

ANNUAL
REPORT
2018–2019





Accessibility

This Annual Report provides information about the Queensland Reconstruction Authority’s (QRA) financial and non-financial performance for 2018–19. It has been prepared in accordance with the *Financial Accountability Act 2009*.

This report has been prepared for the Minister for State Development, Manufacturing, Infrastructure and Planning to submit to Queensland 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 the annual report, you can contact us on 1800 110 841 and we will arrange an interpreter to effectively communicate the report to you

QRA did not engage in the services of an interpreter during 2018–19.



Accessing the report

Readers are invited to view the Queensland Reconstruction Authority Annual Report 2018–2019 at QRA’s website at:

www.qra.qld.gov.au/about-us/annual-reports

Hard copies of this report are available from QRA at the following address:

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Contents

Accessibility	3
Letter of compliance	5
Message from the Chair	6
Message from the Chief Executive Officer	7
Overview	8
Operating environment	9
Strategic objectives and achievements	10
Our performance	14
Governance - structure	18
Governance - risk management	22
Governance - human resources	24
Financial performance	26
Financials	27
Independent Auditors Report	50
Ministerial directions	54
Annual Report requirements	55
Glossary	56
Performance indicators and service standards	57



9 September 2019



The Honourable Cameron Dick MP
Minister for State Development, Manufacturing,
Infrastructure and Planning
1 William Street
Brisbane QLD 4000

Dear Minister,

I am pleased to submit for presentation to the Parliament the Annual Report 2018–2019 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 2019*, 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 55 of this Annual Report.

Yours sincerely

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

R. G. Wilson
Major General (Retd) AO
Chair, Queensland Reconstruction Authority

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Message from the Chair

I am pleased to present the Queensland Reconstruction Authority's (QRA) Annual Report for the 2018–19 financial year.

The summer of 2018–19 tested the resilience of Queensland communities once again. There were a record 11 separate disaster events occurring across the state, including catastrophic bushfires, three tropical cyclones and a monsoon trough that caused widespread devastating floods across much of northern and western Queensland.

As a result of these events, 61 of our 77 local governments were activated for disaster funding assistance, with recovery and reconstruction costs estimated at \$1.3 billion.

To guide the recovery efforts, Major-General Stuart Smith (retired) was appointed as the State Recovery Coordinator for the two most significant events: the Central Queensland Bushfires of November and December 2018 and the North and Far North Queensland Monsoon Trough of January and February 2019.

Major-General Smith worked tirelessly with councils, QRA, state agencies and the Commonwealth to ensure a seamless transition from response to recovery. Two event-specific recovery plans were developed — the *Central Queensland Bushfires Recovery Plan 2018 – 2021* and the *Far North Queensland Monsoon Flood State Recovery Plan 2019 – 2021* to provide a roadmap to recovery.

The new Disaster Recovery Funding Arrangements DRFA, which took effect on 1 November 2018, have already been activated for eight separate events in Queensland over the summer of 2018–19. With Queensland's extensive experience in managing disasters, the state was well placed to successfully manage the implementation of these new arrangements, while continuing to finalise claims under the old Natural Disaster Relief and Recovery Arrangements NDRRA.

Also in 2018–19, the Queensland Disaster Resilience Fund, administered by QRA, awarded 62 projects with a share of \$9.5 million in funding to deliver mitigation and resilience projects that will better protect Queensland communities from future disasters.

Significantly, real progress has been made in the implementation of *Resilient Queensland – Delivering the Queensland Strategy for Disaster Resilience 2018–2021*. A key element has been delivery of three regional resilience pilot projects involving 17 local governments in the Central West, Fitzroy, and Mary River regions, strengthening relationships between local governments and state agencies and supporting the development of resilience building actions in our communities.

The summer of 2018–19 has highlighted the critical role QRA plays in coordinating the best possible disaster recovery and resilience outcomes for Queensland. The important role of QRA plays was further reflected this year with amendments to the *Queensland Reconstruction Authority Act 2011* strengthening QRA's central role in disaster recovery, allowing us to better undertake all of our responsibilities for all natural disasters, including to lead the coordination and development of resilience and recovery policy.

Major General Richard Wilson AO (Retd)
Chair
Queensland Reconstruction Authority

Message from the CEO

I am proud to lead an organisation that supports Queensland communities in their recovery from disasters, and in their continued efforts to strengthen the resilience of current and future generations.

The summer of 2018–19 saw Queensland experience an unprecedented 11 disaster events, leaving a trail of damage with a recovery and reconstruction cost estimated at more than \$1.3 billion. The 2018–19 season saw Queensland ravaged by severe bushfires, three cyclones and a monsoon trough that caused catastrophic flooding to communities already battered by severe and prolonged periods of drought. QRA's dedicated and experienced team criss-crossed the state to assist impacted councils confidently commence the recovery and rebuilding process by conducting damage assessments, developing individually tailored local plans to provide the roadmap to recovery and facilitating the preparation of funding submissions.

The *Central Queensland Bushfires Recovery Plan 2018 – 2021* and the *Far North Queensland Monsoon Trough State Recovery Plan 2019 – 2021* contain important initiatives to strengthen regional economies, businesses and tourism, restore our environmental assets and increase the resilience of our essential public assets.

The enduring commitment of QRA teams, state agencies and local communities to get the State back on track following the events of 2018–19 is a demonstration of Queensland's resilience and our ability to tackle whatever comes our way. Through 2018–19 QRA managed reconstruction program works valued at \$2.5 billion for natural disaster events occurring from 2016–17 to 2018–19.

In 2019–20, QRA will coordinate the delivery of the \$1.7 billion program of reconstruction works from 17 events across the 2017–18 and 2018–19 disaster seasons, and will continue to lead ongoing disaster recovery efforts across the state.

The summer of 2018–19 reminds us of the importance of investing in disaster resilience to further strengthen our infrastructure, economy, environment and community.

QRA is leading a coordinated approach to disaster resilience through a range of initiatives that are locally led, regionally coordinated and state supported. The Get Ready Queensland program continued to support councils and our community build the resilience needed to deal with the extreme weather and natural disasters that are part of living in our state.

As we experience more intense weather events we will continue to assist councils with the delivery of their reconstruction programs and collaborate with a variety of stakeholders to deliver on our vision of making Queensland the most disaster resilient state in Australia.



Brendan Moon
Chief Executive Officer
Queensland Reconstruction Authority

Overview

About QRA

QRA was established under the *Queensland Reconstruction Authority Act 2011* (QRA Act) following unprecedented natural disasters that struck Queensland over the summer months of 2010 and 2011.

A legislative amendment that came into effect on 11 June 2015 made QRA a permanent part of the Queensland Government.

In April 2019, the QRA Act was amended to reflect QRA's roles and responsibilities across all hazards, and as the Queensland lead for resilience and recovery policy.

What we do

QRA is charged with managing and coordinating the Government's program of recovery and reconstruction works within disaster-affected communities, with a focus on working with our state and local government partners to deliver best practice administration of public reconstruction and resilience funds.

QRA is also the state's lead agency responsible for disaster recovery and resilience policy, working collaboratively with agencies and stakeholders to improve risk reduction and disaster preparedness.

Vision

To make Queensland the most disaster resilient state in Australia.

Purpose

To enable recovery and build resilience to disaster events within our communities. QRA achieves its purpose through the following strategic objectives:

1. enable rapid recovery of disaster-impacted communities
2. deliver best practice administration of public reconstruction and resilience funds
3. lead the coordination of resilience activities and policy in Queensland
4. engage and empower our workforce to deliver on QRA's vision.



Wujal Wujal community elders working with QRA to develop their local recovery plan.

Operating environment

QRA operates in an unpredictable environment where operational demands can change at short notice as natural disasters unfold, unique recovery issues emerge or changes in governance arrangements occur.

These demands and challenges were particularly evident in 2018–19, when the state was faced with a record 11 disaster events, including unprecedented flooding and bushfire events across a geographically and demographically diverse area with complex and critical recovery needs, at the same time that the Australian Government introduced fundamental changes to the underlying disaster funding arrangements.

The new Disaster Recovery Funding Arrangements (DRFA) for natural disasters was implemented from 1 November 2018.

The main change under DRFA relative to its predecessor arrangements, Natural Disaster Relief and Recovery Arrangements (NDRRA), is that the Commonwealth share of disaster recovery funding for the restoration of essential public assets is based on estimated reconstruction costs rather than reimbursement of actual costs incurred. DRFA also provides the potential for the state to retain savings delivered in the state's restoration program for allocation to disaster mitigation and resilience projects.

DRFA will operate in parallel with NDRRA until the delivery and acquittal of all existing programs of NDRRA works are complete in 2022.

Strategic risks and opportunities

QRA manages challenges and opportunities by having a strong risk focus.

Our key strategic challenges include:

- making sure QRA meets the requirements and timeframes for compliant disaster recovery claims to the Australian Government to ensure it does not result in a loss of funding for the state
- ensuring QRA delivers responsive and agile services should there be a catastrophic disaster event across a geographically diverse area
- maintaining sufficient staff to meet objectives due to the scale and intensity of a catastrophic event
- developing and implementing policies that fail to deliver the anticipated benefits to communities or the state.

Our opportunities include:

- developing and delivering state-wide programs that will reduce the impact of future disaster events to communities and enhance disaster preparedness
- greater alignment with locally-led efforts to improve resilience and mitigation outcomes for Queensland
- best practice data management for prioritising resource allocation and disaster management response and recovery, and building resilience outcomes.

Government's Objectives for the Community

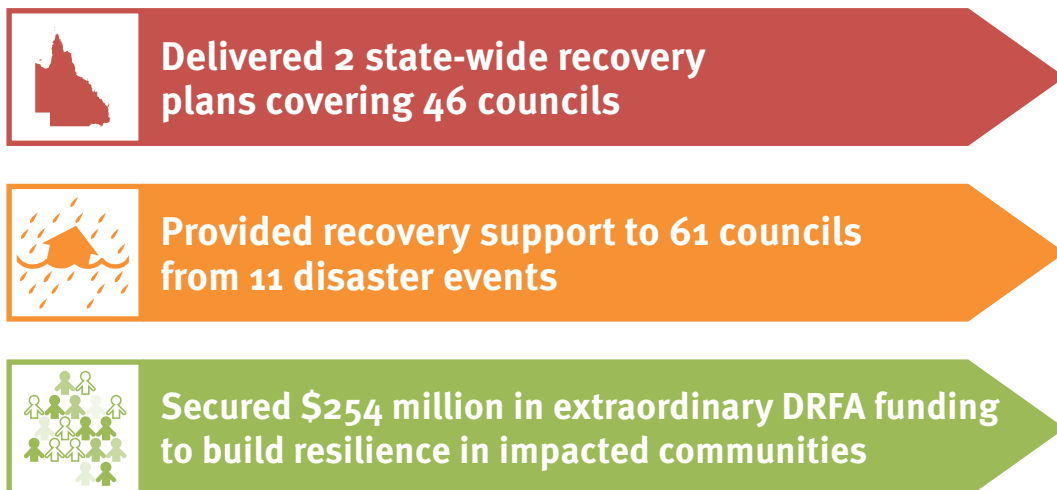
In 2018–19 QRA continued to work toward achieving the Queensland Government's *Objectives for the Community*.

