,961
Other revenue	933	1,792
Total revenue	1,013,800	3,655,753
Grants	1,044,060	3,439,010
Employee expenses	7,773	8,238
Supplies and services	23,527	22,199
Other expenses	1,469	1,013
Total expenses	1,076,829	3,470,460
Total comprehensive income	(63,029)	185,293

Statement of Financial Position	2015 \$'000	2014 \$'000
Cash and cash equivalents	309,165	297,650
Other assets	19,690	94,501
Total assets	328,885	392,151
Payables	2,329	2,248
Other liabilities	1,049	1,367
Total liabilities	3,378	3,615
Equity	325,507	388,536



financials

Queensland Reconstruction Authority

ABN 13 640 918 183

Financial Statements

For the Year Ended 30 June 2015

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Queensland Reconstruction Authority Statement of Comprehensive Income

For the year ended 30 June 2015

	2015	2014
Note	\$000	\$000
Income from continuing operations		
Grants	2 1,012,867	3,653,961
Other revenue	3 933	1,792
Total income from continuing operations	<u>1,013,800</u>	<u>3,655,753</u>
Expenses from continuing operations		
Grants	4 1,044,060	3,439,010
Employee expenses	5 7,773	8,238
Supplies and services	7 23,527	22,199
Other expenses	8 1,469	1,013
Total expenses from continuing operations	<u>1,076,829</u>	<u>3,470,460</u>
Operating result from continuing operations	<u>(63,029)</u>	<u>185,293</u>
Total comprehensive income	<u>(63,029)</u>	<u>185,293</u>

The accompanying notes form part of these financial statements

Queensland Reconstruction Authority

Statement of Financial Position

As at 30 June 2015

	Note	2015 \$000	2014 \$000
Current assets			
Cash and cash equivalents	9	309,195	297,650
Receivables	10	19,685	94,501
Other current assets		5	–
Total current assets		<u>328,885</u>	<u>392,151</u>
Non-current assets			
Property, plant and equipment	11	–	–
Total non-current assets		<u>–</u>	<u>–</u>
Total assets		<u>328,885</u>	<u>392,151</u>
Current liabilities			
Payables	12	2,329	2,248
Accrued employee benefits	13	989	1,367
Other current liabilities		24	–
Total current liabilities		<u>3,342</u>	<u>3,615</u>
Non-current liabilities			
Accrued employee benefits	13	36	–
Total non-current liabilities		<u>36</u>	<u>–</u>
Total liabilities		<u>3,378</u>	<u>3,615</u>
Net assets		<u>325,507</u>	<u>388,536</u>
Equity			
Accumulated surpluses		325,507	388,536
Total equity		<u>325,507</u>	<u>388,536</u>

Queensland Reconstruction Authority

Statement of Changes in Equity

For the year ended 30 June 2015

	2015	2014
Note	\$000	\$000
Opening balance	388,536	203,243
Operating result from continuing operations	(63,029)	185,293
Closing balance	<u>325,507</u>	<u>388,536</u>

The accompanying notes form part of these financial statements

Queensland Reconstruction Authority

Statement of Cash Flows

For the year ended 30 June 2015

	Note	2015 \$000	2014 \$000
Cash flows from operating activities			
Inflows:			
Grants		1,011,521	3,633,777
Other revenue		1,485	1,690
GST collected from customers		103	134
GST refunded from ATO		179,704	301,131
		<u>1,192,813</u>	<u>3,936,732</u>
Outflows:			
Grants		(1,041,424)	(3,424,542)
Payments to suppliers		(25,294)	(27,252)
Payments to employees		(7,715)	(7,934)
GST paid to suppliers		(106,835)	(344,825)
		<u>(1,181,268)</u>	<u>(3,804,553)</u>
Net cash provided by/(used in) operating activities	14	<u>11,545</u>	<u>132,179</u>
Net increase / (decrease) in cash and cash equivalents		<u>11,545</u>	<u>132,179</u>
Cash and cash equivalents at the beginning of reporting period		297,650	165,471
Cash and cash equivalents at end of reporting period	9	<u>309,195</u>	<u>297,650</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 2015

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 on 11 June 2015 was made a permanent statutory authority under the *Local Government and Other Legislation Amendment Act 2015*.

