



Annual Report 2013–2014

QRAA Annual Report 2013-14

Welcome

Welcome to the QRAA Annual Report for 2013-14.

QRAA is a statutory authority of the Queensland Government established under the *Rural and Regional Adjustment Act 1994* (the Act), reporting to the Minister for Agriculture, Fisheries and Forestry.

We provide specialist financial administrative services to the Queensland Government, Australian Government and state and territory governments throughout Australia.

This report provides an overview of QRAA's activities, achievements, performance and financial position for the 2013-14 financial year.

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Interpreter service statement

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 **Freecall 1800 623 946** and we will arrange an interpreter to effectively communicate the report to you.

Public availability and feedback

A copy of this Annual Report and a checklist outlining the annual reporting requirements can be accessed at www.qraa.qld.gov.au/about-qraa/publications/annual-report.

To provide feedback on this report, please contact us:

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To the Minister

10 September 2014

The Honourable Dr John McVeigh MP
Minister for Agriculture, Fisheries and Forestry
GPO Box 46
Brisbane QLD 4001

Dear Minister

On behalf of QRAA staff and Board of Directors, I am pleased to present the QRAA Annual Report for 2013-14.

I certify that this Annual Report complies with:

- the prescribed requirements of the *Rural and Regional Adjustment Act 1994* and the *Financial Accountability Act 2009* and
- the detailed requirements set out in the *Annual report requirements for Queensland Government agencies (Requirements for the 2013 – 2014 reporting period)*. A checklist outlining these requirements can be found at page 50 of this Annual Report or accessed at www.qraa.qld.gov.au/about-qraa/publications/annual-report.

QRAA is proud of its achievements in 2013-14 and will continue to provide a broad, flexible and cost effective range of administrative services to assist government agencies deliver financial programs to the highest standards.

Yours sincerely

Wayne Carlson
Chairperson

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Our year in review

Chairperson's and Chief Executive Officer's report

Our performance

2013-14 proved to be another big year for QRAA and our partners.

As at 30 June 2014, we had approved more than 5,600 applications totalling over \$211 million in financial assistance across all loan, grant, rebate and subsidy programs. This compared with over 9,400 applications totalling \$159 million in 2013-14.

The drop in application volumes enabled QRAA to invest in corporate capability and development initiatives.

Key projects included the relocation of our Brisbane based head office to Mineral House and planning associated with the proposed procurement of a new loans and grants administration system (LGAS).

Our programs

Uptake of disaster assistance related to Tropical Cyclone Oswald remained solid during 2013-14. At 30 June 2014 over 5,000 applications and \$78 million had been approved under the Natural Disaster Relief and Recovery Arrangements (NDRRA) jointly funded by the Australian and Queensland State Governments.

Demand for First Start and Sustainability Loans under the Queensland Government Primary Industry Productivity Enhancement Scheme (PIPES) remained steady - with 209 applications and \$74 million approved to new and existing producers throughout the financial year.

Six new service arrangements were secured in 2013-14. Highlights included:

- Drought Concessional Loans Scheme (Queensland) administered on behalf of the Australian Government (Department of Agriculture)
- Farm Finance Concessional Loans Scheme (Queensland and Northern Territory). The latter represents QRAA's first interstate service delivery arrangement.

QRAA's loan portfolio increased by over \$71 million, taking the total gross value of the loan book to more than \$484 million at 30 June 2014. This growth reflects ongoing demand for concessional loans offered under the PIPES and NDRRA and the introduction of the new Australian Government loan packages (Farm Finance and Drought Concessional Loans Schemes).

Our financial performance

In 2013-14, QRAA achieved an operating surplus of \$5.93 million despite having to recognise a \$24.86 million expense in respect of the fair value of interest rate concessions on loans issued during the year to primary producers and other businesses to comply with accounting standards.

During 2013-14, QRAA approved \$62.25 million in grants, rebates and subsidies, including \$59.63 million in NDRRA assistance. For the same period, QRAA approved \$149.16 million in loans under PIPES, Farm Finance Concessional Loans, Drought Concessional Loans and NDRRA assistance.

QRAA launched a number of new programs and projects during the financial year, including the Farm Finance Concessional Loans Schemes for Queensland and the Northern Territory. Nonetheless, QRAA's employee expenses and supplies and services expenses increased by just 6%, which is offset by fees for services on those schemes. The uptake of those schemes happened in a year where QRAA's staff numbers were otherwise decreasing, with the closing of applications mid-year for financial assistance under NDRRA for those affected by Tropical Cyclone Oswald. This result reflects one of QRAA's unique strengths in terms of its ability to upscale and downscale to respond to significant events such as natural disasters and other new schemes.

In 2013-14, QRAA received a core funding operating grant from Queensland Government of \$9.04 million. QRAA also earned fee for service revenue for administering assistance programs on behalf of various government departments.

Fee for service revenue is expected to increase in 2014-15 as QRAA begins to process applications for the Drought Concessional Loans Scheme which was launched in June 2014.

The year ahead

QRAA will continue to provide a broad, flexible and cost effective range of administrative services to assist government agencies deliver financial programs to the highest standards.

QRAA is committed to 'Getting Queensland back on track'. Our corporate direction is consistent with the government's five community objectives and through the administration and delivery of the targeted productivity and concessional loan programs and grant schemes for primary producers; commercial fishers; small business; and non-profit organisations QRAA directly contributes to (i) Growing a four pillar economy and (ii) Lowering the cost of living.

We will continue to build our capabilities through the acquisition and delivery of new programs, commitment to corporate development and use of technology. These investments will ensure that we can remain flexible and responsive to government priorities and the needs of our growing client base.

QRAA's 2014-18 Strategic Plan will continue to guide our operations and support the achievement of our corporate objectives.



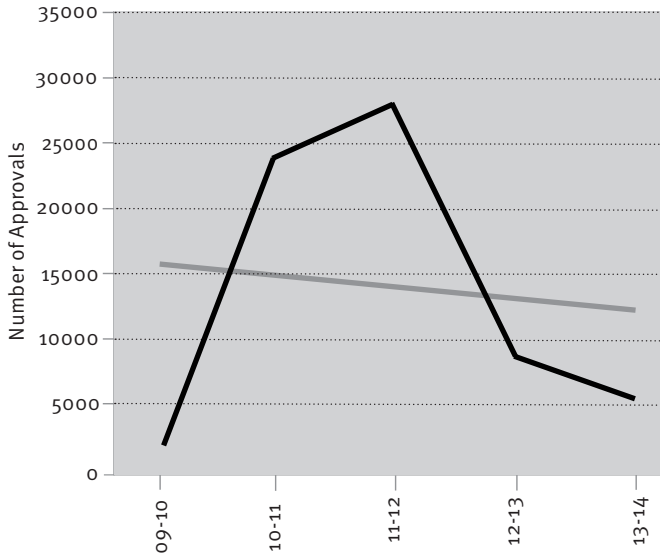
Wayne Carlson
Chairperson



Colin Holden
Chief Executive Officer

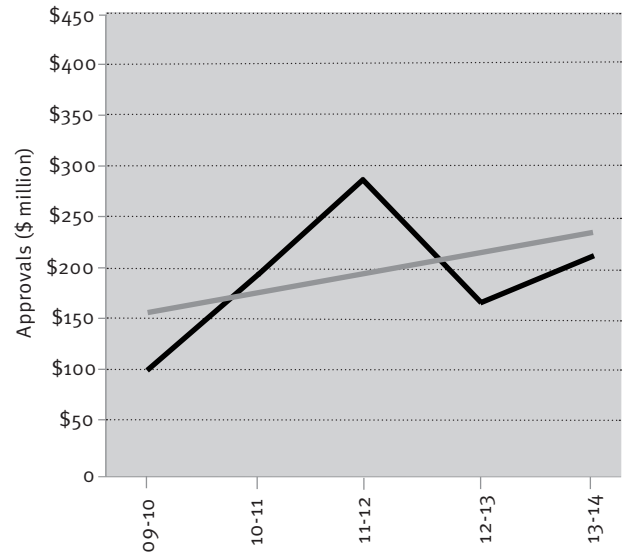
Five year snapshot

Applications approved



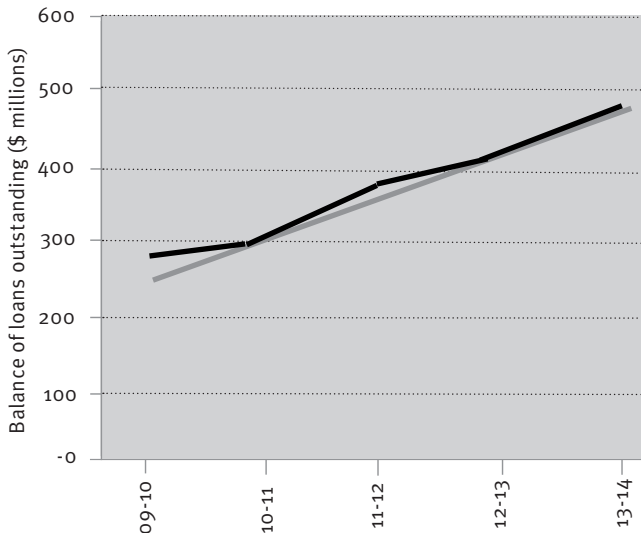
QRAA approved 5,673 applications across all financial assistance programs in 2013-14. This represents a return to more usual activity, following unprecedented application numbers as a result of disasters in the 2010-12 period.