QRA contributes to the Queensland Government's *Objectives for the Community* by ensuring we:

- keep communities safe - through developing effective disaster recovery, resilience and mitigation policy in Queensland and supporting local governments to build resilience into their disaster preparedness and reconstruction programs
- be a responsive Government - through coordinating disaster recovery activities that help communities recover from disasters and build their resilience to future events
- create jobs in a strong economy - through assisting local communities to recover sooner from disasters and maximising recovery and resilience outcomes for the state, thereby strengthening recovery, mitigating risk and building the resilience of communities.

Strategic objectives and achievements

Enable rapid recovery of disaster-impacted communities



Measures of success

- Improved disaster management plan ratings for relief and recovery.
- Implementation of a 'Recovery Information Hub' on the QRA website.

Our achievements

- Development of two event-specific recovery plans for the 2018–19 disaster season — the *Central Queensland Bushfires Recovery Plan 2018 – 2021* and the *Far North Queensland Monsoon Flood State Recovery Plan 2019-2021*.
- Assistance and support to 61 of Queensland's 77 local governments activated under NDRRA and DRFA for the 11 events that impacted the state in the 2018–19 disaster season.
- Continued recovery efforts for Queensland's disaster events of 2017–18 and 2018–19.
- Continued investment in recovery capability development for councils to support local recovery planning activities for future disasters, which is informing the development of a Recovery Information Hub.
- Secured DRFA Category C and D exceptional disaster recovery packages worth \$242 million for the Monsoon Trough and \$12 million for the Central Queensland Bushfires events of 2018–19.

Deliver best practice administration of public reconstruction and resilience funds



Coordinated a \$2.5 billion recovery and reconstruction program



Managed 930 active submissions for disaster recovery funding



Paid over \$520 million to councils and state agencies for reconstruction works

Measures of success

- 100 per cent reimbursement of applicable NDRRA, DRFA and Natural Disaster Resilience Program (NDRP) funding to Queensland.
- 100 per cent completion of reconstruction and resilience projects within required timeframes.

Our achievements

- Submission of a \$314 million claim under the NDRRA, which was acquitted by the Australian Government with no adjustment, resulting in \$132 million reimbursement to Queensland.
- Allocation of \$9.5 million to increase Queensland's resilience to future disasters through the Queensland Disaster Resilience Fund (QDRF), to deliver projects throughout 2019–20 and 2020–21.
- Administered a disaster recovery and reconstruction program worth approximately \$2.5 billion, comprising works from 24 events across 2017 to 2019 (to be delivered through to June 2021).
- All reconstruction works from the 2016–2017 events completed by 30 June 2019 deadline, except where an extension of time was submitted to the Commonwealth.

Lead coordination of resilience activities and policy in Queensland



Approved \$15 million in funding for 76 NDRP projects



4 regional resilience strategies underway or completed involving 21 councils



Administered \$2 million in Get Ready Queensland funding across 77 local governments

Measures of success

- Delivery of *Resilient Queensland - Delivering the Queensland Strategy for Disaster Resilience 2018–2021* (Resilient Queensland).
- Improved awareness of disaster preparedness through Get Ready Queensland.

Our achievements

- Commencement of three regional resilience strategy pilot projects as part of Resilient Queensland, involving 17 local governments across Central West, Fitzroy and Mary River regions.
- Delivery of the *Brisbane River Strategic Floodplain Management Plan*, and commencement of the implementation strategy involving 52 actions to be led by state and local governments.
- Promotion of better flood warnings by facilitating regionally coordinated approaches to new and upgraded flood warning infrastructure improvements across the state.
- Successful delivery of the 2018–19 Get Ready Queensland program, including provision of \$2 million in state funding to help local governments improve community resilience through a range of council-nominated activities.
- Delivery of the *Queensland Disaster Resilience and Mitigation Investment Framework* to guide effective investment decision-making and prioritisation of disaster resilience and mitigation activities across Queensland.
- Administration of disaster resilience funding to local communities via the NDRP, QDRF and the Get Ready Queensland programs.

Engage and empower our workforce to deliver on QRA's vision



100 per cent of staff contributed to developing QRA's culture and values



40 training sessions held to support staff health, wellbeing and development, at minimal cost



94 FTEs in our workforce contributing to disaster recovery, reconstruction and resilience

Measures of success

- Improved workforce satisfaction.
- All QRA staff have active Performance Development Agreements (PDAs) in place and assessed bi-annually, that are aligned with QRA's objectives, culture and values.

Our achievements

- Supporting and promoting a better work-life balance by having sustainable performance policies which include flexible work arrangements and wellbeing across the organisation. Initiatives have included compressed work arrangements, improved resourcing levels, lunch and learn sessions, office ergonomics and the implementation of targeted health and wellbeing programs.

Our performance

This section highlights QRA's achievements and performance in 2018–19

Disaster Recovery Funding

During 2018–19, QRA managed delivery of disaster recovery and reconstruction works from 24 disaster events with an estimated value of \$2.5 billion, including a record 11 events that occurred in the 2019 disaster season.

The \$800 million reconstruction and recovery program for seven events from the 2017 disaster season completed delivery during the year. This included the massive program of reconstruction and betterment works associated with Severe Tropical Cyclone (STC) Debbie. Whitsunday Regional Council's Shute Harbour project remains the only project from 2017 in delivery with an extension of time approved to deliver through to 30 June 2020, due to geo-technical complexities.

The program of works for six events from the 2018 disaster season continued delivery during the year. These works, administered under NDRRA, are required to be delivered by 30 June 2020.

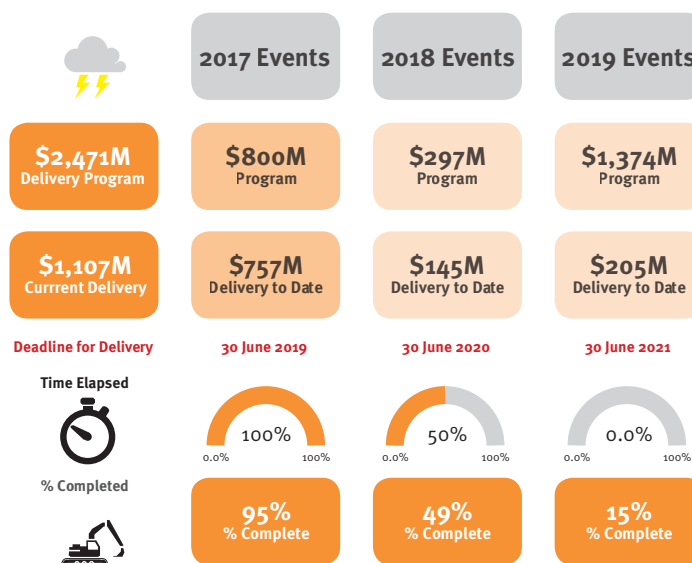
A significant portion of the 2018 program was re-damaged by the 2019 events such that much of the remaining program has rolled over into the 2019 reconstruction program.

The 2019 program has an estimated value in excess of \$1.3 billion and will be delivered through to June 2021. Of the 11 events that occurred in 2018–19, three occurred prior to 1 November 2019 and will be administered under NDRRA. The most recent eight events are captured by the Australian Government's new DRFA funding arrangements.

To 30 June 2019, much of the effort in relation to the 2019 events comprised of managing immediate recovery needs, successfully securing \$254 million DRFA Category C and D extraordinary assistance packages for the Monsoon Trough and Central Queensland Bushfire events, assisting councils and state agencies with damage assessments and progressing reconstruction funding approvals.

The following figure shows QRA's active delivery program and the remaining works to be delivered as at 30 June 2019.

Status of QRA's disaster recovery delivery program at 30 June 2019



QRA is responsible for managing and ensuring the reimbursement of disaster recovery funding from the Commonwealth.

In addition to managing the delivery of disaster recovery works on the ground, QRA also successfully managed the acquittal of \$314 million of NDRRA works during 2018-19. The acquittal secured \$132 million of Australian Government funding to the state.

Since its establishment in 2011, QRA has now acquitted more than \$13.4 billion of NDRRA expenditure, securing more than \$9 billion of Australian Government funding for Queensland. The state is up-to-date with its disaster funding claims with no outstanding claims overdue or awaiting Australian Government acquittal.

Approximately \$2.2 billion of the remaining NDRRA and DRFA programs from the active 2017, 2018 and 2019 event periods will be acquitted in annual claims as works are completed through to 30 June 2021.

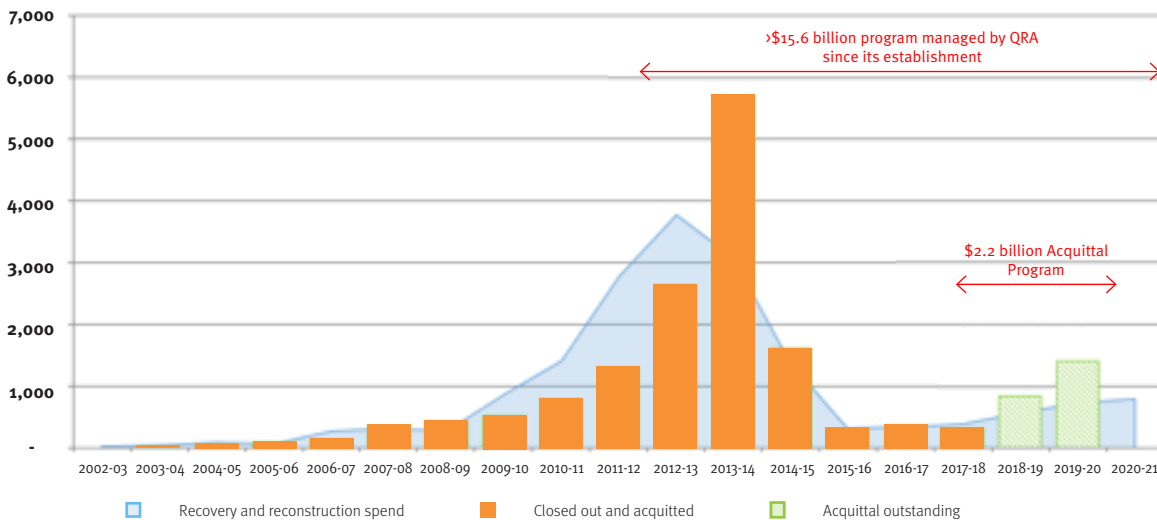
The following graph shows the historical (since 2001–02) and projected disaster funding acquittal profile for Queensland.

Concurrent with the introduction of DRFA on 1 November 2018, QRA launched its new Management and Reporting System (MARS). MARS is a highly customised system developed by QRA to support councils and state agencies with disaster funding applications and help QRA meet the requirements of DRFA.

The system is shared by QRA and funding applicants, and aims to improve efficiency in lodging and assessing disaster claims, while capturing the entire lifecycle of a submission.

Up to 30 June 2019, MARS had been used to lodge more than 250 submissions and manage activations for the eight disaster events under DRFA. The system has also demonstrated its flexibility to incorporate new funding relief measures, positioning QRA well to respond to any future changes in funding arrangements.