The Authority manages and coordinates the Government's restoration of communities and infrastructure reconstruction within disaster affected communities. The Authority's role focuses on working with State and Local Government agencies to deliver value for money and accountable expenditure and acquittal of public reconstruction funds. Following a natural disaster event, the Authority also works with disaster-affected Local Governments to assess and establish the scale of damage.

The Authority's objectives are to:

- demonstrate accountability in the use of natural disaster funding, contributing to the Government's objective of providing integrity and accountability
- coordinate the rapid restoration of communities following natural disasters, contributing to the Government's objectives of creating jobs and a diverse economy, and building safe, caring and connected communities
- actively support Local Governments and State Agencies in their delivery of reconstruction works, contributing to the Government's objective of delivering quality frontline services.

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

Level 11
400 George Street
BRISBANE QLD 4000

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2015

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* and to meet the requirements of Section 62 of the *Financial Accountability Act 2009*.

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 2015.

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

(b) Rounding and comparatives

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

(c) Grants

Grants received

Grants received by the Authority from the State Government 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, 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 is not exposed to interest rate risk as all interest earned is credited to State Consolidated Funds.

(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

Receivables are recognised at the amounts due at the time of service delivery. Settlement of these amounts is generally required within 30 days from invoice date.

(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 Queensland 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 2015

(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.

(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.

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.

(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.

(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 for which the Authority does not have an unconditional right to defer settlement, nor expect to settle or transfer, within 12 months of the reporting date is recognised at its undiscounted value as

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2015

a current liability. Long service leave expected to be paid later than 12 months has been measured at the present value of the estimated future cash outflows to be made for these entitlements accrued to balance date and recorded as a non-current liability. Commonwealth bond rates are used for discounting future cash flows.

Superannuation

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

(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) 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.

(r) 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. 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 1055 became effective from reporting periods beginning on or after 1 July 2014. In response to this new standard, the Authority has included in these financial statements a comprehensive new note 'Budget vs Actual Comparison' (Note 17). This note discloses the

Authority's original published budget figures for 2014-15 compared to actual results, with explanations of major variances, in respect of the Authority's Statement of Comprehensive Income, Statement of Financial Position, and Statement of Cash Flows.

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

For reporting periods beginning on or after 1 July 2016, the Authority will need to comply with the requirements of AASB 124 Related Party Disclosures. The accounting standard requires a range of disclosures about the remuneration of key management personnel, transactions with related parties/entities, and relationships between parent and controlled entities. The Authority already discloses information about the remuneration expenses for key management personnel (refer to note 6) in compliance with requirements from Queensland Treasury. Therefore, the most significant implications of AASB 124 for the Authority's financial statements will be potential disclosures to be made about transactions with related parties, including transactions with key management personnel or close members of their families.

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2015

2. Grants

	2015 \$000	2014 \$000
Queensland Government Grants – NDRRA	981,146	3,606,042
Queensland Government Grants – NDRRA (QRAA Loans)	1,346	20,184
Queensland Government Grants – operational funding	30,375	27,735
Total	<u>1,012,867</u>	<u>3,653,961</u>

3. Other revenue

Expenditure reimbursed	906	1,792
Other income	27	–
Total	<u>933</u>	<u>1,792</u>

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)	656,054	1,203,326
State Agencies – NDRRA (b)	388,006	2,234,394
State Agencies – Non NDRRA (c)	–	1,290
Total	<u>1,044,060</u>	<u>3,439,010</u>