Program approvals



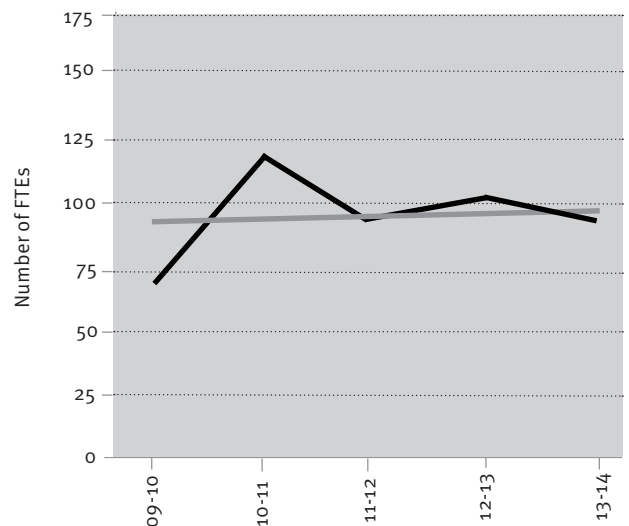
In 2013-14, QRAA approved more than \$211.4 million in financial assistance in the form of loans, rebates, grants and subsidies.

Growth of loan portfolio



The stability of QRAA's loan portfolio highlights the continued need for concessional loan assistance.

Staffing



As at 30 June 2014, QRAA employed 89.8 full-time equivalent employees (FTE) across all business units. Staff numbers vary throughout the year to match business needs.

— Total number — Trend line

Our organisation

About us

Who we are

QRAA is a statutory authority of the Queensland Government established under the *Rural and Regional Adjustment Act 1994* (the Act), reporting to the Minister for Agriculture, Fisheries and Forestry.

What we do

QRAA is a specialist administrator of government financial assistance programs including loans, grants, rebates and subsidies.

Established in 1994, QRAA has developed a reputation for cost-effective, timely, robust and transparent service delivery.

Through the assistance programs it administers, QRAA contributes to Queensland Government objectives by:

- fostering the development of a more productive and sustainable rural and regional sector in Queensland
- supporting the state's economy by providing assistance to primary producers, small businesses and other elements of the state's economy
- giving assistance by administering programs for the Australian Government and other states in rural and regional sectors outside Queensland.

QRAA's core responsibility is to administer the Queensland Government's Primary Industry Productivity Enhancement Scheme and, when required, support the delivery of selected Natural Disaster Relief and Recovery Arrangements assistance for primary producers, businesses and non-profit organisations.

QRAA is also empowered under the Act to deliver additional programs and services to state and territory governments throughout Australia and for the Australian Government.

QRAA's administration services are complemented by a dedicated and responsive customer service unit which includes:

- direct access to experienced Customer Service Officers based in the Brisbane head office via the **Freecall 1800 623 946** number
- personalised support throughout Queensland through our network of eight Client Liaison Officers servicing the following regions:

Maranoa and South West	Far North and Gulf
Wide Bay and Fraser Coast	Capricornia
Central Highlands and West	Burnett
Darling Downs and Lockyer Valley	North

Our values

QRAA's operations are governed by its commitment to six core values:

Continual improvement

we will develop a higher level of excellence in the delivery of high-quality, efficient, timely and responsive services.

Equity

we ensure that our performance demonstrates transparency, fairness, consistency and professionalism.

Integrity

we act with honesty, empathy and confidentiality in all of our dealings.

Responsibility

we will deliver on our commitments by taking ownership and responsibility for our decisions.

Respect and recognition

we value and acknowledge the contribution of our staff and commit to providing recognition, development and the giving and receiving of constructive feedback.

Harmony and satisfaction

we provide a safe, equitable, harmonious and challenging work environment encouraging teamwork and creativity.

Our vision

To be the preferred provider of government financial programs and services.

Strategic intent

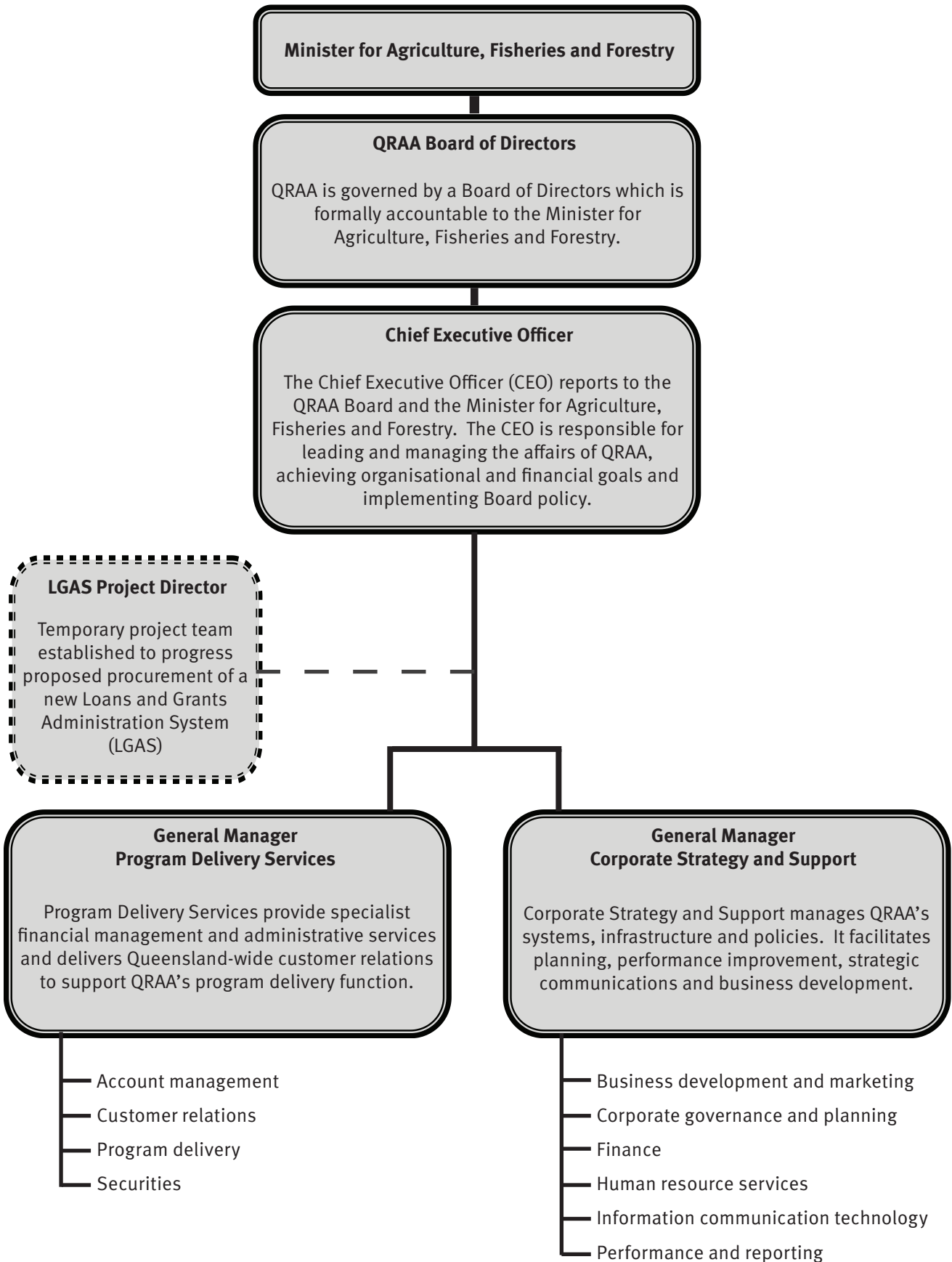
To achieve self sufficiency.