QRA's Acquittal Program



Resilient Queensland – Delivering the Queensland Strategy for Disaster Resilience 2018–21

In May 2018, QRA launched Resilient Queensland as the statewide, whole-of-government plan to strengthen Queensland's resilience to disasters. Throughout 2018–19, QRA led a number of statewide initiatives to help deliver on the objectives of Resilient Queensland and the ultimate goal to make Queensland the most disaster resilient state in Australia. Key resilience building projects include:

- **Regional resilience strategy pilot projects**

QRA is piloting three regional resilience strategies that will guide how local, regional and state level disaster resilience planning, priorities and projects deliver on the objectives and commitments of the *Queensland Strategy for Disaster Resilience*. QRA commenced delivery of three regional resilience strategies in late 2018, involving 17 local governments in Central West Queensland, Fitzroy Region and Mary River regions. All three pilots will be completed ahead of statewide implementation from 2020.

- **Flood warning infrastructure network**

QRA continues its work to improve Queensland's flood warning infrastructure in partnership with local governments, regional organisations of councils, state agencies, infrastructure owners and the Bureau of Meteorology. Throughout 2018–19, QRA worked with 16 local governments who collectively received \$2.8 million in NDRP funding for new flood warning gauges, together with the Bureau of Meteorology to deliver optimum catchment-based solutions for improving local flood warnings.

- **Strategic floodplain management**

QRA is partnering with state agencies, Seqwater and local governments to better understand current and future flood risks and deliver regionally consistent approaches to strengthen flood resilience across the Brisbane River floodplain and more broadly across the state.

The *Brisbane River Strategic Floodplain Management Plan* was released in May 2019 and includes 52 recommendations for the Queensland and local governments to implement in the areas of structural mitigation, land use planning, building guidance, community resilience, disaster management and landscape management. The *Flood Resilient Building Guidance for Queensland Homes* was also released in May 2019 as an early action from the Management Plan, which provides information to help improve the flood resilience of new and existing homes across Queensland.

- **Queensland Disaster Resilience and Mitigation Investment Framework**

The *Queensland Disaster Resilience and Mitigation Investment Framework* was released in February 2019 and provides guidance on effective investment decision-making and prioritisation for disaster resilience and mitigation activities across Queensland. The purpose of the Framework is to increase Queensland's disaster resilience through effective prioritisation of disaster resilience and mitigation investment.

2018–19 Queensland Disaster Resilience Fund (QDRF)

Administered by QRA, the QDRF supports projects to strengthen the resilience of Queensland communities and help them better prepare for disasters.

The \$38 million QDRF is funded by the Queensland Government and will be delivered over four years.

Round one of the QDRF program commenced in the 2018–19 financial year, with 62 projects funded to a value of \$9.5 million. Successful projects include bushfire mitigation measures such as fire breaks, riverbank stabilisation, flood modelling and mapping, evacuation centre upgrades, and reducing disaster risk for people with disabilities.

Get Ready Queensland

Get Ready Queensland is a year-round, all-hazards, resilience building initiative to help communities be better prepared for disasters.

As part of the 2018–19 program, Get Ready Queensland provided \$2 million in state funding to help local governments improve community resilience through a range of council-nominated activities.

All of Queensland's 77 local government entities and Weipa Town Authority received funding as part of the 2018–19 program, with activities rolling out throughout the year. Local governments used funding for the development and implementation of disaster dashboards, equipment purchases such as sand bag machines and defibrillators, along with hosting community engagement events and training for local disaster management staff.

Get Ready Queensland Week took place from 8–14 October 2018, and was launched in the Brisbane's Queen Street Mall, in collaboration with Bureau of Meteorology, Brisbane City Council, Queensland Fire and Emergency Services and other stakeholders. The launch also coincided with the Bureau of Meteorology's Tropical Cyclone Outlook for the year ahead.

2018–19 State disaster recovery season

Over the summer of 2018–19, Queensland was impacted by a record 11 separate natural disaster events causing 61 of the state's 77 local governments to be activated for either the NDRRA or the new DRFA.

QRA led state recovery efforts by coordinating the development of two event-specific recovery plans:

- **Central Queensland Bushfires Recovery Plan 2018 – 2021**

The *Central Queensland Bushfires Recovery Plan 2018 – 2021* helps impacted communities rebuild, recover and reconnect following the bushfires of late November 2018, with a focus on the priority areas of health and wellbeing of affected residents, repair of property, and restoration of small businesses, primary producers and the environment.

- **North and Far North Queensland Monsoon Trough State Recovery Plan 2019 – 2021**

The *North and Far North Queensland Monsoon Trough State Recovery Plan 2019 – 2021* supports North, North West and Far North Queensland communities and takes a coordinated approach to long-term recovery in the region. It features local recovery plans for the 13 most impacted local governments.

The State Recovery Coordinator (SRC) for both the bushfires and the monsoon, Major-General Stuart Smith (retired), was supported by QRA in his work with impacted communities to assist in the recovery efforts. QRA worked closely with the SRC, impacted local governments and the state-level Functional Recovery Groups to coordinate recovery efforts and monitor recovery progress and effectiveness. This included working directly with local government on a range of activities, including the preparation of funding submissions for impacted infrastructure.

QRA is taking lessons learned from the 2018–19 disaster season to update the *Queensland Recovery Plan* in 2019.

Local recovery planning

QRA worked with local governments to support their development of local event-specific recovery plans, to guide recovery operations and build resilience. By doing so, QRA's objective is to make sure local governments have immediate recovery support following an event and a vision for the future in terms of how the community can reach a recovered state and build resilience.

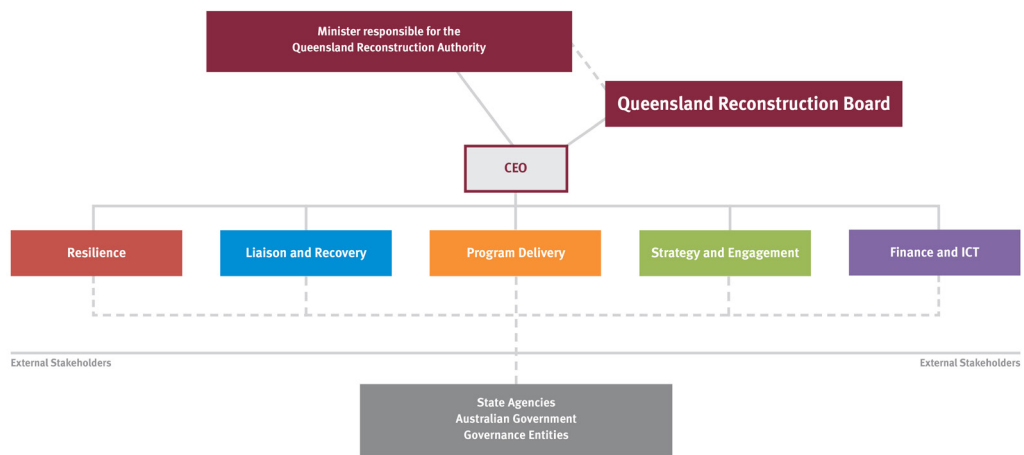
Through direct consultation with local government leaders QRA is able to understand long-term recovery priorities to guide government resources towards tailored solutions for each area. In 2018–19, QRA assisted 21 local governments to develop recovery plans for the Monsoon Trough, Central Queensland Bushfires and STC Trevor.

Governance – structure

QRA is structured to ensure it is able to deliver on its Strategic Plan for 2019–23, which includes QRA’s vision to make Queensland the most disaster resilient state in Australia.

The organisation consists of five specialist divisions, headed by the CEO and governed by the Queensland Reconstruction Board and the Minister responsible for QRA — the Minister for State Development, Manufacturing Infrastructure and Planning.

QRA Organisational Chart



QRA and Queensland Fire and Emergency Services undertaking damage assessments.

The Queensland Reconstruction Board

QRA's Board is comprised of members with significant experience in recovery and resilience, with a strategic governance focus on strategy, risk, finance, organisational performance and corporate responsibilities. Under the QRA Act, the key purpose of the Board is to oversee the operations of QRA.

The functions of the Board include:

- Setting QRA's strategic priorities
- Ensuring QRA 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.

The Board met 11 times during 2018–19.

Number of board meetings attended	
Chairman – Major General Richard Wilson	11
Mr Steve Golding	11
Ms Margaret de Wit	11
Mr Mark Croweller	9
Ms Judith Zielke	11
Mr Robert Gee	8

Major General Richard Wilson, AO (Retd)

BA, MLitt, PhD, MStratStud

Major General Richard (Dick) Wilson has served as the Chair of the Queensland Reconstruction Board since September 2011.

For the previous 39 years he was an officer in the Australian Regular Army where he had extensive practical command experience at all levels from infantry platoon to division. With staff experience mainly in the areas of operations, plans and strategy, Major General Wilson's operational service included an exchange with the United States Army and assignment with the United Nations in East Timor.

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 as well as the University of New South Wales and the University of New England.

Stephen Golding AM, RFD

BE, MEngSc, BEcon, Hon FIEAust, FCILT, FIML, FITE, FAICD, CPEng, RPEQ

Stephen Golding had a long career in the Queensland Department of Main Roads, which he joined as an engineer in 1967 and retired from the position of Director-General in 2005.

In a parallel part-time career, Mr Golding enlisted as a private soldier in the active Army Reserve in 1963 and became inactive in 1998 after reaching the rank of Major General. Mr Golding was the senior Army Reserve officer in Australia, is an Honorary Fellow of Engineers Australia, a Fellow of three other professional associations and a Fellow of the Australian Institute of Company Directors and a Chartered Professional Engineer. For outstanding service to the Australian Army, Mr Golding was appointed a Member of the Order of Australia (AM) in 1998.

Mr Golding's other current Board appointments include: Director, North Queensland Bulk Ports Corporation and Chair, Project Steering Group, Sustainable Built Environment National Research Centre.

Margaret de Wit OAM**GDBA, Dip Fin.Planning, GAICD, A.Mus.A**

Following a successful career with Telecom Australia (Telstra) Margaret de Wit was elected as a Councillor with Brisbane City Council – a role which spanned 19 years, the last 11 of which she held the portfolios of Chairman of Infrastructure, Public and Active Transport and Chairman of Council. In 2012 she was the first woman elected as President of the Local Government Association of Queensland. Margaret is a Graduate of the Institute of Company Directors.

In 2017 Margaret was awarded the Medal of the Order of Australia for services to local government and the people of Brisbane.

Margaret's other current board appointments are Director South Bank Corporation and BCC Field Services Advisory Board.

Mark Croweller, AFSM

Mark Croweller has recently concluded his work as the Head of the National Resilience Taskforce for the Australian Government Department of Home Affairs.

Mr Croweller led national policy advice on risk reduction, resilience, vulnerability, climate and disaster risk information and strategic risk guidance. Mr Croweller has 35 years of operational experience

From fire-fighter through to Commissioner and then Director General as well as 22 years in senior executive leadership and strategic management. During this period Mr Croweller has led major strategic reform at the national, state, territory and local government levels in governance, strategy, policy, operations and capability.

As Director-General he was responsible for briefing the Prime Minister and Cabinet in all aspects of disaster management. Mr Croweller is currently researching the ethical premise of leading people through the adversity and loss of disasters for his PhD. Mr Croweller was awarded the Commissioner's Commendation for Service in May 1999, the National medal for Distinguished Service in June 2000 and the Australian Fire Service medal in June 2003.

Ms Judith Zielke PSM

Judith Zielke commenced as Chief Operating Officer, CSIRO in November 2018.