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2015

4. Grants

(a) Local government authorities

	2015 \$000	2014 \$000
Aurukun Shire Council	2,170	1,635
Balonne Shire Council	2,896	35,946
Banana Shire Council	16,852	8,006
Barcaldine Regional Council	6,480	7,539
Barcoo Shire Council	4,692	3,873
Blackall-Tambo Regional Council	6,937	12,405
Brisbane City Council	43,156	66,268
Boulia Shire Council	2,672	1,060
Bulloo Shire Council	5,110	8,160
Bundaberg Regional Council	22,581	64,392
Burdekin Shire Council	2,999	20,028
Burke Shire Council	2,336	2,289
Cairns Regional Council	193	13,458
Carpentaria Shire Council	36,494	21,905
Cassowary Coast Regional Council	12,290	54,811
Central Highlands Regional Council	11,319	11,365
Charters Towers Regional Council	1,727	20,612
Cherbourg Aboriginal Shire Council	479	272
Cloncurry Shire Council	2,712	4,963
Cook Shire Council	35,515	22,743
Croydon Shire Council	6,599	9,621
Diamantina Shire Council	2,502	9,409
Doomadgee Aboriginal Shire Council	1,239	3,679
Douglas Shire Council	5,347	–
Etheridge Shire Council	7,600	7,619
Flinders Shire Council	6,064	12,537
Fraser Coast Regional Council	3,175	5,998
Gladstone Regional Council	42,737	46,566
Gold Coast City Council	271	2,006
Goondiwindi Regional Council	1,133	5,238
Gympie Regional Council	1,428	12,234
Hinchinbrook Shire Council	19,607	27,213
Hope Vale Aboriginal Shire Council	1,330	2,318
Ipswich City Council	4,535	6,496
Isaac Regional Council	12,944	37,278
Kowanyama Aboriginal Shire Council	5,790	5,987
Livingstone Shire Council	2,674	–
Lockhart River Aboriginal Shire Council	1,972	1,477
Lockyer Valley Regional Council	38,025	40,377
Logan City Council	2,123	2,451

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2015

(a) Local government authorities – continued

	2015 \$000	2014 \$000
Longreach Regional Council	3,909	2,244
Mackay Regional Council	17,442	44,687
Mapoon Aboriginal Shire Council	1,298	848
Maranoa Regional Council	9,824	41,223
Mareeba Shire Council	6,548	1,406
McKinlay Shire Council	7,145	4,035
Moreton Bay Regional Council	5,971	11,736
Mornington Shire Council	12,129	–
Mount Isa City Council	1,593	–
Murweh Shire Council	2,173	43,518
Napranum Aboriginal Shire Council	1,504	207
North Burnett Regional Council	15,163	76,120
Northern Peninsula Area Regional Council	1,755	2,847
Palm Island Aboriginal Shire Council	4,442	11,046
Paroo Shire Council	3,168	26,740
Porpuraaw Aboriginal Shire Council	4,639	2,497
Quilpie Shire Council	12,013	14,657
Redland City Council	206	630
Richmond Shire Council	3,846	10,166
Rockhampton Regional Council	5,504	11,369
Scenic Rim Regional Council	29,630	30,616
Somerset Regional Council	21,696	34,740
South Burnett Regional Council	6,367	37,518
Southern Downs Regional Council	5,862	27,546
Sunshine Coast Regional Council	1,526	5,414
Tablelands Regional Council	6,783	16,702
Toowoomba Regional Council	40,629	26,815
Torres Shire Council	420	1,088
Torres Strait Island Regional Council	2,343	3,270
Townsville City Council	6,917	20,560
Western Downs Regional Council	18,687	58,208
Whitsunday Regional Council	1,609	7,818
Winton Shire Council	6,163	3,830
Woorabinda Aboriginal Shire Council	109	1,121
Wujal Wujal Aboriginal Shire Council	19	249
Yarrabah Aboriginal Shire Council	317	1,621
Total	656,054	1,203,326