Strategic framework

QRAA's Strategic Plan 2013-17 outlined four strategic priorities that guide and support the achievement of our vision and strategic intent. These are:

1. Financial leadership
2. Service excellence
3. Business sustainability
4. Capability

Organisational structure



Corporate governance

QRAA Board of Directors

QRAA's Board of Directors (the Board) is responsible for the way QRAA performs its functions and exercises its powers.

The Board consists of seven directors, including representatives from Queensland industry as well as the Queensland Department of Agriculture, Fisheries and Forestry (QDAFF) and Queensland Treasury and Trade.

The Board's role includes:

- approving strategies and operational, administrative and financial policies
- ensuring QRAA performs its functions properly, effectively and efficiently
- annual review of the performance of QRAA's CEO.

The Board is formally accountable to the Minister for Agriculture, Fisheries and Forestry (the Minister). During 2013-14, the Board reported to the Minister on QRAA's achievements on a quarterly basis.

Under the Act, the Board must meet at least once every three months. The Chairperson may call a Board meeting more frequently as required.

During 2013-14 the Board met 12 times.

Board committees

The Board has two sub-committees that support its decision-making. These are the Audit and Risk Management (A&RM) Committee and the Remuneration Committee.

Audit and Risk Management Committee

The A&RM Committee consists of three directors with the QRAA Chairperson and QRAA CEO attending as ex-officio members. The Committee met seven times during 2013-14.

During 2013-14, the Committee undertook independent reviews to improve QRAA's operations and outputs and advised the Board on:

- financial statements
- risk management
- internal controls
- performance management
- internal and external audit
- compliance
- reporting.

Remuneration Committee

The Remuneration Committee includes two directors and meets annually, with the QRAA CEO attending as an ex-officio member.

As part of the budget process, the Committee reviewed and advised the QRAA Board on the performance of senior management by means of a remuneration review.

Measuring performance

Organisational performance goals and strategic targets are established as a result of the Board's strategic planning and budgeting processes and are subject to endorsement by the Minister.

Director	Board meetings		Audit and Risk Management Committee meetings		Remuneration Committee meetings		'Special' meetings	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Wayne Carlson	12	12	7*	7	1	1	2	2
Christopher Hood	12	12	-	-	-	-	2	2
Elizabeth Woods^^	12	11	-	-	-	-	2	1
Elton Miller	1	1	-	-	-	-	-	-
Leigh Pickering #	10	8	5	4	-	-	2	0
Warwick Agnew	1	1	1	1	-	-	-	-
John Pollock ^	11	10	6	6	-**	-	2	1
Georgie Somerset	12	11	7	7	1	1	2	2
Damian Morgan	12	10	-	-	-	-	2	0
Dugald Warby	1	1	1	1	-	-	-	-

NOTES

* Ex officio

** Meeting was held on 12th June 2014 after John Pollock's retirement. Only two directors remain on the committee.

The secondment of Drew Ellem on 12 June 2013 saw Queensland Treasury and Trade directorship delegated to Leigh Pickering effective from 2 August 2013. Leigh was subsequently appointed also to the A&RM Committee from 2 August 2013. Warwick Agnew replaced Leigh Pickering effective 2 June 2014,

^ Dugald Warby appointed 3 June 2014, following the retirement of Director Pollock (2 June 2014) and also appointed as Chairperson of the Audit and Risk Management Committee.

^^ Elizabeth Woods is the delegated officer for the Director General, Department of Agriculture, Fisheries and Forestry. In April 2014, the Director General, Department of Agriculture, Fisheries and Forestry delegated Elton Miller to attend on behalf of the Department.

Corporate governance (cont.)

Organisational performance is monitored and reported against objectives and targets set out in QRAA's Strategic Plan.

The Remuneration Committee and the Board periodically review the performance of QRAA's CEO and other senior executives.

Risk management

QRAA's risk management framework assists staff to implement risk management practices and facilitates a risk management culture.

A risk management reference group, comprised of representatives of QRAA's business units, assists and supports the Senior Executive Team (SET) and the A&RM Committee maintain an integrated risk management approach to:

- promote and further develop the risk management framework and act as risk champions to foster a culture of risk awareness and management
- review and consider the requirements and issues raised applicable to legislation, standards and guidelines
- effectively manage, monitor and review risk exposures and treatments
- promote emergency and business continuity management preparedness
- review fraud and corruption management practices and controls
- identify emerging risks and opportunities and develop appropriate action plans to manage those risks and opportunities.

Strategies that supported successful risk management in 2013-14 included:

- management of the QRAA risk register, incorporating the status of risk treatments (reviewed quarterly by the QRAA Senior Executive Team, QRAA's A&RM Committee and the QRAA Board)
- implementation and reinforcement of the principles of QRAA's risk management framework and risk management guidelines and tools to improve accessibility and enhance employee engagement
- implementation of annual staff risk awareness survey to measure the effectiveness of the risk management framework and its application within the organisation
- completion of the accounts payable data analytics review and implementation of improvement strategies
- commencement of payroll data analytics review
- development and implementation of a compliance

framework to monitor organisational compliance with key legislation

- testing of QRAA's emergency and business continuity management preparedness.

Internal audit

Deloitte Touche Tohmatsu (Deloitte) provided internal audit services during the year. This internal audit function assisted QRAA in achieving strategic goals by providing an independent review of identified areas.

The reviews undertaken in 2013-14 assisted with:

- ensuring financial assistance programs are administered appropriately
- reliability and integrity of financial, human resource, payroll and information services processing and systems
- legislative compliance
- appropriate management of operational areas and projects.

Deloitte delivered these services through the development and monitoring of an annual audit plan of reviews. All final reports were considered by the QRAA A&RM Committee.

During 2013-14, QRAA did not participate in any formal external whole of government reviews.

Ethical standards

QRAA requires all directors, managers and employees to act with integrity and objectivity and to maintain high standards of ethical behaviour in the execution of their duties.

The QRAA code of conduct requires officers to:

- act with integrity and impartiality, ensuring high standards of workplace behaviour and personal conduct
- promote the public good through excellence in customer service, community engagement and working with other agencies
- commit to the system of government through conscientious service to QRAA and government
- act with accountability and transparency to support high standards of administration.

All new appointees to QRAA provide a statement indicating that they have read and understood the QRAA code of conduct. Every second year all staff acknowledge their understanding of the organisational code of conduct and responsibilities as an ongoing reinforcement of ethical standards. The next review is due to be undertaken by

Corporate governance (cont.)

May 2015.

All QRAA policies and procedures are referenced to the code of conduct and are made available to staff via the QRAA intranet. Internal communications support ongoing awareness, understanding and compliance.

To support the QRAA code of conduct and to further strengthen connectivity with the *Public Sector Ethics Act 1994*, QRAA continued to raise awareness of fraud, risk and public interest disclosure policies.

Policy framework

During 2013-14, QRAA continued to focus on the development and review of its corporate policies and procedures in line with a three-year cyclical work plan. This ensured ongoing connectivity with legislation and government directives, audit outcomes and best practice.

Policies and procedures approved by the QRAA Board and SET are made available on the QRAA intranet and implemented with the support of education and training, monitoring and review mechanisms.

During 2013-14, a total of 17 policies, procedures, guidelines and frameworks were developed, reviewed and approved.

Information systems and recordkeeping

Information systems and recordkeeping are managed in accordance with the *Public Records Act 2002* and other key information standards, policies and guidelines that form the Queensland Government Recordkeeping Policy Framework.

During 2013-14, the QRAA Business Classification Scheme was embedded as the structure for the organisation's network directory. This activity included a significant amount of change management activities and supporting tools were developed to enable staff to understand how to align and capture records to a function/activity structure.

Planning activities were conducted to prepare client data for migration to the proposed Loans and Grants Administration System (LGAS). This was vital to maintain retention and archive information and accessibility. LGAS will be the key driver for QRAA to transition from paper records to true digital recordkeeping for its client records.

A digitisation plan was developed to identify the QRAA scan-to-destroy model of hard copy records. The plan addressed all the associated compliance requirements, including risk assessment and documentation of all procedures, quality assurance and technical specifications of equipment.

During 2013-14 QRAA relocated our head office to level 2, 41 George Street, Brisbane. As part of the preparation for

this move, a significant culling project was undertaken. This process determined records to be retained, archived or destroyed in accordance with the Queensland Government General Disposal and Retention Schedule.

ICT review

To ensure QRAA's technological capability and performance was well placed to meet the changing demands of the future, QRAA engaged an external vendor to undertake a full review of our information services function during 2013-14.

This review highlighted a number of improvement activities and processes that will assist QRAA ensure our systems and processes are secure and adaptable.