She was previously Deputy Secretary of the Australian Government Department of Infrastructure, Regional Development and Cities. Her responsibilities included regional development and local government, territories and corporate services.

Judith was also Chief Coordinator, Joint Agency Coordination Centre, which was established by the Prime Minister in March 2014 to coordinate the Australian Government's support for the search into missing flight MH370.

Her previous roles include: Executive Director of the Surface Transport Policy Division within the Department of Infrastructure, which contributed to the wellbeing of all Australians by developing and implementing national reforms in surface transport policy and regulation (maritime, shipping, rail and road transport reforms); and Head of Enterprise Connect Division in the Department of Innovation, Industry, Science and Research which was responsible for policies and programs aimed at improving productivity, global competitiveness and market access through business development, innovation advice and advocacy, trade and customs policy and support for technical infrastructure.

Judith has had a lengthy public sector career encompassing a range of policy advice and implementation positions in the Australian Government in areas of Trade, Attorney General's, Industry and Innovation, and Infrastructure.

She has been a Director of the Board of the Australian Maritime Safety Authority (AMSA), Australian New Car Assessment Program (ANCAP), the National Association of Testing Authorities (NATA) and the Joint Accreditation System of Australia and New Zealand (JAS-ANZ).

Robert Gee APM, B.Bus MPA GAICD

Robert (Bob) Gee APM was appointed as Director-General for the Department of Youth Justice in May 2019.

Prior to this, Bob was the Deputy Police Commissioner, Regional Operations in the Queensland Police Service (QPS). Bob was also the State Disaster Coordinator and the QPS Indigenous Champion prior to taking up this role.

Bob has worked in central agencies, as a university lecturer, as a consultant across a broad range of industries, been a CIO and was a Commissioned Officer of police for over 20 years. In these roles Bob demonstrated a deep commitment to building stakeholder relationships, community safety, prevention and providing pathways for people across the breadth of the State to come together to improve quality of life and resilience, particularly for those who are most vulnerable in Queensland's diverse local communities. He values research being used pragmatically to improve evidence based practice.

Chief Executive Officer

Brendan Moon

Brendan Moon was appointed to the role of Chief Executive Officer (CEO) of QRA in June 2016, after acting in the position since November 2015. Prior to this, he was Deputy CEO and has been at QRA since its inception in 2011 as General Manager, Operations.

As CEO, Brendan leads the strategic direction of QRA — Australia's only permanent disaster recovery organisation.

This includes the efficient and effective coordination of natural disaster reconstruction efforts across Queensland with administrative responsibility for more than \$15.6 billion in restoration funding under the DRFA, NDRRA and the State Disaster Relief Arrangements.

In 2018–19, Brendan led QRA's operations for 11 disaster events, including the statewide recovery efforts for the catastrophic North Queensland monsoon flooding and Central Queensland bushfires, which collectively impacted more than half the State.

Brendan is also the State Recovery Policy and Planning Coordinator (SRPPC). This standing role's purpose is to lead recovery planning, policy and recovery capability development to ensure better preparedness of government agencies and the community for recovery operations. In both roles of CEO and SRPPC, Brendan has contributed to the international and national dialogue on disaster risk reduction.

Brendan previously held executive positions within the water infrastructure industry and was integral for delivering what was, at the time, the largest vegetation and carbon offset project in Queensland.

Brendan is a graduate of the University of Queensland.

Governance – risk management

Governance

QRA has a risk management framework that incorporates governance arrangements and risk reporting and analysis. The framework helps ensure QRA meets its strategic objectives and fulfils its legislative mandate within the QRA Act, which was amended in 2019 to reflect QRA's current powers and functions for all hazards, and as Queensland's lead for resilience and recovery policy.

Governance structures require regular monitoring and revision to meet the changing environment in which it operates. QRA has systems in place to ensure the regular monitoring and reporting occurs.

Risk management and accountability

Risk management is part of QRA's day-to-day operations and is undertaken at divisional levels as well as at the senior management and Board level. The implementation of an effective risk management framework is an executive responsibility of the QRA CEO with endorsement of the Board and support of general managers and directors.

QRA's Risk Management Policy and Procedures set the organisation's underlying risk governance framework with an overall aim to ensure that organisational capabilities and resources are employed in an efficient and effective manner to manage both opportunities and threats towards the achievement of QRA's strategic objectives.

QRA has undertaken detailed risk assessments that include identification of the consequences and likelihood of the risk occurring, effectiveness of controls in place and actions and treatments required in order to achieve a tolerable level of risk in relation to achieving the organisation's strategic objectives.

QRA revised and updated its Risk Management Policy and Procedures during 2018–19, principally to reflect changes in its operational environment associated with the implementation of DRFA and complex recovery needs from the 2019 events.

The key strategic and operational risks are reviewed regularly by the QRA management team, and status updates are provided to the Board on a monthly basis.

Internal assurance

QRA has established an internal assurance function in relation to operational risks relating to the provision and acquittal of public funds administered through NDRRA, DRFA, QDRF, NDRP and Get Ready Queensland grant funding programs.

A risk-based approach has been adopted in relation to QRA's assurance activities to ensure they are an effective tool to assist QRA's management in discharging responsibilities under relevant funding guidelines.

A core element of the new DRFA arrangements is a requirement for the State to establish the amount it claims for estimated reconstruction costs through a 'management system' that addresses 16 control objectives set by the Commonwealth.

QRA has documented its DRFA Management System for the estimated reconstruction costs to reconstruct eligible essential public assets owned by Queensland local governments and state agencies in accordance with ASAE 3150 Assurance Engagements on Controls. QRA engaged with the Queensland Audit Office (QAO) regularly through 2018–19 in relation to the design, development, documentation and initial implementation of its DRFA Management System.

External scrutiny

The state's annual claim to the Commonwealth for reimbursement of NDRRA and DRFA expenditure is prepared by QRA and is subject to both external audit by the QAO and an assurance review by Emergency Management Australia (EMA) prior to acquittal and payment of the claim.

The 2017–18 claim was submitted in accordance with requisite timeframes in March 2019 and supported by a compliant, unmodified audit opinion by QAO. The claim was subsequently reviewed by Pricewaterhouse Coopers on behalf of EMA before the Commonwealth acquitted the claim and made the full amount of the payment due to the state on 28 June 2019 without identification of any adjustments or recommendations in relation to QRA's administration of NDRRA and DRFA.

Information systems and record keeping

QRA's information management approach ensures compliance with the *Public Records Act 2002*, through the implementation of the Records Governance Policy and the use and maintenance of QRA's electronic document and records management system (eDRMS).

All staff are made aware of their recordkeeping obligations on commencement and throughout their employment. Recordkeeping and QRA's eDRMS is a part of all business processes and is integrated with internal primary systems including micro-soft suite.

Information Management is a controlled environment and the staff employed in this area have high-level skills in recordkeeping, security classification, retention and disposal and system maintenance.



QRA, Australian Defence Force (ADF) and Richmond Shire Council inspect carcass disposal following the Monsoon Trough . Photo courtesy of ADF.

Governance – human resources

Staffing

The number of full time equivalent positions as at 30 June 2019 is 94. QRA also draws on secondments and interchange agreements to and from other government agencies, contractors and agency staff to support its operations and surge requirements during disaster events. QRA supports to the extent where practicable, part-time and flexible working hours and promotes a healthy work life balance.

Over the last 12 months, QRA has placed a greater focus on promoting better work-life balance and mental and physical wellbeing across the organisation. Specific initiatives have included improved management of resourcing levels to assist with workloads, providing staff training on managing stress, office ergonomics and the implementation of other targeted health programs.

There were no redundancy or early retirement packages during the reporting period.

Workforce planning

QRA has adopted the Public Service Commission principles in its strategic workforce management, leadership and capabilities development activities.

QRA is in the process of implementing a strategic workforce plan that outlines these strategies that ensure QRA is an inclusive workforce composed of the right people, skills and capabilities to deliver on the strategic objectives. For QRA, Integrating the workforce plan into the business performance and financial planning process ensures a clear focus on achieving QRA objectives and builds a culture that is aligned to our guiding principles.

Personal development plans for employees are developed annually and reviewed six monthly. Through this process employees have a clear role in the achievement of QRA's strategic vision.

Public Sector Ethics Act

QRA adheres to the *Code of Conduct for the Queensland Public Service* (the Code) which is aligned to the principles and values outlined in the *Public Sector Ethics Act 1994*.

The Code gives QRA a framework to ensure the organisation maintains its professional standards. The code outlines the expectations for all staff and provides information on the ethical values and behaviour required in QRA's daily business activities. QRA continues to provide annual comprehensive training on the Code and the ethics principles of the Public Sector Ethics Act 1994.

Information on the Code is provided to all new employees during their induction and electronic copies are available for ongoing reference. Managers monitor that employees are adhering to the Code and are meeting performance expectations regarding their conduct.

Professional development and training

QRA is committed to the development of our staff and building a high performing and sustainable culture.

Throughout 2018–19 QRA continued to focus on building communication, project management, leadership and management capabilities. To enhance these capabilities QRA has utilised online and face to face training modules.

Overseas travel

Information relating to overseas travel by QRA staff in 2018–19 is published through the Queensland Government Open Data website www.qld.gov.au/data.

Culture and values

During 2018–19, QRA developed guiding principles which set the cultural expectations for our organisation. QRA’s culture and values underpin how we deliver on our strategic objectives, and guide how we continue to learn, grow and innovate as a leading organisation in disaster recovery and resilience.

QRA’s culture and value statements are:

Purpose

- Everything we do is focused on helping communities recover from disasters and making Queensland the most disaster resilient state in Australia
- We act responsibly, ethically and with authenticity.

Results

- We achieve results not only through action, but also through coordination and collaboration
- We ‘step up’ when we need to
- We strive for excellence
- We are accountable for our actions and deliver on our promises.

Learning

- We always seek to deliver smarter and more efficiently
- We challenge the ‘norms’ of how we do things, embrace new ideas and encourage innovation
- We recognise that developing our staff’s skills benefits all of us
- We continuously seek and provide constructive feedback.

Caring

- We foster a healthy, sustainable workplace
- We collaborate with and respect our colleagues
- We are always approachable
- We are one team.

Enjoyment

- We have fun at work, and celebrate our achievements and personal milestones
- We recognise each other’s successes
- We are inclusive and celebrate diversity
- We provide opportunities to contribute to the community.

Queensland Public Service Values



Customers first



Ideas into action



Unleash potential



Be courageous



Empower people

Financial performance

The financial statements included in this annual report provide specific information about QRA's financial performance and position for 2018-19.

Operating Result

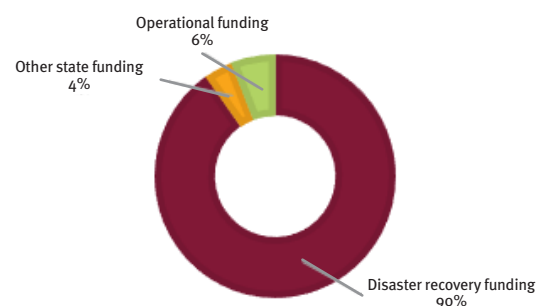
QRA recorded an operating loss of \$1.136 million for the 2018-19 financial year. This result was primarily driven from disaster recovery funding expenditure being slightly higher than the revenue QRA received from Queensland Treasury for the year. As was the case in 2017-18, QRA used prior year accumulated surplus to fund this deficit. The following table summarises the financial results of QRA.