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2015

(b) State agencies – NDRRA

	2015 \$000	2014 \$000
Department of Agriculture and Fisheries	1,668	5,528
Department of Communities, Child Safety and Disability Services	2,924	60,043
Department of Community Safety (Former Department)	–	1,357
Department of Education and Training	–	9,598
Department of Energy and Water Supply	31	–
Department of National Parks, Sport & Racing	4,135	20,557
Department of Natural Resources and Mines	13,710	3,075
Department of the Premier & Cabinet	15	–
Department of Housing and Public Works	4,527	7,713
Department of Transport and Main Roads	352,709	1,996,575
Department of State Development, Infrastructure and Planning (Former Department)	(101)	8
Department of Science, Information Technology, and Innovation	20	616
Department of Justice and Attorney-General	–	1
Department of Tourism, Major Events, Small Business and the Commonwealth Games	2	–
Gladstone Ports Corporation	293	4,607
Public Safety Business Agency	99	3,774
QRAA (Grants)	2,434	61,765
QRAA (Loans)	1,346	20,184
Queensland Health	414	17,066
Queensland Fire & Emergency Services	2,169	–
Queensland Police Service	1,611	6,041
Queensland Urban Utilities	–	14,574
Southbank Corporation	–	589
Unity Water	–	723
Total	388,006	2,234,394

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2015

4. Grants

(c) State agencies – Non NDRRA

Department of Housing and Public Works

Total

Total Grants

	2015 \$000	2014 \$000
	–	1,290
Total	–	1,290
Total Grants	<u>1,044,060</u>	<u>3,439,010</u>

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

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

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

5. Employee expenses

Employee Benefits

Officer interchange

Wages and salaries

Recreation leave

Long service leave

Employer superannuation contributions

Board fees

Other employee benefits

Employee Related Expenses

Payroll tax

Other employee related expenses

Total

	5,961	6,548
	1,277	1,199
	63	20
	41	60
	133	118
	26	24
	86	86
	<u>7,587</u>	<u>8,055</u>
	151	122
	35	61
	<u>186</u>	<u>183</u>
Total	<u>7,773</u>	<u>8,238</u>

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

QRA employees

Total

	57	64
	8	8
Total	<u>65</u>	<u>72</u>

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2015

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 2014-15 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 Appointed by <i>Governor in Council</i>	Current CEO appointed 17/09/2014 following cessation of previous CEO on 16/09/2014
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>	Two Board Members nominated by the Commonwealth ceased on 30 June 2015*

*The Authority is awaiting the appointment of two new Board members (Commonwealth nominees).

b) Remuneration

The remuneration of the CEO and Chair are set by the Governor in Council. The CEO and Chair are engaged directly by the Authority.

Board members were remunerated in 2014-15 in accordance with the whole of Government policy *Remuneration Procedures for part-time chairs and members of Queensland 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 2015

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 2015						
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 *	78	6	1	14	15	114
Chief Executive Officer **	261	23	7	32	–	323
Chair	80	–	–	8	–	88
Board Member	6	–	–	–	–	6
Board Member	6	–	–	–	–	6
Board Member	6	–	–	–	–	6
Board Member	6	–	–	–	–	6
Total	443	29	8	54	15	549

* Previous CEO ceased role on 16/09/2014

** Current CEO appointed on 17/09/2014

Two board members are not remunerated as they are Public Sector employees.

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	\$'000	\$'000	\$'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
Total	483	30	8	57	–	578

One board member is not remunerated as they are a Public Sector employee.

c) Performance base 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 2015

	2015	2014
	\$000	\$000
7. Supplies and services		
Contractors	17,887	16,939
IT Managed Services	3,042	2,669
Occupancy costs	1,103	1,026
Travel	696	818
Supplies and consumables	597	494
Other supplies and services	173	231
Other Occupancy costs	29	22
Total	<u>23,527</u>	<u>22,199</u>

8. Other expenses

Audit fees – external	856	987
Insurance premiums – Queensland Government Insurance Fund	26	26
Return of grant income	574	–
Sundry expenses	13	–
Total	<u>1,469</u>	<u>1,013</u>

External audit fees relate to the estimated cost of the Queensland Audit Office external audits of the financial statements of the Authority for 2015 of \$25,000 (2014: \$25,000), and the NDRRA Commonwealth Certificates (2014-15, 2013-14 and prior years) of \$831,000 (2014: \$962,000).

Return of grant income relates to the return of unexpended grant funding to Queensland Treasury for a completed Non-NDRRA program.