Action on these measures commenced and will continue under a three year action plan developed from the review process.

LGAS

The LGAS project was fully established by November 2013 to progress the proposed procurement of a new software solution to meet future requirements and replace QRAA's current administration system which has been in place since 2003.

Open data

Details of QRAA's consultancies will be published through the Queensland Government's Open Data website (www.data.qld.gov.au) instead of in the Annual Report.

QRAA did not engage in any overseas travel in the 2013-14 year.

QRAA is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. The Department of Immigration and Citizenship's National Translating and Interpreting Service was utilised twice in 2013-14.

Right to information

The *Right to Information Act 2009* (RTI Act) is the Queensland Government's approach to providing the community with access to information controlled by the government.

QRAA supports the principles of the RTI Act by operating in an open, transparent and accountable manner while protecting the privacy of clients and staff.

QRAA provides access to information in accordance with the legislation, as well as publishing available information on the QRAA website.

Corporate governance (cont.)

During 2013-14, QRAA received no new requests for access to information in accordance with the RTI Act but did continue to process a request received in the previous financial year. Given the nature of the information, QRAA was not required to provide a disclosures log.

Information privacy

The *Information Privacy Act 2009* (IP Act) gives all members of the public a legally enforceable right to access and amend their personal information. The IP Act also requires QRAA to safeguard the personal information that it holds and only disclose such information to the individual that the information relates to, where consent has been provided or it is required and authorised under law.

During 2013-14, QRAA did not process any requests for personal information in accordance with the IP Act. However QRAA did process three requests for information outside of the *Right to Information Act 2009* and the *Information Privacy Act 2009*, respective to specific agency legislation, for the provision of personal information.

Work health and safety

QRAA is committed to providing a work environment that is conducive to protecting the health, safety and well-being of QRAA workers and visitors to the workplace. QRAA is bound by the *Work Health and Safety Act 2011* (WHS Act), *Work Health and Safety Regulation 2011* and relevant codes of practice.

All QRAA employees were provided with training on how to perform their work safely and without risk to their own or others' health and safety. New employees were informed about the WHS Act and QRAA Work Health and Safety Policy and Procedure through induction programs.

During 2013-14, QRAA formalised a working from home checklist and a telecommuting agreement to assist with QRAA's first telecommuting staff arrangement. The checklist addressed QRAA's due diligence requirements in relation to working from home environments.

With QRAA relocating its head office location to 41 George Street on 30 September 2013, a whole of organisation rollout of the on-line training program for the building emergency and evacuation procedures was undertaken.

QRAA's Human Resource Services Unit has an active workplace rehabilitation and return to work system that assists injured or ill employees to return to work in mutually beneficial arrangements. In 2013-14 QRAA's rehabilitation caseload has remained at traditionally low levels with no significant expense or lost cases under management.

To support the wellbeing of QRAA staff, influenza vaccinations were again offered to all staff prior to the onset of winter, with 62 per cent participating in the program (an increase of 16 per cent on the 2012-13 participation rate).

QRAA workforce profile

QRAA staff provide a strong foundation for the effective administration of financial assistance programs.

QRAA's staffing levels are demand driven and vary to accommodate business needs such as responding to disaster events or new programs secured.

Overall net staffing figures reduced by approximately 11 percent. As at 30 June 2014, QRAA employed 89.8 full-time equivalent (FTE) staff as follows:

QRAA employees by employment type (as at 30 June 2014)

	2012-13	2013-14	MOVEMENT
Permanent	70.0	65.4	↓
Temporary	31.0	24.4	↓
Casual	0.0	0.0	-
Total (FTE)	101.0	89.8	↓

QRAA employees (as at 30 June 2014)

	2012-13	2013-14	MOVEMENT
Management (A07 and above)	15.0	15.0	-
Professional (A05/6/7)	59.0	58.1	↓
Administrative (to A04)	27.0	16.7	↓
Total (FTE)	101.0	89.8	↓

QRAA's permanent officer retention rate for 2013-14 was 93 per cent. The permanent officer separation rate for this period was 7 per cent.

Recruitment

During the course of 2013-14, 9.85 FTE staff were appointed to the LGAS project. Any external recruitment activity in 2013-14 related to the Drought Concessional Loans Scheme and Farm Finance Concessional Loans Schemes and/or finalisation of Tropical Cyclone Oswald NDRRA assistance programs.

The voluntary turnover rate was 7.55 per cent, down from 9.47 percent from the previous year. This is considered to be a very good result in light of potential instability caused by changes in the workforce as temporary officers reached the end of their contracts and a number of mature officers entered retirement.

The organisation continued to use QRAA's Employee Value Proposition to promote the benefits of working for QRAA.

QRAA workforce profile (cont.)

Professional development

Many staff undertook formal studies in finance, accounting, management and project management. Others participated in a range of professional and personal development activities including computer training, job specific (technical training), marketing and resilience training.

Plans for significant empathy/resilience training and leadership development were developed in 2013-14 for rollout in 2014-15. These programs are designed to assist QRAA staff maintain high levels of performance and professionalism and respond effectively when confronted with difficult and emotionally confronting customer service scenarios.

Performance and development plans

QRAA's staff Performance and Development Plan (PDP) process commences in July each year. During 2013-14 each employee, together with their team leader or manager, developed a PDP in line with QRAA's Strategic Plan and Operational Plans. The process placed emphasis on matching employee training and development to business requirements and QRAA's strategic direction.

Industrial and employee relations

QRAA participated in the Award Modernisation process being undertaken by the Queensland Industrial Relations Commission.

QRAA's consultative employee relations frameworks provide a mechanism to successfully address any employee concerns.

Agile and flexible workforce

QRAA values its staff and strives to support quality work-life balance. It has continued to develop alternative working arrangements to provide staff with the opportunity to alter their working arrangements while maintaining QRAA's high level of service delivery.

QRAA currently has processes in place to support a range of flexible working arrangements including compressed working weeks, part-time arrangements, job rotations, job sharing and transition to retirement.

During 2013-14, QRAA undertook a telecommuting trial covering the function of loans assessments. In this instance, it was a success and QRAA will consider future service delivery via telecommuting on a case by case basis.

Looking ahead

QRAA will continue to review employment arrangements to ensure appropriate staffing resources are available to meet workloads associated with existing programs and emerging new business opportunities. We will also ensure we retain our capacity to respond quickly to any future natural disaster events.

Workforce plan

QRAA has developed a three year workforce plan to provide pathways to achieving the flexible, agile workforce needed to meet current and future work demands. This plan drew from QRAA's existing documentation and consultation with management to provide insight into succession planning, career pathing and surge mitigation.

This plan provides QRAA with strategies for ensuring a highly skilled and motivated workforce given QRAA's changing operating environment.

Our performance

Organisational performance summary

Our priorities	Our objectives	Measuring performance
1. Financial leadership	Improve organisational efficiency and performance	* Maintain total loan arrears to within target levels <hr/> Negative or nil variance against Operating Expenditure Performance <hr/> Positive or nil variance against Operating Revenue Performance
2. Service excellence	Maintain and continuously improve the quality and timeliness of service delivery to meet the needs of our external and internal stakeholders	Client satisfaction with QRAA's services <hr/> Program owner satisfaction with QRAA's administration <hr/> * Applications processed within standard response indicators
3. Business sustainability	Maximise uptake of the Primary Industry Productivity Enhancement Scheme	Nett approved amount against budget <hr/> * Growth of Productivity Loan portfolio
4. Capability	Ensure that the capabilities of our staff are aligned to business requirements <hr/> Ensure that our corporate systems and processes are robust and aligned with business requirements <hr/> Ensure that our Information Communication Technology systems and processes are robust and meet our current and future business needs <hr/> Promote a culture that empowers and motivates staff to excel in reflecting our values	Staff achievement within personal development plans <hr/> Annual audit program recommendations implemented within agreed timeframes <hr/> Develop, implement and monitor a four year Information Communications Technology Strategic Plan <hr/> Staff satisfaction rate result from Staff Survey

* Service standards included within Performance Statement of the 2014-15 Queensland State Budget - Service Delivery Statements