Summary of Financial Results for QRA

Queensland Reconstruction Authority	2019 \$'000	2018 \$'000
Income	554,391	450,202
Expenses	555,527	464,778
Profit/(loss) for the year	(1,136)	(14,576)

QRA's income of \$554.4 million consists of \$500.4 million for disaster recovery funding for NDRRA and DRFA, and other state grant funding of \$21.4 million, including for Get Ready Queensland and QDRF. QRA also receives its operational funding of \$32.3 million as grant funding from Queensland Treasury. Other income of \$0.248 million is sourced from other government agencies for which QRA provides ICT related services at cost.

Income received by QRA in 2018-19

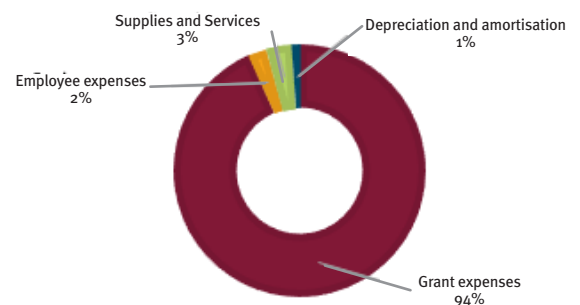


QRA's expenses of \$555.5 million primarily consists of grants payments and expenditure for operations.

Grant payments totalling \$523.8 million includes disaster recovery grants and other grants. These grant payments relate to NDRRA, DRFA, Get Ready Queensland and QDRF made to councils, state agencies and non-government organisations and represent 94 percent of QRA's total expenses.

\$31.6 million relates to QRA's expenditure for operations and principally includes costs for employee expenses of \$13 million, supplies and services of \$18.1 million, other expenses of \$0.1 million and depreciation and amortisation of \$0.350 million.

Expenditure incurred by QRA in 2018-19



Financial position

The net asset position reported in the financial statements for QRA at 30 June 2019 is \$48.05 million. This consists mainly of assets held by QRA of \$50.4 million which included cash holdings of \$37.6 million, receivables of \$9.1 million and intangibles of \$3.4 million.

QRA's assets were offset by \$2.4 million of current liabilities for trade creditors, grants and other payables and accrued employee entitlements.

Summary of Financial Position for QRA

Queensland Reconstruction Authority	2019 \$'000	2018 \$'000
Assets	50,444	60,216
Liabilities	2,389	11,025
Net Assets	48,055	49,191

Financials



Queensland Reconstruction Authority

ABN 13 640 918 183

Financial Statements

For the year ended 30 June 2019

Contents

Statement of Comprehensive Income	30
Statement of Financial Position	31
Statement of Changes in Equity	32
Statement of Cash Flows	33
Notes to and forming part of the Financial Statements	34
Management Certificate	49
Independent Auditor's Report	50

Queensland Reconstruction Authority Statement of Comprehensive Income

For the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Income			
Grant revenue	2	554,143	449,712
Other income	3	248	490
Total income		<u>554,391</u>	<u>450,202</u>
Expenses			
Grant expenses	4	523,845	433,188
Employee expenses	5	13,027	12,729
Supplies and services	7	18,160	18,397
Depreciation and amortisation	8	350	2
Other expenses	9	145	462
Total expenses		<u>555,527</u>	<u>464,778</u>
Profit (loss) for the year		<u>(1,136)</u>	<u>(14,576)</u>
Total comprehensive income (loss) for the year		<u>(1,136)</u>	<u>(14,576)</u>

The accompanying notes form part of these statements.

Queensland Reconstruction Authority

Statement of Financial Position

As at 30 June 2019

	Note	2019 \$'000	2018 \$'000
Current assets			
Cash and cash equivalents	10	37,668	50,855
Receivables	11	9,069	7,701
Other current assets		205	195
Total current assets		<u>46,942</u>	<u>58,751</u>
Non-current assets			
Property, plant and equipment	12	117	16
Intangibles	13	3,385	1,449
Total non-current assets		<u>3,502</u>	<u>1,465</u>
Total assets		<u>50,444</u>	<u>60,216</u>
Current liabilities			
Payables	14	1,819	10,470
Accrued employee benefits	15	570	555
Total current liabilities		<u>2,389</u>	<u>11,025</u>
Total liabilities		<u>2,389</u>	<u>11,025</u>
Net assets		<u>48,055</u>	<u>49,191</u>
Equity			
Accumulated surplus		46,316	47,452
Contributed equity	16	1,739	1,739
Total equity		<u>48,055</u>	<u>49,191</u>

The accompanying notes form part of these statements.

Queensland Reconstruction Authority Statement of Changes in Equity

For the year ended 30 June 2019

	Note	Contributed equity \$'000	Accumulated surplus \$'000	Total \$'000
Balance at 1 July 2017		–	62,028	62,028
Operating Result				
Profit (loss) for the year		–	(14,576)	(14,576)
Transactions with Owners as Owners				
Net transfer in from other Queensland Government entity	16	1,739	–	1,739
Balance at 30 June 2018		<u>1,739</u>	<u>47,452</u>	<u>49,191</u>
Operating Result				
Profit (loss) for the year		–	(1,136)	(1,136)
Balance at 30 June 2019		<u>1,739</u>	<u>46,316</u>	<u>48,055</u>

The accompanying notes form part of these statements.

Queensland Reconstruction Authority

Statement of Cash Flows

For the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Cash flows from operating activities			
<i>Inflows:</i>			
Grants		556,690	449,712
GST refunded from ATO		51,278	47,311
GST collected from customers		28	104
Other		245	626
		<u>608,241</u>	<u>497,753</u>
<i>Outflows:</i>			
Employee costs		(13,023)	(12,101)
Supplies and services		(19,234)	(18,892)
Grants		(534,011)	(424,933)
GST paid to suppliers		(54,367)	(42,727)
Other		(145)	(508)
		<u>(620,780)</u>	<u>(499,161)</u>
Net cash used in operating activities	17	<u>(12,539)</u>	<u>(1,408)</u>
Cash flows from investing activities			
<i>Outflows:</i>			
Payments for property, plant and equipment		(109)	(13)
Payments for intangibles		(2,278)	(1,449)
Net cash used in investing activities		<u>(2,387)</u>	<u>(1,462)</u>
Cash flows from financing activities			
<i>Inflows:</i>			
Equity contribution		1,739	-
Net cash provided by financing activities		<u>1,739</u>	<u>-</u>
Net decrease in cash and cash equivalents		<u>(13,187)</u>	<u>(2,870)</u>
Cash and cash equivalents at beginning of reporting period		50,855	53,725
Cash and cash equivalents at end of reporting period	10	<u>37,668</u>	<u>50,855</u>

The accompanying notes form part of these statements.

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2019

Note 1:	Basis of Financial Statement preparation
Note 2:	Grant revenue
Note 3:	Other income
Note 4:	Grant expenses
Note 5:	Employee expenses
Note 6:	Key management personnel and remuneration
Note 7:	Supplies and services
Note 8:	Depreciation and amortisation
Note 9:	Other expenses
Note 10:	Cash and cash equivalents
Note 11:	Receivables
Note 12:	Property, plant and equipment
Note 13:	Intangibles
Note 14:	Payables
Note 15:	Accrued employee benefits
Note 16:	Contributed Equity
Note 17:	Reconciliation of Profit (loss) for the year to net cash flow from operating activities
Note 18:	Commitments
Note 19:	Related Parties
Note 20:	Events after the end of the reporting period
Note 21:	Other information
Note 22:	Budget vs actual comparison

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2019

1. Basis of Financial Statement preparation

(a) General Information

The Queensland Reconstruction Authority (QRA) was established under the *Queensland Reconstruction Authority Act 2011* on 21 February 2011 and was made a permanent statutory body under the *Local Government and Other Legislation Amendment Act 2015* on 11 June 2015.

QRA is a Statutory Body under the *Financial Accountability Act 2009*.

QRA's principal place of business is situated at Level 11, 400 George Street, BRISBANE QLD 4000.

(b) Principal activities

QRA is charged with managing and coordinating the Queensland Government's program of recovery and reconstruction works within disaster-affected communities, with a focus on working with state and local government partners to deliver best practice administration of public reconstruction and resilience funds.

QRA is also the State's lead agency responsible for disaster recovery and resilience policy, working collaboratively with stakeholders to improve risk reduction and disaster preparedness.

(c) Compliance with prescribed requirements and basis of accounting

The financial statements have been prepared in compliance with the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*.

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

The historical cost convention is used unless otherwise stated.

New accounting standards early adopted and/or applied for the first time in these financial statements are outlined in 1(f).

(d) Presentation

Currency and rounding

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

Comparatives

Comparative information reflects the audited 2017-18 financial statements. Where necessary, comparative amounts have been adjusted for valid comparison to current year.

Current/Non-Current classification

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

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

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

(e) Authorisation of Financial Statements for issue

The financial statements are authorised for issue by the Chairperson and Chief Executive Officer 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 2019

1. Basis of Financial Statement preparation (cont'd)

(f) New and revised accounting standards

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

AASB 9 Financial Instruments

AASB 9 Financial Instruments was applied for the first time in 2018-19. This standard introduces new categories for the classification of financial assets and new impairment rules that focuses on expected credit losses rather than incurred losses. The new standard does not impact on the classification of QRA's financial assets (cash and receivables), which will continue to be measured at amortised cost. Adoption of AASB 9's new impairment model did not impact the balance of receivables held by QRA at 1 July 2018 as they were all collectible from other Queensland Government agencies. QRA does not measure any loss allowance for receivables collectible from other Queensland Government Agencies. All financial liabilities will continued to be measured at amortised cost.

(g) Future impact of accounting standards not yet effective

At the date of authorisation of the financial statements, the expected impacts of new or amended Australian Accounting Standards issued but with future effective dates are set out below.

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

These standards will first apply to QRA in the financial statements for 2019-20. These standards require revenue to be recognised progressively as control of a good or service transfers to a customer. QRA has analysed the recognition requirements under these new standards. Potential impacts identified at the date of this report are as follows:

- Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled. QRA receives several grants for which there are no sufficiently specific performance obligations. These grants are expected to continue being recognised as revenue upfront assuming no change to the current grant arrangements.
- Other Revenue for the provision of Information and Communications Technology (ICT) related services, in circumstances where QRA receives cash but has not met its associated performance obligations would be reported as a liability. However it is QRA practice to invoice for such revenue only once the performance obligations have been met, therefore revenue will continue to be recognised upfront.

AASB 16 Leases and AASB 2018-8 Amendments to Australian Accounting Standards - Right-of-Use Assets of Not-for-Profit-Entities

- QRA has analysed its existing operating lease commitments at Note 18 to estimate the expected impacts on transition based on information at 30 June 2019. QRA's material operating lease commitments comprise internal-to-Government lease arrangements for office accommodation through the Queensland Government Accommodation Office. According to QT policy, QRA's office accommodation arrangements are exempt from AASB 16. Therefore, the lease payments will continue to be expensed on the profit and loss.
- QRA has also identified an operating lease for four photocopiers under AASB 117. The lease payments are currently expensed on the profit and loss. QRA will be required to recognise a lease liability and the right of use asset for the photocopiers under AASB 16 on 1 July 2019. The impact of this change is not expected to be material to QRA's financial statements.
- Any future leases entered into will be assessed in 2019-20.