9. Cash and cash equivalents

Cash at bank – NDRRA	302,399	291,867
Cash at bank – Operating Account	6,796	5,783
Total	<u>309,195</u>	<u>297,650</u>

10. Receivables

Accrued revenue	–	102
Other receivables	152	1,893
GST receivable	19,533	92,506
Total	<u>19,685</u>	<u>94,501</u>

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. No impairment loss has been recognised for the 2014-15 year. No financial assets are past due or impaired.

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2015

11. Property, plant and equipment

Plant and equipment

At cost

Less: accumulated depreciation

Total

2015	2014
\$000	\$000
31	31
(31)	(31)
<u>-</u>	<u>-</u>

12. Payables

Trade creditors

Other payables

Total

1,454	1,279
875	969
<u>2,329</u>	<u>2,248</u>

13. Accrued employee benefits

Current accrued employee benefits

Officer interchange costs payable

Recreation leave

Long service leave

Total

745	1,190
149	86
95	91
<u>989</u>	<u>1,367</u>

Non-Current accrued employee benefits

Long service leave

Total

36	-
<u>36</u>	<u>-</u>

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2015

	2015 \$000	2014 \$000
14. Reconciliation of operating surplus/(deficit) to net cash flow from operating activities		
<i>Operating surplus / (deficit)</i>	(63,029)	185,293
<i>Adjustment for non-cash items</i>		
Depreciation and amortisation	–	–
<i>Changes in assets and liabilities</i>		
Change in receivables	74,816	(45,046)
Change in other current assets	(5)	–
Change in payables	81	(8,079)
Change in accrued employee benefits	(342)	11
Change in other current liabilities	24	–
Net cash flow from operating activities	<u>11,545</u>	<u>132,179</u>

The Authority received NDRRA advance funding from the Commonwealth and State Governments in 2010-11, 2011-12 and 2013-14 resulting in surpluses reported in the financial statements for those years. The net operating deficit for 2014-15 was funded from the prior year surpluses.

15. Commitments for expenditure

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	1,223	1,111
Later than one year and not later than five years	4,355	–
Total	<u>5,578</u>	<u>1,111</u>

Operating leases are entered into as a means of acquiring access to office accommodation. Operating lease terms expire in September 2019. Lease payments are fixed with a fixed rate review in October of each year.

16. Events after the end of the Reporting Period

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 2015

17. Budget vs Actual Comparison

Statement of Comprehensive Income		Original budget 2015 \$'000	Actual 2015 \$'000	Variance \$'000	Variance % of budget
	Variance Note				
Income from continuing operations					
Grants	1	1,851,828	1,012,867	(838,961)	(45)
Other revenue		–	933	933	100
Total income from continuing operations		1,851,828	1,013,800	(838,028)	(45)
Expenses from continuing operations					
Grants	2	1,821,453	1,044,060	777,393	43
Employee expenses	3	11,633	7,773	3,860	33
Supplies and services	4	17,862	23,527	(5,665)	(32)
Depreciation and amortisation		–	–	–	–
Other expenses	5	880	1,469	(589)	(67)
Total expenses from continuing operations		1,851,828	1,076,829	(774,999)	(42)
Operating result from continuing operations		–	(63,029)	(63,029)	(100)
Total comprehensive income		–	(63,029)	(63,029)	(100)

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2015

17. Budget vs Actual Comparison (continued)

Statement of Financial Position		Original budget 2015 \$'000	Actual 2015 \$'000	Variance \$'000	Variance % of budget
	Variance Note				
Current assets					
Cash and cash equivalents	6	165,471	309,195	143,724	87
Receivables	7	49,467	19,685	(29,782)	(60)
Other current assets		–	5	5	100
Total current assets		214,938	328,885	113,947	53
Non-current assets					
Property, plant and equipment		–	–	–	–
Total non-current assets		–	–	–	–
Total assets		214,938	328,885	113,947	53
Current liabilities					
Payables	8	10,339	2,329	8,010	77
Accrued employee benefits		1,327	989	338	25
Other current liabilities		–	24	(24)	(100)
Total current liabilities		11,666	3,342	8,324	71
Non-current liabilities					
Accrued employee benefits		30	36	(6)	(20)
Total non-current liabilities		30	36	(6)	(20)
Total liabilities		11,696	3,378	8,318	71
Net assets		203,242	325,507	122,265	60
Equity					
Accumulated surpluses	9	203,242	325,507	122,265	60
Total equity		203,242	325,507	122,265	60