2013-14 target/ Estimate	2013-14 actual	Commentary	2014-15 Target/ Estimate
Less than 3%	0.81%	✓ Loan arrears remained well below the performance target.	Less than 3%
Yes	No	✗ QRAA had to recognise a large unbudgeted expense in 2013-14 in order to comply with accounting standards. This expense represents the fair value of interest rate concessions on loans that were advanced to primary producers and other businesses during the year.	Yes
Yes	Yes	✓ This outcome was achieved by virtue of cost recoveries and fee for service income from other government agencies, as well as the annual amortisation of initial fair value losses on QRAA's loan portfolio.	Yes
80%	Not undertaken	- Biennial staff survey was not due to be undertaken in 2013-14. Actual results for 2012-13 showed all program owners were satisfied or very satisfied with QRAA's service.	80%
80%	Discontinued measure	- This measure has been discontinued as it was removed from QRAA's Service Delivery Statement. QRAA has protocols and procedures in place that monitor satisfaction during and after delivery of services. The last survey, undertaken in 2012-13, showed 100% of program owners were satisfied or very satisfied with QRAA's service.	Discontinued measure
85%	79.07%	✗ This outcome was caused by a large influx of last-minute applications for NDRRA assistance which placed temporary pressure on application processing resources.	85%
\$60m	\$74m	✓ QRAA again exceeded the \$60 million budget target - approving \$44.5 million (First Start Loans) and \$23.9 million (Sustainability Loans).	\$60m
7%	17%	✓ The PIPES loan portfolio showed strong growth this financial year. Low interest rates strongly influenced this result.	7%
3	6	✓ QRAA secured six new service arrangements this year, including work on behalf of the Northern Territory and Western Australian Governments and direct engagement by the Australian Government.	3
95%	100%	✓ Performance reviews completed in 2013-14 established staff achievements against personal development plans. The average PDP score across all of QRAA was 4.3, with 100% of staff scoring an average of "satisfactory" (over 3 out of 5).	95%
Timeframes achieved	Timeframes achieved	✓ All reviews were undertaken in accordance with the Annual Audit Plan with final reports considered by the QRAA Audit and Risk Management Committee.	Timeframes achieved
Milestones achieved	Yes	✓ Implementation of the Information Communication Technology Strategic Plan proceeded as planned with all milestones being achieved.	Milestones achieved
80%	-	- Biennial staff survey was not due to be undertaken in 2013-14. Actual results for 2012-13 returned 86.2% overall staff satisfaction level.	80%

QRAA program portfolio

PROGRAM OWNER	PROGRAM	PURPOSE OF PROGRAM / SERVICE
Productivity enhancement		
Queensland Government	First Start *	Provide loans at concessional rates of interest to an applicant in the first years of establishment of a primary production enterprise in Queensland.
	Sustainability *	Provide concessional loans to primary producers to implement systems and management practices that enhance sustainable primary production in Queensland.
Natural disaster		
Australian and Queensland Governments <i>(Natural Disaster Relief and Recovery Arrangements)</i>	Natural Disaster Assistance Scheme Individually Disaster Stricken Properties	Assist in meeting the recovery needs of primary producers affected by isolated disaster events outside of declared Local Government areas.
	Special Disaster Flood Assistance Scheme Queensland Floods (November 2010 - January 2011)*	Assist primary producers, small businesses and non-profit organisations pay for costs arising out of direct damage.
	Special Disaster Assistance Scheme Tropical Cyclone Yasi*	Assist primary producers, small businesses and non-profit organisations pay for costs arising out of direct damage.
	Natural Disaster Assistance Scheme Queensland Floods (November 2010 - January 2011)*	Assist primary producers, small businesses and non-profit organisations pay for costs arising out of direct damage.
	Natural Disaster Assistance Scheme Tropical Cyclone Yasi*	Assist primary producers, small businesses and non-profit organisations pay for costs arising out of direct damage.
	Exceptional Disaster Assistance Scheme Queensland Floods (November 2010 - January 2011)*	Assist primary producers and businesses essential to key economic supply chains and regional employment and non-profit organisations that play a significant role in supporting the local community to pay re-establishment costs arising out of direct extreme damage.
	Exceptional Disaster Assistance Scheme Tropical Cyclone Yasi*	Assist primary producers and businesses essential to key economic supply chains and regional employment and non-profit organisations that play a significant role in supporting the local community to pay re-establishment costs arising out of direct extreme damage.
	Special Disaster Assistance Scheme Western Queensland Tropical Low (February 2012)*	Assist primary producers, small businesses and non-profit organisations pay for costs arising out of direct damage.
	Natural Disaster Assistance Scheme Western Queensland Tropical Low (February 2012)*	Assist primary producers and small businesses pay for costs arising out of direct damage.
	Natural Disaster Assistance Scheme Far North Queensland Bushfires 2012	Assist primary producers pay for costs arising out of direct damage.
	Special Disaster Assistance Scheme Tropical Cyclone Oswald*	Assist primary producers, small businesses and non-profit organisations pay for costs arising out of direct damage.
	Natural Disaster Assistance Scheme Tropical Cyclone Oswald*	Assist primary producers and small businesses pay for costs arising out of direct damage.
	Exceptional Disaster Assistance Scheme Tropical Cyclone Oswald*	Assist primary producers and businesses essential to key economic supply chains and regional employment and non-profit organisations that play a significant role in supporting the local community, to pay re-establishment costs arising out of direct extreme damage.
Farm Finance Concessional Loans Scheme		
Australian Government	Farm Finance Concessional Loans Scheme (Queensland)	Assist build the ongoing financial resilience of eligible farm businesses.
Northern Territory Government	Farm Finance Concessional Loans Scheme (Northern Territory)	Assist build the ongoing financial resilience of eligible farm businesses.
Drought Concessional Loans Scheme		
Australian Government	Drought Concessional Loan Scheme (Queensland)	Assist farm businesses that are experiencing a significant financial impact as a result of the effects of drought.
Western Australian Government	Drought Concessional Loans Scheme (Western Australia)	A consultancy to complete an application processing manual for the Western Australian Department of Food and Agriculture.
Other		
Queensland Government	Hendra virus Personal Protective Equipment Rebate Scheme	To assist in offsetting the purchase price of prescribed personal protective equipment (PPE) for eligible veterinary surgeons who may be at significant risk of being exposed to the Hendra virus.
	Queensland Cattle Industry Biosecurity Fund	Administration and management of the Queensland Cattle Industry Biosecurity Fund established to support the delivery of assistance schemes in response to disease outbreaks affecting the Queensland cattle industry.
	Bovine Johne's Disease Assistance Scheme	To assist eligible applicants who have suffered financial loss because of the slaughter of cattle, or alternative supply actions affecting cattle, related to the occurrence of bovine Johne's disease in Queensland.
	Vegetation Management Framework Amendment Act (2013)	A consultancy to provide administrative solutions to the Department of Natural Resources and Mines required in relation to new provisions of the <i>Vegetation Management Act 1999</i> .
	Queensland Government Solar Hot Water Rebate Scheme	A rebate to eligible households that replace their electric storage hot water system with a solar hot water system or heat pump.
	Queensland East Coast Commercial Net Fishing Reduction Scheme (No. 2)	To make the Queensland East coast net fishery more sustainable by the voluntary surrender of 'N1' and 'N2' licences under a competitive tender.

* 2012-13 figures have been amended to reflect cancellations and adjustments that occurred during 2013-14. Figures are accurate as at 30 June 2014.

SUPPORT AVAILABLE	APPLICATION APPROVALS				
	2012-13 (#)	2013-14 (#)	2012-13 (\$)	2013-14 (\$)	Variance (\$)
Maximum loan amount of \$650,000	112	109	\$43,215,269	\$48,139,376	Up
Maximum loan amount of \$650,000	128	100	\$29,783,763	\$26,803,011	Down
Loan up to \$250,000	1	1	\$89,000	\$250,000	Up
Grants up to \$25,000	1,450	-	\$17,810,734	-	Closed
Grants up to \$25,000	608	-	\$6,911,145	-	Closed
Loan up to \$250,000 for primary producers and small businesses and a loan/grant package of up to \$105,000 for non-profit organisations	10	-	\$870,200	-	Closed
Loan up to \$250,000 for primary producers and small businesses and a loan/grant package of up to \$105,000 for non-profit organisations	6	-	\$372,200	-	Closed
Loan and grant package up to \$650,000	10	-	\$5,173,000	-	Closed
Loan and grant package up to \$650,000	4	-	\$1,779,000	-	Closed
Grants up to \$25,000	817	-	\$11,811,984	-	Closed
Loan up to \$250,000	4	-	\$556,000	-	Closed
Loan up to \$250,000	1	3	\$180,000	\$582,500	Up
Grants up to \$25,000	4,017	5,083	\$27,686,091	\$59,632,294	Up
Loan up to \$250,000 for primary producers and small businesses and a loan/grant package of up to \$105,000 for non-profit organisations	17	45	\$1,475,200	\$4,557,453	Up
Loan and grant package up to \$650,000	24	42	\$8,488,080	\$13,028,770	Up
Loan up to 50% of eligible debt to a maximum of \$1,000,000	-	80	-	\$48,446,456	New
Loan up to 50% of eligible debt to a maximum of \$1,000,000, with a minimum of \$100,000	-	9	-	\$7,058,900	New
Loan up to 50% of eligible debt to a maximum of \$1,000,000	-	1	-	\$290,000	New
Provision of a draft processing manual	N/A	N/A	N/A	N/A	N/A
a) Rebates of \$250 for each eligible veterinary surgeon employed in a veterinary practice for the initial purchase of prescribed PPE; and b) Rebates of \$250 for the purchase of prescribed PPE payable after an approved test of a suspected Hendra virus infection sample has been completed	63	49	\$39,175	\$28,184	Down
Service provision only	N/A	N/A	N/A	N/A	N/A
Grants to a combined maximum of \$100,000 under the direct market assistance and supply chain pathway assistance components of the scheme	-	75	-	\$1,200,294	New
Provision of a consultancy report with recommendations	N/A	N/A	N/A	N/A	N/A
Rebate of \$600 or \$1,000 (for pensioners and low income earners)	2,122	-	\$1,463,600	-	Closed
Payment for the surrender of an 'N1' or 'N2' licence accepted under a competitive tender	33	34	\$2,089,700	\$1,390,000	Down