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2019

2. Grant revenue

Queensland Government Grants:

	2019 \$'000	2018 \$'000
Disaster recovery funding	500,406	415,285
Operational funding	32,312	34,427
Other state funding	21,425	–
Total	<u>554,143</u>	<u>449,712</u>

Queensland Government Grants

Grants received by QRA from the State Government are non-reciprocal in nature, QRA treats these grants as revenue upon receipt as it obtains control at this point. Disaster recovery funding comprises the Natural Disaster Relief and Recovery Arrangements (NDRRA) and the new Disaster Recovery Funding Arrangements (DRFA).

Other state funding includes funding programs such as Get Ready Queensland (GRQ), Natural Disaster Resilience Program (NDRP), Queensland Disaster Recovery Funding (QDRF) and other state funded recovery and resilience projects.

Queensland Government Grants revenue are, in principal appropriations made by Queensland Treasury through the Department of State Development Manufacturing, Infrastructure and Planning (DSDMIP). The amount of grant revenue QRA receives is based on budgeted financial year expenditure (both for grant and operational expenditure) through the state budget process. Underspends in grant revenue are rolled into accumulated surplus, as no liability exists to return unspent grant revenue. Historically QRA has drawn down on accumulated surplus instead of grant revenue when it is required. At 30 June 2019, QRA's accumulated surplus / unspent grant revenue was \$46.316 million.

3. Other income

	2019	2018
Expenditure reimbursed	194	366
Other	54	124
Total	<u>248</u>	<u>490</u>

Expenditure reimbursed

Expenditure reimbursed relates to revenue from on-charging QRA ICT related services at cost to other Government Departments and Agencies in accordance with pre-agreed arrangements.

4. Grant expenses

Disaster recovery grants	503,229	431,423
Other grants	20,616	1,765
Total	<u>523,845</u>	<u>433,188</u>

Grants expenses

Grants made by QRA are made in accordance with an agreement between QRA and Local or State Government Agencies and are non-reciprocal in nature. Grants are treated as an expense when payable as the recipient obtains the right to receive at that point. The agreement allows for an advance of grant monies prior to the approval of projects. All grants are required to be spent in accordance with the agreement and relevant grant program requirements. Disaster recovery grants disclosed in this note comprises of NDRRA and DRFA which became effective on 1 November 2018. NDRRA expenditure will progressively phase out over the next three financial years and replaced by DRFA.

Other grants comprise State and Commonwealth grant funding programs for recovery and resilience initiatives linked to natural disasters, including GRQ, NDRP, QDRF and other state funded recovery and resilience projects.

Grant expenses include grant advances and grants for expenditure incurred on approved projects.

Disaster Recovery Grants – State Agencies

Queensland Rural & Industry Development Authority	86,044	22,325
Department of Transport & Main Roads	20,726	80,542
Department of Environment & Science	11,897	15,307
Department of Communities, Disability Services & Seniors	8,296	30,069
Department of Housing & Public Works	5,022	283
Queensland Fire & Emergency Services	4,671	5,730
Other State Departments & Agencies	4,897	8,065
Total	<u>141,553</u>	<u>162,321</u>

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2019

	2019 \$'000	2018 \$'000		2019 \$'000	2018 \$'000
4. Grant expenses (cont'd)					
Disaster Recovery Grants -					
Local Government Authorities					
Aurukun Shire Council	1,061	2,248	Logan City Council	403	2,052
Balonne Shire Council	26	28	Longreach Regional Council	6,995	797
Banana Shire Council	2,177	2,748	Mackay Regional Council	3,525	5,940
Barcardine Regional Council	2,334	610	Mapoon Aboriginal Shire Council	40	9
Barcoo Shire Council	2,312	631	Maranoa Regional Council	516	1,024
Blackall-Tambo Shire Council	804	-	Mareeba Shire Council	3,816	2,836
Boulia Shire Council	3,575	1,775	McKinlay Shire Council	7,070	3,521
Brisbane City Council	-	184	Moreton Bay Regional Council	-	105
Bulloo Shire Council	83	3,403	Mornington Shire Council	12,590	5,719
Bundaberg Regional Council	342	1,046	Mount Isa City Council	2,373	3,128
Burdekin Shire Council	1,427	60	Murweh Shire Council	317	1,765
Burke Shire Council	5,975	5,718	Napranum Aboriginal Shire Council	60	473
Cairns Regional Council	2,067	18	Noosa Shire Council	54	471
Carpentaria Shire Council	23,405	25,949	North Burnett Regional Council	7,021	6,278
Cassowary Coast Regional Council	2,919	539	Northern Peninsula Area Regional Council	1,801	1,444
Central Highlands Regional Council	10,862	15,233	Palm Island Aboriginal Shire Council	513	21
Charters Towers Regional Council	5,747	-	Porpuraaw Aboriginal Shire Council	1,627	1,113
Cloncurry Shire Council	20,584	5,582	Quilpie Shire Council	76	640
Cook Shire Council	24,332	27,027	Redland City Council	-	189
Croydon Shire Council	5,839	4,253	Richmond Shire Council	5,191	1,592
Diamantina Shire Council	2,517	1,132	Rockhampton Regional Council	5,686	7,775
Doomadgee Aboriginal Shire Council	108	444	Scenic Rim Regional Council	27,942	20,656
Douglas Shire Council	4,147	1,265	Somerset Regional Council	-	70
Etheridge Shire Council	5,958	4,034	South Burnett Regional Council	1,209	764
Flinders Shire Council	2,411	218	Southern Downs Regional Council	2,704	5,401
Fraser Coast Regional Council	718	1,574	Sunshine Coast Regional Council	-	576
Gladstone Regional Council	8,912	6,042	Tablelands Regional Council	303	-
Gold Coast City Council	1,448	3,549	Torres Shire Council	420	475
Goondiwindi Regional Council	303	709	Torres Strait Island Regional Council	10,458	1,648
Gympie Regional Council	498	-	Townsville City Council	31,617	48
Hinchinbrook Shire Council	5,228	10	Western Downs Regional Council	-	897
Hope Vale Aboriginal Shire Council	1,836	2,920	Whitsunday Regional Council	25,321	24,434
Ipswich City Council	-	155	Winton Shire Council	5,481	7,413
Isaac Regional Council	33,407	16,991	Woorabinda Aboriginal Shire Council	260	697
Kowanyama Aboriginal Shire Council	3,055	5,504	Wujal Wujal Aboriginal Shire Council	2,160	645
Livingstone Shire Council	3,574	13,317	Yarrabah Aboriginal Shire Council	305	617
Lockhart River Aboriginal Shire Council	3,457	2,313			
Lockyer Valley Regional Council	375	640	Total	361,676	269,102
			Total Disaster recovery grants	503,229	431,423

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

For the year ended 30 June 2019

	2019 \$'000	2018 \$'000
5. Employee expenses		
<i>Employee benefits</i>		
Wages and salaries	9,708	9,308
Officer interchange	–	63
Annual leave levy	934	927
Long service leave levy	210	210
Employer superannuation contributions	1,249	1,201
Board fees	12	12
Other employee benefits	112	101
	<u>12,225</u>	<u>11,822</u>
<i>Employee related expenses</i>		
Payroll tax	606	599
Other employee related expenses	196	308
	<u>802</u>	<u>907</u>
Total	<u>13,027</u>	<u>12,729</u>

The number of employees including both full-time employees and part-time employees measured on a full-time equivalent basis at 30 June 2019 is:

	No.	No.
QRA employees	94	89
Total	<u>94</u>	<u>89</u>

Wages and Salaries

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at the current salary rates. As QRA expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts. Sick leave entitlements are non-vesting and are only paid upon valid claims for sick leave by employees. Sick leave expense is expensed in the reporting period in which the leave is taken by the employee.

Officer Interchange

Historically, QRA has engaged Queensland Government officers on interchange arrangements under section 184 of the *Public Service Act 2008*. These officers are considered employees for the purposes of these financial statements. QRA is invoiced for wages, salaries and on costs by Queensland Government Agencies. These costs are recorded as employee expenses.

Annual and Long Service Leave

Under the Queensland Government's Annual and Long Service Leave Schemes, a levy is made on QRA to cover the cost of employees' annual (including leave loading and on-costs) and long service leave. The levies are expensed in the period in which they are payable. Amounts paid to employees for annual and long service leave are claimed from the scheme quarterly in arrears.

Employer Superannuation Contributions

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

Employee related expenses

Payroll tax, workers' compensation insurance and fringe benefit tax (FBT) are consequences of employing employees, but are not counted in an employees' total remuneration package. They are not employee benefits and are recognised separately as employee related expenses. QRA pays workers' compensation insurance premiums to WorkCover in Queensland in respect of its obligations for employee compensation.

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2019

6. Key management personnel and remuneration

a) Key management personnel

QRA's responsible Minister is identified as part of QRA's key management personnel (KMP). That Minister is the Minister for State Development, Manufacturing, Infrastructure and Planning.

The following details for non-Ministerial KMP reflect those agency positions that had authority and responsibility for planning, directing and controlling the activities of the agency during 2018-19.

Position	Responsibilities under the <i>Queensland Reconstruction Authority Act 2011</i>	Current Incumbents		
		Contract classification and appointment authority	Name	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 QRA performs its functions effectively and efficiently.	Appointed by Governor in Council, <i>s14 Queensland Reconstruction Authority Act 2011</i>	Brendan Moon	Appointed 1/07/2016
Chair	Leading and directing the activities of the board to ensure the board performs its functions appropriately.	Appointed by Governor in Council, <i>s30 Queensland Reconstruction Authority Act 2011</i>	Richard Wilson	Appointed 19/09/2011
Board Members	Set the strategic priorities for QRA; make recommendations to the Minister; and ensure QRA performs its functions and exercises its powers in an appropriate, effective and efficient way.	Appointed by Governor in Council, <i>s30 Queensland Reconstruction Authority Act 2011</i>	Steve Golding Margaret de Wit Judith Zielke Mark Crosweller Robert Gee	Appointed 21/2/2011 Appointed 01/07/2016 Appointed 01/01/2018 Appointed 01/01/2018 Appointed 03/05/2018

(b) Remuneration

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. QRA does not bear any cost of remuneration of Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements which are published as part of Queensland Treasury's Report on State Finances.

Remuneration for QRA's non-Ministerial KMP is set by the Governor in Council.

Remuneration packages for KMP comprise the following components:

- Short term employee expenses which include:
 - Monetary Expenses – consisting of Base salary, allowances and leave entitlements earned and expensed (including levies payable) 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 Expenses – consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.
- Long term employee expenses include amounts expensed in respect of long service leave entitlements earned;
- Post-employment expenses include superannuation contributions;
- Termination benefits 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 paid.

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2019

6. Key management personnel and remuneration (cont'd)

b) Remuneration (cont'd)

The following disclosures focus on the expenses incurred by QRA that is attributable to key management positions during the respective reporting periods. Therefore, the amounts disclosed reflect expenses recognised in the Statement of Comprehensive Income.