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2015

17. Budget vs Actual Comparison (continued)

Statement of Cash Flows	Variance Note	Original budget 2015 \$'000	Actual 2015 \$'000	Variance \$'000	Variance % of budget
Cash flows from operating activities					
Inflows:					
Grants	10	1,851,828	1,011,521	(840,307)	(45)
Other revenue	11	168,348	181,292	12,944	8
Outflows:					
Grants	12	(1,821,453)	(1,041,424)	780,029	43
Payments to suppliers	13	(186,210)	(130,815)	55,395	30
Payments to employees	14	(11,633)	(7,715)	3,918	34
Other	15	(880)	(1,314)	(434)	(49)
Net cash provided by/(used in) operating activities		–	11,545	11,545	100
Net increase / (decrease) in cash and cash equivalents		–	11,545	11,545	100
Cash and cash equivalents at the beginning of reporting period		165,471	297,650	132,179	80
Cash and cash equivalents at end of reporting period		<u>165,471</u>	<u>309,195</u>	<u>143,724</u>	<u>87</u>

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2015

17. Budget vs Actual Comparison (continued)

Explanations of Major Variances

Statement of Comprehensive Income

1. Grants income 2015 actual is below 2015 budget as the cost of completed NDRRA works by Local Government Authorities and State Agencies was less than originally estimated (see 2) and the Authority required less funding to reimburse them.
2. Grants expenses 2015 actual is below 2015 budget (variance \$777 million) due to eligible reconstruction works claimed and completed by Local Government Authorities (LGAs) and State Departments and Agencies (SDAs) during the year being less than originally estimated at the time the budget was prepared. \$506 million of this variance relates to the Department of Transport and Main Roads and is due to savings achieved in the delivery of their program and reductions in eligible expenditure. The remainder of the variance relates to program savings and reductions in eligible expenditure for other SDAs and LGAs of \$271 million.
3. Employee expenses 2015 actual is less than 2015 budget due to a shift in the required mix of contractors and employees to meet changes in program requirements that occurred during the year, including the response to new disaster events.
4. Supplies and Services expenses 2015 actual is greater than 2015 budget due to additional expenditure approved relating to work required to acquit prior year NDRRA grant expenditure and a change to the mix of contractors and employees engaged by the Authority to meet changes in program requirements since the original budget was prepared.
5. Other expenses 2015 actual is greater than 2015 budget due to the return of unexpended grant funding to Queensland Treasury for a completed Non-NDRRA program as less expenditure was required to complete the project.

Statement of Financial Position

6. Cash & cash equivalents 2015 actual is greater than 2015 budget due to advance grant funding received in 2014 not fully utilised in 2015 (to be utilised in 2016).
7. Receivables 2015 actual is less than 2015 budget due to a reduction in GST receivable at the end of the financial year.
8. Payables 2015 actual is less than 2015 budget due to the reduction in grants payable to State Agencies compared to that estimated in the budget.
9. Accumulated surplus 2015 actual is greater than 2015 budget due to advance grant funding received in 2014 not fully utilised in 2015 (to be utilised in 2016).

Statement of Cash Flows

10. Grants inflows 2015 actual is below 2015 budget as the cost of completed NDRRA works by Local Government Authorities and State Agencies was less than originally estimated (see 2) and the Authority required less funding to reimburse them.
11. Other revenue inflows 2015 actual is above 2015 budget due to the timing of GST receipts from the ATO which differed to the estimate in the budget.
12. Grants outflows 2015 actual is below 2015 budget (variance \$780 million) due to eligible reconstruction works claimed and completed by Local Government Authorities (LGAs) and State Departments and Agencies (SDAs) during the year being less than originally estimated at the time the budget was prepared. \$506 million of this variance relates to the Department of Transport and Main Roads and is due to savings achieved in the delivery of their program and reductions in eligible expenditure. The remainder of the variance relates to program savings and reductions in eligible expenditure for other SDAs and LGAs of \$274 million.
13. Payments to suppliers 2015 actual is below 2015 budget due to reduced outflows relating to GST on reduced NDRRA grant expenditure (see 12).
14. Payments to employees 2015 actual is less than 2015 budget due to a shift in the required mix of contractors and employees to meet changes in program requirements that occurred during the year, including the response to new disaster events.
15. Other outflows 2015 actual is greater than 2015 budget due to the return of unexpended grant funding to Queensland Treasury for a completed Non-NDRRA program as less expenditure was required to complete the project.