Our financials

Financial performance

Income statement

Operating expenses

The major expenditure item in 2013-14 was grants/rebates paid to QRAA clients. This item remained stable from 2012-13 to 2013-14 at approximately \$67 million. In 2013-14, this related mostly to assistance for Cyclone Oswald administered under the joint Australian/Queensland Government Natural Disaster Relief and Recovery Arrangements (NDRRA) schemes.

QRAA's loss on discounted loans advanced represents the fair value of interest rate concessions on loans issued during the year to primary producers and other businesses. This has increased from \$18.71 million in 2012-13 to \$24.86 million in 2013-14 as a result of:

- the introduction of the Farm Finance Concessional Loan Schemes for Queensland and the Northern Territory; and
- an increase in the amount of loans issued under the Primary Industry Productivity Enhancement Scheme (PIPES).

Employee expenses increased from \$8.93 million to \$9.47 million in 2013-14. This reflects an increase in employee numbers to:

- assist with the Loans and Grants Administration Software project; and
- to administer the Farm Finance (Queensland), Farm Finance (Northern Territory), and Drought Concessional Loans Schemes.

For the same reasons, supplies and services expenses also increased from \$2.46 million in 2012-13 to \$3.25 million in 2013-14.

Operating income

QRAA receives contributions from the Queensland, Northern Territory and Australian Governments to fund various programs it administers, based on agreements between QRAA and the relevant program owners. Total operating income in the 2013-14 financial year was \$121.94 million, an increase of 2.7% from the previous year. The largest component of operating income is grants and contributions from program owners which are passed on to clients as described above.

Fee revenue for the administration of government assistance programs totalled \$1.36 million. This related mostly to the Drought Concessional Loans Scheme and the Farm Finance Concessional Loans Schemes for Queensland and Northern Territory.

QRAA borrows at concessional interest rates from the Queensland, Northern Territory and Australian Governments. QRAA's \$10.86 million gain on discounted borrowings represents the difference between the dollar value of concessional interest rate borrowings made by QRAA, versus the fair value of those borrowings calculated with reference to market interest rates. This has increased from \$2.33 million in 2012-13, largely as a result of borrowings for:

- the Farm Finance Concessional Loans Schemes for Queensland and the Northern Territory, and
- the Drought Concessional Loans Scheme.

A contribution of \$9.04 million towards the overall administration of QRAA was received from the Queensland Government.

No fees are charged directly to QRAA's clients for processing applications or for the ongoing management of their loans (where relevant). Interest is earned by QRAA both on loans provided to its clients (\$28.78 million) and funds held for use in the various programs it administers (\$3.84 million) on behalf of government.

All interest earned on loans is redirected to the programs or returned to program owners (where negotiated). No interest earned on loans to clients is used by QRAA to meet its administrative costs.

Operating result

QRAA's operating surplus decreased from \$10.24 million to \$5.93 million in 2013-14. The decrease is largely attributable to:

- Timing differences between the payment and receipt of grants (this occurs where QRAA's payment of grants and QRAA's reimbursement of grant moneys by other government agencies spans the year end date in the current or prior financial year).
- Fair value adjustments in relation to loans, borrowings, interest revenue, and interest expense; and
- An increase in the expense for the impairment of doubtful loans.

Additional interest income on loans and advances was offset by:

- increased borrowing costs; and
- reduced interest income on cash investments

Financial position

Assets

QRAA's loan portfolio increased by \$54.80 million to \$385.02 million in 2013-14. This significant growth was largely attributable to:

- The introduction of the Farm Finance Concessional Loans Schemes for Queensland and the Northern Territory; and
- A increase in lending under the Primary Industry Productivity Enhancement Scheme (PIPES).

Liabilities

External borrowings at 30 June 2014 totalled \$252.68 million, an increase of \$103.86 million from the previous year. This increase is largely attributable to:

- The introduction of the Farm Finance Concessional Loans Schemes for Queensland and the Northern Territory; and
- The introduction of the Drought Concessional Loans Scheme.

The reason that the increase in borrowings exceeds the increase in loans is that a large amount of funding for the schemes mentioned above was received in June 2014 but had not yet been lent to recipients before 30 June 2014.

Financial statements

General Information

These financial statements cover QRAA.

QRAA is a Queensland Government Statutory Body established under the *Rural and Regional Adjustment Act 1994*.

The body is controlled by the State of Queensland which is the ultimate parent.

The head office and principal place of business of the organisation is:

Level 2, 41 George Street
BRISBANE QLD 4000

A description of the nature of QRAA's operations and its principal activities is included in the notes to the financial statements.

For information in relation to QRAA's financial statements, please call 07 3032 0100 or contact_us@qraa.qld.gov.au or visit www.qraa.qld.gov.au.

Amounts shown in these financial statements may not add to the correct sub-totals due to rounding.

Statement of comprehensive income

for the year ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
Income from Continuing Operations			
Grants and other contributions	2	76,906	79,888
Fees	3	1,358	-
Interest earned on loans and advances	4	28,780	30,769
Interest earned from investments	5	3,841	5,239
Other revenue	6	164	395
Total Revenue		111,048	116,291
Gains on disposal/re-measurement of assets and liabilities	7	10,892	2,436
Total Income from Continuing Operations		121,940	118,726
Expenses from Continuing Operations			
Employee expenses	8 & 9	9,472	8,934
Supplies and services	10	3,251	2,456
Grants and subsidies	11	67,291	68,225
Depreciation and amortisation	12	404	369
Loss on discounted loans advanced		24,863	18,710
Impairment of doubtful loans	28C	2,810	2,218
Finance/borrowing costs	13	7,919	7,575
Total Expenses from Continuing Operations		116,012	108,487
Operating Result from Continuing Operations		5,928	10,239
Operating Result for the Year		5,928	10,239
Other Comprehensive Income		-	-
Total Comprehensive Income		5,928	10,239

The accompanying notes form part of these statements.

Statement of financial position

as at 30 June 2014

	Notes	2014 \$'000	2013 \$'000
Current Assets			
Cash and cash equivalents	14	166,246	108,967
Loans and advances	15	44,551	37,436
Receivables	16	4,052	4,502
Other current assets	17	109	37
Total Current Assets		214,959	150,942
Non-Current Assets			
Loans and advances	15	340,468	292,812
Property, plant and equipment	18	783	496
Intangible Assets	19	817	-
Total Non-Current Assets		342,069	293,307
Total Assets		557,027	444,249
Current Liabilities			
Payables	20	199	821
Unearned Revenue		3,282	-
Interest bearing liabilities	21	9,426	9,397
Other current financial liabilities	22	7,121	7,121
Accrued employee benefits	23	2,330	1,983
Provisions	24	-	191
Total Current Liabilities		22,358	19,513
Non-Current Liabilities			
Interest bearing liabilities	21	184,197	88,860
Other non-current financial liabilities	22	51,931	43,434
Accrued employee benefits	23	146	195
Provisions	24	219	-
Total Non-Current Liabilities		236,493	132,489
Total Liabilities		258,852	152,002
Net Assets		298,175	292,247
Equity			
Contributed equity		137,652	137,652
Accumulated surplus		160,523	154,595
Total Equity		298,175	292,247

The accompanying notes form part of these statements.