2018-19		Short Term Employee Expenses		Long Term Employee Expenses	Post Employment Expenses	Termination Benefits	Total Expenses
Position	Name	Monetary Expenses \$'000	Non-Monetary Expenses \$'000	\$'000	\$'000	\$'000	\$'000
Chief Executive Officer	Brendan Moon	390	–	8	48	–	446
Chair	Richard Wilson	84	–	2	8	–	94
Board Member	Steve Golding	6	–	–	–	–	6
Board Member	Margaret de Wit	6	–	–	–	–	6
Total		486	–	10	56	–	552

Judith Zielke, Mark Crossweller and Robert Gee were not remunerated as they are Public Sector employees.

2017-18		Short Term Employee Expenses		Long Term Employee Expenses	Post Employment Expenses	Termination Benefits	Total Expenses
Position	Name	Monetary Expenses \$'000	Non-Monetary Expenses \$'000	\$'000	\$'000	\$'000	\$'000
Chief Executive Officer	Brendan Moon	390	–	8	48	–	446
Chair	Richard Wilson	75	–	2	8	–	85
Board Member	Steve Golding	6	–	–	–	–	6
Board Member	Margaret de Wit	6	–	–	–	–	6
Total		477	–	10	56	–	543

Judith Zielke, Mark Crossweller and Robert Gee were not remunerated as they are Public Sector employees.

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2019

	2019	2018	
	\$'000	\$'000	
7. Supplies and services			
Contractors	11,393	12,415	Contractors
ICT managed services	2,360	2,086	Contractors employed through labour hire agencies are not classified as employees. There is no contractual relationship between the entity and the individual in the arrangement and are classified as supplies and services.
Occupancy costs	1,165	1,382	Occupancy costs
Travel	1,268	867	Occupancy costs include QRA's operating lease rental. The payments for this operating lease are representative of the pattern of benefits derived from the leased asset and are expensed in the periods in which they are incurred.
Supplies and consumables	756	723	
Other supplies and services	1,218	924	
Total	<u>18,160</u>	<u>18,397</u>	
8. Depreciation and amortisation			
Depreciation	8	2	Amortisation
Amortisation	342	–	Amortisation is related to internally developed software for QRA's grant management system. The software has a useful life of 5 years. Amortisation is calculated on a straight line basis over the estimated useful life of the asset. Straight line amortisation is used reflecting the expected consumption of economic benefit on a progressive basis over the intangible's useful life. The residual value of the intangible asset is zero.
Total	<u>350</u>	<u>2</u>	
9. Other expenses			
Audit fees - external	145	212	Audit fees
Sundry expenses	–	250	Total audit fees quoted by the Queensland Audit Office (QAO) relating to the audit of the 2018-19 financial statements of QRA is \$40,000 (2017-18: \$30,000) and for the audit of the 2017-18 Commonwealth NDRRA Certificate which occurred in 2018-19 was \$179,000 (2017-18: \$175,000). Other audit services related to the agreed-upon procedures engagement to report factual findings on QRA's documented DRFA Management system is \$30,000 (2017-2018: \$Nil)
Total	<u>145</u>	<u>462</u>	Sundry expenses
			Sundry expenses relate to services provided by GIVIT to manage offers of donated goods and services after disaster events. The responsibility of providing funding to GIVIT was transferred to the Department of Communities, Disability Services & Seniors during 2018-19.
10. Cash and cash equivalents			
Cash at bank - Grant account	24,009	36,741	Cash and cash equivalents
Cash at bank - Operating accounts	13,659	14,114	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.
Total	<u>37,668</u>	<u>50,855</u>	Grant funds are held in a separate bank account to operating funds. 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 QRA. QRA is not exposed to interest rate risk as all interest earned is credited to State Consolidated Funds.
11. Receivables			
GST receivable	8,817	5,757	Receivables
Trade receivables	66	63	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.
Equity contribution receivable (note 16)	–	1,739	Credit risk exposure of receivables
Annual leave reimbursements	177	142	The maximum exposure to credit risk at balance date for receivables is the gross carrying amount of those assets inclusive of any provision for impairment. No impairment loss has been recognised for the 2018-19 year. No receivables are past due or impaired.
Long service leave reimbursements	9	–	
Total	<u>9,069</u>	<u>7,701</u>	

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2019

	2019 \$'000	2018 \$'000	
12. Property, plant and equipment			
<i>Plant and equipment</i>			Property, plant and equipment
At cost	18	49	Property, plant and equipment are measured at historical cost. 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.
Less: Accumulated depreciation	(10)	(33)	
<i>Furniture and fittings</i>			
At cost	109	–	
Less: Accumulated depreciation	(0)	–	
Total	<u>117</u>	<u>16</u>	
13. Intangibles			Intangibles
<i>Software: internally generated</i>			Intangible assets with a historical cost or other value equal to or greater than \$100,000 are recognised in the financial statements, whereas items with a lesser value are expensed.
At cost	3,445	–	Intangible assets comprise of internally developed software for QRA's grant management system. There is no active market for this intangible asset so the asset is recognised and carried at historical cost less accumulated amortisation and accumulated impairment losses.
Less: Accumulated amortisation	(342)	–	Expenditure on research or training activities relating to internally-generated intangible assets is recognised as an expense in the period in which it is incurred.
<i>Software: work in progress</i>			The useful lives of intangible assets are assessed to be finite. Intangible assets are tested for impairment where an indicator of impairment exists. Principally, the intangible asset is assessed for impairment by reference to the actual and expected continuing use of the asset by QRA, including discontinuing the use of the software.
At cost	282	1,449	
Total	<u>3,385</u>	<u>1,449</u>	
14. Payables			Payables
Trade creditors	1,086	2,030	Trade creditors are recognised for amounts payable in the future for goods and services received, whether or not billed to QRA 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	636	–	Grants payable is for funding for the Airlie Beach Foreshore precinct project that QRA is administering to Whitsunday Regional Council (WRC) as agent for DSDMIP. Funds are payable to WRC once the milestones in the project funding agreement are met.
Other payables	97	8,440	Other payables in 2018 primarily consisted of amounts payable to Queensland Treasury for NDRRA grants paid to QRIDA on behalf of QRA.
Total	<u>1,819</u>	<u>10,470</u>	
15. Accrued employee benefits			Accrued employee benefits
<i>Current accrued employee benefits</i>			No provision for annual leave or long service leave is recognised in QRA's financial statements as the liability is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 <i>Whole of Government and General Government Sector Financial Reporting</i> .
Annual leave levy payable	252	258	
Long service leave levy payable	53	52	
Wages payable	265	245	
Total	<u>570</u>	<u>555</u>	

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2019

	2019 \$'000	2018 \$'000	
16. Contributed Equity			
Net transfer in from other Queensland Government entity	1,739	1,739	
Total	<u>(1,739)</u>	<u>(1,739)</u>	<p>Contributed equity The contribution of equity relates to \$1.739 million transferred to QRA from DSDMIP for savings realised following the acquittal of NDRP for 2015 to 2017 by the former Department of Infrastructure, Local Government and Planning (DILGP). QRA assumed responsibility for administering NDRP from DILGP during 2017-18. DILGP transferred the equity to DSDMIP in 2017-18 as part of the Machinery of Government (MOG). The Minister of DSDMIP approved the transfer on to QRA on 13 June 2018.</p>
17. Reconciliation of Profit (loss) for the year to net cash flow from operating activities			
Loss for the year	(1,136)	(14,576)	
<i>Non-cash items included in operating result:</i>			
Depreciation and amortisation expense	350	–	
<i>Changes in assets and liabilities:</i>			
(Increase)/ decrease in receivables	(1,368)	3,087	
Adjustment to receivables due to equity contribution transfer from DSDMIP (note 16)	(1,739)	1,739	
Increase in other current assets	(10)	(168)	
(Decrease)/ increase in payables	(8,651)	8,341	
Increase in accrued employee benefits	15	169	
Net cash used in operating activities	<u>(12,539)</u>	<u>(1,408)</u>	<p>QRA received NDRRA advance funding from Queensland Treasury in 2010-11, 2011-12, 2013-14 and 2016-17 resulting in surpluses reported in the financial statements for those years. The losses for 2017-18 and 2018-19 were funded from the prior year surpluses.</p>
18. Commitments			
<i>Non-cancellable operating lease</i>			
Commitments under operating leases at reporting date are inclusive of non-recoverable GST and are payable as follows:			
Not later than one year	1,033	1,550	
Later than one year and not later than five years	4,485	395	
Later than five years	3,121	–	
Total	<u>8,639</u>	<u>1,945</u>	<p>Operating leases are entered into as a means of acquiring access to office accommodation. Operating lease terms expire in December 2026. Lease payments are fixed with annual escalation of 3.5% in January of each year.</p>

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2019

19. Related Parties

Transactions with other Queensland Government-controlled entities

QRA's predominate source of funding is grant funding from Queensland Treasury made through DSDMIP. (refer Note 2).

Disaster recovery grants are made to various Queensland Government controlled entities (refer Note 4).

QRA makes payments to Queensland Government controlled entities for general operating expenditure. Examples of this expenditure include officer interchange costs, payroll tax, workers compensation premiums, payments for payroll services provided, and occupancy costs. These payments are made based on agreed terms and are consistent with the terms provided to other government entities.

QRA is reimbursed by other Queensland Government controlled entities for the provision of ICT related services at cost (refer Note 3).

20. Events after the end of the reporting period

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

21. Other information

Taxation

QRA is exempted from income tax under the *Income Tax Assessment Act 1936* and is exempted from other forms of Commonwealth taxation with the exception of FBT and GST. GST credits receivable from, and GST payable to, the Australian Taxation Office (ATO) are recognised (refer to Note 11).

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Insurance

QRA's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund (QGIF), premiums being paid on a risk assessment basis.

Financial Instruments

QRA's financial instruments comprise Receivables and Payables. QRA does not enter into transactions for speculative purposes, nor for hedging.

Financial assets and liabilities are recognised in the Statement of Financial Position when QRA becomes party to the contractual provisions of the financial instrument, and are held at amortised cost.

QRA 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.

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2019

22. Budget vs actual comparison

Statement of Comprehensive Income

	Variance Note	Budget 2019 \$'000	Actual 2019 \$'000	Variance \$'000	Variance % of Budget
Income					
Grant revenue		563,426	554,143	(9,283)	-2%
Other revenue		–	248	248	100%
Total income		<u>563,426</u>	<u>554,391</u>	<u>(9,035)</u>	<u>-2%</u>
Expenses					
Grant expenses		529,563	523,845	5,718	1%
Employee expenses	v1	14,220	13,027	1,193	8%
Supplies and services		18,631	18,160	471	3%
Depreciation and amortisation		–	350	(350)	100%
Other expenses	v2	1,012	145	867	86%
Total expenses		<u>563,426</u>	<u>555,527</u>	<u>7,899</u>	<u>1%</u>
Profit (loss) for the year		=	<u>(1,136)</u>	<u>(1,136)</u>	<u>100%</u>
Total comprehensive income (loss) for the year		=	<u>(1,136)</u>	<u>(1,136)</u>	<u>100%</u>

Explanations of major variances

v1 Employee expenses is lower than expected as QRA's total budgeted staff of 104 FTEs includes capacity to upscale operations as required during disaster recovery activities. The full upscaling in operations was not required in 2018–19 with actual FTEs of 94 as at 30 June 2019.

v2 Other expenses is lower than expected due to the transfer of funding for disaster recovery services (GIVIT) to the Department of Communities, Disability Services and Seniors during 2018–19.