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 2015 and of the financial position of the Authority at the end of that year; and
- c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.

Frankie Carroll
Chief Executive Officer



Signature

Date: 18 August 2015

Richard Wilson AO
Major General (Ret'd)
Chair



Signature

Date: 18 August 2015

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 2015, 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.

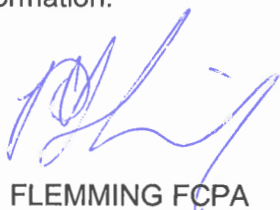
Opinion

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

Other Matters - Electronic Presentation of the Audited Financial Report

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



P J FLEMMING FCPA
Delegate of the Auditor-General of Queensland



Queensland Audit Office
Brisbane



requirements

Annual Report Requirements

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister	ARRs – section 8	3
Accessibility	Table of contents	ARRs – section 10.1	5
	Glossary		
	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
General information	Introductory Information	ARRs – section 11.1	8
	Agency role and main functions	ARRs – section 11.2	8
	Operating environment	ARRs – section 11.3	9, 12-14
	Machinery of government changes	ARRs – section 11.4	N/A
Non-financial performance	Government's objectives for the community	ARRs – section 12.1	8
	Other whole-of-government plans / specific initiatives	ARRs – section 12.2	8
	Agency objectives and performance indicators	ARRs – section 12.3	9
	Agency service areas, and service standards	ARRs – section 12.4	9
Financial performance	Summary of financial performance	ARRs – section 13.1	10, 21
Governance – management and structure	Organisational structure	ARRs – section 14.1	19
	Executive management	<i>ARRs – section 14.2</i>	14-17, 38
	Government bodies (statutory bodies and other entities)	ARRs – section 14.3	N/A
	<i>Public Sector Ethics Act 1994</i>	<i>Public Sector Ethics Act 1994</i> ARRs – section 14.4	19
Governance – risk management and accountability	Risk management	ARRs – section 15.1	20
	External scrutiny	ARRs – section 15.2	20
	Audit committee	ARRs – section 15.3	N/A
	Internal audit	ARRs – section 15.4	19
	Information systems and recordkeeping	ARRs – section 15.5	19
Governance – human resources	Workforce planning, attraction and retention and performance	ARRs – section 16.1	19, 37-39
	Early retirement, redundancy and retrenchment	ARRs – section 16.2	19
Open Data	Consultancies	ARRs – section 17 ARRs – section 34.1	4
	Overseas travel	ARRs – section 17 ARRs – section 34.2	4
	Queensland Language Services Policy	ARRs – section 17 ARRs – section 34.3	4
	Government bodies	ARRs – section 17 ARRs – section 34.4	N/A
Financial statements	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	48-49
	Remuneration disclosures	Financial Reporting Requirements for Queensland Government Agencies ARRs – section 18.3	38
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 2014–15, to administer the NDRRA.

Event	Date Ministerial Direction provided
Brisbane Severe Thunderstorm – 27 November 2014	15 December 2014
Central Queensland Heavy Rainfall and Flooding – 8-14 December 2014	12 February 2014
Central Eastern Queensland Heavy Rainfall and Flooding – 21-29 January 2015	12 April 2015
North Queensland Severe Weather and Flooding- 8-15 February 2015	12 April 2015
Western Queensland Heavy Rainfall and Flooding – 5-18 January 2015	12 April 2015
Severe Tropical Cyclone Marcia and South East Queensland Trough – 19-22 February 2015	12 April 2015
Tropical Cyclone Nathan and Associated Rainfall and Flooding – 11-21 March 2015	12 April 2015