Statement of changes in equity

for the year ended 30 June 2014

	Notes	Accumulated Surplus \$'000	Contributed Equity \$'000	TOTAL \$'000
Balance as at 1 July 2012		144,356	137,652	282,008
Operating result for the year		10,239	-	10,239
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		10,239	-	10,239
Balance as at 30 June 2013		154,595	137,652	292,247
Balance as at 1 July 2013		154,595	137,652	292,247
Operating result for the year		5,928	-	5,928
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		5,928	-	5,928
Balance as at 30 June 2014		160,523	137,652	298,175

The accompanying notes form part of these statements.

Statement of cash flows

for the year ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
Cash flows from operating activities			
<i>Inflows:</i>			
Grants and other contributions - Queensland Government		77,439	80,899
Grants and other contributions - Australian Government		37	79
Fees		4,640	-
Interest received on investments		4,025	5,471
Interest received on loans and advances		17,987	17,133
GST input tax credits from ATO		670	442
GST collected from customers		6,788	6,795
Other		53	395
<i>Outflows:</i>			
Employee expenses		(9,174)	(8,865)
Supplies and services		(3,469)	(2,454)
Grants and subsidies		(67,291)	(68,230)
Finance/borrowing costs		(1,315)	(1,030)
GST paid to suppliers		(627)	(463)
GST remitted to ATO		(7,455)	(7,068)
Net cash provided by (used in) operating activities	25	22,308	23,102
Cash flows from investing activities			
<i>Inflows:</i>			
Sales of property, plant and equipment		81	157
Loans and advances redeemed		64,772	52,904
<i>Outflows:</i>			
Payments for property, plant and equipment		(166)	(373)
Payments for computer software		(817)	-
Loans and advances made		(137,011)	(83,509)
Net cash provided by (used in) investing activities		(73,141)	(30,822)
Cash flows from financing activities			
<i>Inflows:</i>			
Borrowings		125,184	16,351
Equity injections		-	-
<i>Outflows:</i>			
Borrowing redemptions		(17,071)	(15,859)
Net cash provided by (used in) financing activities		108,113	492
Net increase (decrease) in cash and cash equivalents		57,279	(7,228)
Cash and cash equivalents at beginning of financial year		108,967	116,194
Cash and cash equivalents at end of financial year	14	166,246	108,967

The accompanying notes form part of these statements.

Notes

to the financial statements 2013-14

Objectives and Principal Activities of QRAA

Note 1: Summary of Significant Accounting Policies

Note 2: Grants and Other Contributions

Note 3: Fees

Note 4: Interest Earned on Loans and Advances

Note 5: Interest Earned from Investments

Note 6: Other Revenue

Note 7: Gains on Disposal / Re-measurement of Assets and Liabilities

Note 8: Employee Expenses

Note 9: Key Management Personnel and Remuneration

Note 10: Supplies and Services

Note 11: Grants and Subsidies

Note 12: Depreciation and Amortisation

Note 13: Finance/Borrowing Costs

Note 14: Cash and Cash Equivalents

Note 15: Loans and Advances

Note 16: Receivables

Note 17: Other Current Assets

Note 18: Property, Plant and Equipment

Note 19: Intangible Assets

Note 20: Payables

Note 21: Interest Bearing Liabilities

Note 22: Other Financial Liabilities

Note 23: Accrued Employee Benefits

Note 24: Provisions

Note 25: Reconciliation of Operating Surplus to Net Cash from Operating Activities

Note 26: Non-cash Investing Activities

Note 27: Commitments for Expenditure

Note 28: Financial Instruments

Note 29: Board Members' Fees

Note 30: Contingencies

Notes

to the financial statements 2013-14

Note 1. Summary of significant accounting policies

Objectives and Principal Activities of QRAA

QRAA was established as a statutory body under the *Rural and Regional Adjustment Act 1994*.

The objective of QRAA is to be the preferred provider of government and other financial programs.

QRAA's core responsibility is to administer the Queensland Government's Primary Industry Productivity Enhancement Scheme (PIPES) and when required, support the delivery of Natural Disaster Relief and Recovery Arrangements (NDRRA) assistance for primary producers, businesses and non-profit organisations (jointly funded by the Queensland and Australian Governments). QRAA is also empowered under the *Rural and Regional Adjustment Act 1994* to deliver additional programs and services to local, state and territory governments throughout Australia and for the Australian Government.

1. Summary of Significant Accounting Policies

(a) Statement of Compliance

QRAA has prepared these financial statements in compliance with section 42 of the *Financial and Performance Management Standard 2009*.

These financial statements are general purpose financial statements, and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury and Trade's Minimum Reporting Requirements for the year ending 30 June 2014, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, QRAA has applied those requirements applicable to not-for-profit entities, as QRAA is a statutory body. Except where stated, the historical cost convention is used.

(b) Fees

Fees controlled by QRAA are recognised as revenues when the revenue has been earned and can be measured reliably with a sufficient degree of certainty. This involves either invoicing for related goods/services and/or the recognition of accrued revenue. Fees are controlled by QRAA where they can be deployed for the achievement of QRAA's objectives.

(c) Grants and Contributions

Grants, contributions, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which QRAA obtains control over them (control is generally obtained at the time of receipt). Where grants are received that are reciprocal in nature, revenue is progressively recognised as it is earned, according to the terms of the funding agreements.

(d) Cash and Cash Equivalents

For the purpose of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June as well as deposits at call with financial institutions. It also includes investments

with short periods of maturity that are readily convertible to cash on hand at QRAA's option and that are subject to a low risk of changes in value.

(e) Receivables

Receivables, including loans and advances, are recognised at the amount due at the time the amount is advanced. Interest earned on receivables is taken to account as it accrues.

Collateral in the form of mortgages, charges and liens are held as security against the loans.

(f) Bad and Impaired Debts

The collectability of receivables is assessed periodically with a provision being made for impairment. A specific provision for impaired debts has been raised for all identifiable doubtful debts based upon the likely shortfall between the outstanding amount and the expected proceeds of property secured by mortgage or other form of security.

Outstanding receivables are written off as bad debts at 30 June when there is no likelihood of recovery or the extent the outstanding amount exceeds the present value of the expected recovery from realisation of any security.

(g) Acquisition of Assets

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

(h) Plant and Equipment

Items of plant and equipment with a cost or other value equal to or in excess of the asset recognition threshold of \$5,000 are recognised for financial reporting purposes in the year of acquisition.

Items with a lesser value are expensed in the year of acquisition.

Plant and equipment, (that is not classified as major plant and equipment) is measured at cost in accordance with the *Queensland Treasury and Trade's Non-Current Asset Policies*. The carrying amounts for such plant and equipment at cost should not materially differ from their fair value.

(i) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. Observable inputs used by QRAA include, but are not limited to, published sales data for land and general office buildings.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by QRAA include, but are not limited

Notes

to the financial statements 2013-14

Note 1. Summary of significant accounting policies (continuation)

to, subjective adjustments made to observable data to take account of the characteristics of QRAA's assets/liabilities. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

All assets and liabilities of QRAA for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

- level 1 – represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;
- level 2 – represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and
- level 3 – represents fair value measurements that are substantially derived from unobservable inputs .

None of QRAA's valuations of assets or liabilities are eligible for categorisation into level 1 of the fair value hierarchy. As 2013-14 is the first year of application of AASB 13 by QRAA, there were no transfers of assets between fair value hierarchy levels during the period.

More specific fair value information about QRAA's financial instruments is outlined in Note 28.

(j) Intangibles

Intangible assets with a cost or other value equal to or greater than \$100,000 are recognised in the financial statements. Items with a lesser value are expensed. Each intangible asset, less any anticipated residual value, is amortised over its estimated useful life to QRAA. The residual value is zero for all of QRAA's intangible assets.

It has been determined that there is not an active market for any of QRAA's intangible assets. As such, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

No intangible assets have been classified as held for sale or form part of a disposal group held for sale.

Purchased Software

The purchase cost of this software as well as any employee benefit costs and professional fees arising directly from testing the asset or bringing it into its working condition are capitalised and amortised on a straight-line basis over the period of the expected benefit to QRAA.

(k) Amortisation and Depreciation of Intangibles and Property, Plant and Equipment

All intangible assets of QRAA have finite useful lives and are amortised on a straight line basis.

Plant and equipment is depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each

asset, less its estimated residual value, progressively over its estimated useful life to QRAA.

Assets under construction (work-in-progress) are not depreciated until they reach service delivery capacity. Service delivery capacity relates to when construction is complete and the asset is first put to use or is installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant classes with property, plant and equipment.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to QRAA.