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2019

22. Budget vs actual comparison (cont'd)

Statement of Financial Position

	Variance Note	Budget 2019 \$'000	Actual 2019 \$'000	Variance \$'000	Variance % of Budget
Current assets					
Cash and cash equivalents	v3	43,339	37,668	(5,671)	-13%
Receivables	v4	5,472	9,069	3,597	66%
Other current assets		12	205	193	1610%
Total current assets		48,823	46,942	(1,881)	-4%
Non-current assets					
Property, plant and equipment		4	117	113	2818%
Intangibles	v5	1,400	3,385	1,985	142%
Total non-current assets		1,404	3,502	2,098	149%
Total assets		50,227	50,444	217	0%
Current liabilities					
Payables	v6	2,136	1,819	317	15%
Accrued employee benefits		429	570	(141)	-33%
Total current liabilities		2,565	2,389	176	7%
Total liabilities		2,565	2,389	176	7%
Net assets		47,662	48,055	393	1%
Equity					
Accumulated surplus		47,662	46,316	(1,346)	-3%
Contributed equity		–	1,739	1,739	100%
Total equity		47,662	48,055	393	1%

Explanations of major variances

- v3 Cash and cash equivalents is less than budget due to QRA's beginning cash balance being lower than expected due to higher grant payments made toward the end of 2017-18 which were made after the budget was finalised.
- v4 Receivables is more than expected as a result of timing for GST refundable.
- v5 The increase in intangibles relates to the capital cost of internally developing the grants management and reporting system.
- v6 Payables is less than expected due to the payment of trade creditors brought forward to ensure creditors were paid within trading terms as the finance system was anticipated to be unavailable in July while a system migration was taking place.

Queensland Reconstruction Authority

Notes to and forming part of the Financial Statements

For the year ended 30 June 2019

22. Budget vs actual comparison (cont'd)

Statement of Cash Flows

	Variance Notes	Budget 2019 \$'000	Actual 2019 \$'000	Variance \$'000	Variance % of Budget
Cash flows from operating activities					
<i>Inflows:</i>					
Grants		563,426	556,690	(6,736)	-1%
Other (including GST refunded from ATO and collected from customers)		53,217	51,551	(1,666)	-3%
<i>Outflows:</i>					
Employee costs		(14,220)	(13,023)	1,197	8%
Supplies and services (including GST paid to suppliers)		(71,755)	(73,601)	(1,846)	-3%
Grants		(529,563)	(534,011)	(4,448)	-1%
Other		(1,105)	(145)	960	87%
Net cash (used in) operating activities		=	(12,539)	(12,539)	100%
Cash flows from investing activities					
<i>Outflows:</i>					
Payments for property, plant and equipment	v7	–	(109)	(109)	-100%
Payments for intangibles	v8	–	(2,278)	(2,278)	-100%
Net cash (used in) investing activities		=	(2,387)	(2,387)	100%
Cash flows from financing activities					
<i>Inflows:</i>					
Equity contribution		–	1,739	1,739	-100%
Net cash provided by investing activities		=	1,739	1,739	100%
Net increase/(decrease) in cash and cash equivalents		–	(13,187)	(13,187)	100%
Cash and cash equivalents at beginning of reporting period		43,339	50,855	7,516	17%
Cash and cash equivalents at end of reporting period		43,339	37,668	(5,671)	-13%

Explanations of major variances

- v7 Payments for property, plant and equipment relates to the capital costs of a partial refit of QRA's office accommodation following extension of its lease.
- v8 Payments for intangibles relates to the capital cost of internally developing the grants management and reporting system. The cost of developing the system was originally budgeted for in supplies and services expense.

Certificate of the Queensland Reconstruction Authority Management Certificate

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:

- (i) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- (ii) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of QRA for the financial year ended 30 June 2019 and of the financial position of QRA at the end of that year; and
- (iii) 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.



Brendan Moon
Chief Executive Officer

Queensland Reconstruction Authority

Date: 20 August 2019



Major General Richard Wilson (Retd)
Chairperson

Queensland Reconstruction Authority

Date: 20 August 2019



Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

To the Board of Queensland Reconstruction Authority

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Queensland Reconstruction Authority.

In my opinion, the financial report:

- a) gives a true and fair view of the entity's financial position as at 30 June 2019, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

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

I am independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

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

Responsibilities of the entity for the financial report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards, and for such internal control as the Board determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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



Auditor's responsibilities for the audit of the financial report

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

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

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

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



Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2019:

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

A handwritten signature in black ink, appearing to read 'Vaughan Stemmett', is written over a horizontal line.

Vaughan Stemmett
as delegate of the Auditor-General

20 August 2019
Queensland Audit Office
Brisbane

Ministerial directions

Under Section 12(3)(a) of the QRA Act, QRA must include in its Annual Report details of any direction or notice given by the Minister during the financial year to which the report relates.

The accompanying table lists Ministerial Directions provided to QRA in 2018–19 to administer DRFA and NDRRA for the listed disaster events.

Event	Date Ministerial Direction signed
North and Far North Queensland Monsoon Trough 25 January – 14 February 2019	6 March 2019
Tropical Cyclone Penny 24 December 2018 – 4 January 2019	5 February 2019
Tropical Cyclone Owen 9 – 17 December 2018	5 February 2019
South West Queensland Trough 14 – 17 December 2019	13 March 2019
Central Queensland Bushfires 22 November – 6 December 2018	18 December 2019
Redland Bushfires 28 November – 13 December 2018	15 January 2019
Wide Bay-Burnett Severe Storms 11 – 14 October 2018	30 October 2019
Gympie Bushfires 19–27 September 2018	5 February 2019
Mareeba Tablelands Bushfires 17 September – 9 October 2018	5 February 2019

Annual report requirements

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs – section 7	4
Accessibility	Table of contents	ARRs – section 9.1	3
	Glossary		56
	Public availability	ARRs – section 9.2	3
	Interpreter service statement	<i>Queensland Government Language Services Policy</i> ARRs – section 9.3	3
	Copyright notice	<i>Copyright Act 1968</i> ARR – section 9.4	3
	Information Licensing	QGEA – Information Licensing ARR – section 9.5	3
General information	Introductory Information	ARRs – section 10.1	6, 7
	Machinery of Government changes	ARRs – section 10.2, 31 and 32	NA
	Agency role and main functions	ARRs – section 10.2	8
	Operating environment	ARRs – section 10.3	9
Non-financial performance	Government’s objectives for the community	ARRs – section 11.1	9
	Other whole-of-government plans / specific initiatives	ARRs – section 11.2	14
	Agency objectives and performance indicators	ARRs – section 11.3	8, 10, 14, 57
	Agency service areas, and service standards	ARRs – section 11.4	57
Financial performance	Summary of financial performance	ARRs – section 12.1	26
Governance – management and structure	Organisational structure	ARRs – section 13.1	18
	Executive management	ARRs – section 13.2	19
	Government bodies (statutory bodies and other entities)	ARRs – section 13.3	NA
	Public Sector Ethics Act 1994	<i>Public Sector Ethics Act 1994</i> ARR – section 13.4	24
	Queensland Public Service values	ARRs – section 13.5	25
Governance – risk management and accountability	Risk management	ARRs – section 14.1	22
	Audit committee	ARRs – section 14.2	NA
	Internal audit	ARRs – section 14.3	22
	External scrutiny	ARRs – section 14.4	22
	Information systems and recordkeeping	ARRs – section 14.5	23
Governance – human resources	Strategic workforce planning and performance	ARRs – section 15.1	24
	Early retirement, redundancy and retrenchment	Directive No.04/18 Early Retirement, Redundancy and Retrenchment ARR – section 15.2	24
Open Data	Statement advising publication of information	ARRs – section 16	3
	Consultancies	ARRs – section 33.1	https://data.qld.gov.au
	Overseas travel	ARRs – section 33.2	https://data.qld.gov.au
	Queensland Language Services Policy	ARRs – section 33.3	https://data.qld.gov.au
Financial statements	Certification of financial statements	FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 17.1	49
	Independent Auditors Report	FAA – section 62 FPMS – section 50 ARRs – section 17.2	50

FAA Financial Accountability Act 2009

FPMS Financial and Performance Management Standard 2019

ARRs Annual report requirements for Queensland Government agencies

Glossary

ARRs	Annual report requirements for Queensland Government Agencies
CEO	Chief Executive Officer
DRFA	Disaster Recovery Funding Arrangements
eDRMS	electronic Document and Records Management System
EMA	Emergency Management Australia
FTE	Full Time Equivalent
MARS	Management and Reporting System
NDRRA	Natural Disaster Relief and Recovery Arrangements
NDRP	Natural Disaster Resilience Program
PDA	Performance Development Agreement
QAO	Queensland Audit Office
QDRF	Queensland Disaster Resilience Fund
QRA	Queensland Reconstruction Authority
QRA Act	Queensland Reconstruction Authority Act 2011
Resilient Queensland	Resilient Queensland 2016 -- implementing the Queensland Strategy for Disaster Resilience
Ret'd	Retired
SRC	State Recovery Coordinator
SRPPC	State Recovery Planning and Policy Coordinator
STC	Severe Tropical Cyclone
the Code	Code of Conduct for the Queensland Public Service
WFQ	Working For Queensland

Performance indicators and service standards

Administration of Natural Disaster Relief and Recovery Arrangements

The objective of this service area is to demonstrate accountability in the use of natural disaster and resilience funding and support the Queensland economy and job growth by coordinating the rapid restoration of communities following natural disasters and building their resilience to future events.

This service area recognises that (QRA) is responsible for:

- Actively managing State-wide NDRRA reconstruction works, including works relating to Queensland’s natural disaster events of 2016-17, 2017-18 and 2018–19, and publicly report on their progress.
- Managing the close-out and acquittal of NDRRA expenditure to obtain an unqualified audit opinion from the QAO in relation to claims for Australian Government reimbursement of eligible NDRRA expenditure.
- Coordinating development and implementation of disaster recovery, mitigation and resilience policy across Queensland.
- As natural disasters occur, assisting with disaster recovery operations and supporting local governments in their recovery processes, and undertaking rapid damage assessments of commercial, residential (in conjunction with Queensland Fire and Emergency Services) and council infrastructure in the worst hit areas.

Administration of Natural Disaster Relief and Recovery Arrangements	2018–19 Target/Est.	2018–19 Actual
Service standards		
Effectiveness measure		
Percentage of reconstruction and resilience projects completed within required timeframes ¹	100%	100%
Efficiency measures		
Immediate disaster recovery operating costs per dollar of new disaster event damage ²	0.25%	0.11%

Notes:

- This service standard has been amended to align to Australian Government eligibility criteria that works eligible for reimbursement under NDRRA are required to be completed within two years of the event. The service standard no longer references works being delivered within budget as NDRRA reimbursement is based on actual costs incurred in delivering eligible scope.
- This service standard reflects organisational efficiency in the delivery of services in immediate disaster response and recovery operations. The objective of the measure is to ensure that QRA continue to deliver services consistent from one event to the next. The 2018–19 target is higher than the 2018–19 actual as QRA has been more efficient in resource allocation than originally targeted.