For each class of depreciable asset, the following depreciation and amortisation rates are used:

Class	Rate %
Plant and equipment:	
Computer equipment	40
Leasehold improvements	17
Motor vehicles	25 - 33.3
Office equipment	10 - 17
Intangible assets	
Computer software purchased	10 - 25

(l) Impairment of Non-Current Assets

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, QRAA determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation reserve of the relevant class to the extent available.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(m) Leases

A distinction is made in the financial statements between finance leases, that effectively transfer from the lessor to the

Notes

to the financial statements 2013-14

Note 1. Summary of significant accounting policies (continuation)

lessee substantially all the risks and benefits incidental to ownership, and operating leases under which the lessor retains substantially all risks and benefits.

Where a non-current physical asset is acquired by means of a finance lease, the asset is recognised at an amount equal to the lower of the fair value of the leased property and the present value of minimum lease payments. The liability is recognised at the same amount. Lease payments are allocated between the principal component of the lease liability and the interest expense.

Where operating lease payments are representative of the pattern of benefits derived from the leased assets, they are expensed in the periods in which they are incurred.

Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between rental expense and reduction of the liability.

(n) Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the nominal amount i.e. agreed purchase/contract price, of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

(o) Financial instruments

Recognition

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

Classification and Measurement

Financial instruments are classified and measured as follows:

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

Where loans and advances are provided with interest free periods or at concessional interest rates, these financial instruments are considered to have a fair value different from the transaction price (i.e. the fair value of the consideration given or received) and accordingly, the fair value is estimated using a valuation technique (i.e. the fair value can be estimated as the present value of all future cash receipts discounted using the prevailing market rate(s) of interest for a similar instrument with a similar credit rating). Any additional amount lent is recognised as charge for discounted loans in profit or loss. Subsequently, the entity accretes the discount as part of interest earned on loans and advances in profit or loss.

Where borrowings are provided interest free or at concessional interest rates, these financial instruments are considered to have a fair value different from the transaction price (i.e. the fair value of the consideration given or received) and accordingly, the fair value is estimated using a valuation technique (i.e. the

fair value can be estimated as the present value of all future cash receipts discounted using the prevailing market rate(s) of interest for a similar instrument with a similar credit rating). Borrowings are initially recognised at fair value, plus any transaction costs directly attributable to the borrowings, then, subsequently held at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument (or, when appropriate, a shorter period) to the net carrying amount of that instrument.

Any borrowing costs are added to the carrying amount of the borrowing to the extent they are not settled in the period in which they arise. Borrowings are classified as non-current liabilities to the extent that QRAA has an unconditional right to defer settlement until at least 12 months after reporting date.

QRAA does not enter into transactions for speculative purposes, nor for hedging. QRAA holds no financial assets classified at fair value through profit or loss, except as stated above.

All other disclosures relating to the measurement and financial risk management of financial instruments held by QRAA are included in Note 27.

(p) Employee Benefits

Employer superannuation contributions are regarded as employee benefits.

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

Wages, Salaries and Sick Leave

Wages and salaries due but unpaid at the reporting date are recognised in the Statement of Financial Position at the current salary rate(s).

As QRAA expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued.

This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Annual, Long Service Leave and Time off in Lieu (TOIL)

Annual leave, long service leave and toil liabilities are accounted for as short term employee benefits if QRAA expects to wholly settle all such liabilities within the 12 months following reporting date. Otherwise, these leave liabilities are accounted for as 'other long-term employee benefits' in accordance with AASB 119, and split between current and non-current components.

Accounting for 'other long-term employee benefits' requires using an actuarial technique to estimate the future cost of

Notes

to the financial statements 2013-14

Note 1. Summary of significant accounting policies (continuation)

the employee benefits earned by employees and discounting that benefit in order to determine the present value of QRAA's obligation and current service cost.

All directly associated on-costs (e.g. employer superannuation contributions, payroll tax and workers' compensation insurance) are also recognised as liabilities, where these on-costs are material.

Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation scheme for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable. QRAA's obligation is limited to its contribution to QSuper.

The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits is held on a whole-of-Government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Key Management Personnel and Remuneration

Key management personnel and remuneration disclosures are made in accordance with section 5 of the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury and Trade. Refer to Note 9 for the disclosures on key management personnel and remuneration.

(q) Provisions

Provisions are recorded when QRAA has a present obligation, either legal or constructive as a result of a past event. They are recognised at the amount expected at reporting date for which the obligation will be settled in a future period. Where the settlement of the obligations is expected after 12 or more months, the obligation is discounted to the present value using an appropriate discount rate.

(r) Other Financial Liabilities

Borrowings are recognised at fair value at initial recognition and thereafter at amortised cost.

All borrowing expenses are accounted for on an accrual basis in the Statement of Comprehensive Income using the effective interest rate method and are added to the carrying amount of the borrowing to the extent they are not settled in the period in which they arise.

(s) Financing/Borrowing Costs

Finance costs are recognised as an expense in the period in which they are incurred.

Finance costs include:

- Interest on bank overdrafts and short-term and long-term borrowings;
- Finance lease charges;
- Amortisation of discounts or premiums relating to borrowings; and
- Ancillary administration charges.

No borrowing costs are capitalised into qualifying assets.

(t) Contributed Equity

Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland State Public Sector entities as a result of machinery-of-Government changes are adjusted to Contributed Equity in accordance with Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities. Appropriations for equity adjustments are similarly designated.

(u) Insurance

QRAA's non-current physical assets and other risks are insured through Marsh Pty Ltd, insurance brokers, premiums being paid on a risk assessment basis. Motor vehicles are insured directly with an underwriter. In addition, QRAA pays premiums to WorkCover Queensland in respect of its obligations for employees' compensation.

(v) Taxation

QRAA is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by QRAA. GST credits receivable from, and GST payable to the ATO, are recognised (refer to Note 16 and Note 20).

(w) Issuance of Financial Statements

The financial statements are authorised for issue by the Chairperson, Chief Executive Officer, Chair of the Audit and Risk Management Committee and Senior Finance Manager at the date of signing the Management Certificate.

(x) Accounting Estimates and Judgements

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Estimates and assumptions that have a potential significant effect are outlined in the following financial statement notes:

Depreciation and Amortisation – Note 1(k) and Note 12

Other financial liabilities – Note 22

Accrued employee benefits – Note 23

Provisions – Note 24

The Australian government passed its *Clean Energy Act* in November 2011 which resulted in the introduction of a price on carbon emissions made by Australian businesses from 1 July 2012.

From 1 July 2014, the government plans to abolish the carbon tax. The withdrawal of the carbon pricing mechanism is not expected to have a significant impact on QRAA's critical accounting estimates, assumptions and management judgements.

Notes

to the financial statements 2013-14

Note 1. Summary of significant accounting policies (continuation)

Provision for Doubtful Debts

QRAA loans and advances are classified on a numerical scale, based on risk (against real estate security). The risk classification system utilises an ascending numerical scale. The scale rating used 1-8 where (1) represents the least risk and (8) the greatest risk.

All loans within the scale ranks 1 to 4 are fully covered by real estate security. However all loans with the scale ranks 5 to 8 are examined individually as these are regarded as the most vulnerable to loss notwithstanding real estate or other forms of security may be held. Where sufficient doubt exists about the collectability of principal and interest and further, where the market value of QRAA's held security may be insufficient to cover the full payment of a client's loan, a provision is established.

Prevailing market interest rates

Note 1(o) explains that the initial fair value of concessional loans is estimated using a valuation technique (i.e. the fair value can be estimated as the present value of all future cash receipts discounted using the prevailing market rate(s) of interest for a similar instrument with a similar credit rating).

For loans and advances, QRAA estimates these prevailing market rates by reference to the 90 day bank bill swap bid rate (BBSY 90 Bid) plus a risk premium. The risk premium takes account of the term of the loan and the security available. These risk premiums range from 235 basis points to 620 basis points.

For financial liabilities relating to Drought Concessional Loans and Farm Finance Concessional Loans, QRAA estimates the prevailing market rate of interest to be equal to the market rate of interest applying to Loans and Advances made under those programs.

For financial liabilities other than those relating to Drought Concessional Loans and Farm Finance Concessional Loans, QRAA takes the Queensland Treasury Corporation ten year debt pool interest rates to be the prevailing market rates for a Queensland Government Agency receiving ten year loans from another government agency.

QRAA's Borrowings and Loans and Advances are classified as Level 2 within the fair value hierarchy.

(y) Rounding and Comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1,000 or where that amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

(z) New and Revised Accounting Standards

QRAA did not voluntarily change any of its accounting policies during 2013-14. Australian Accounting Standard changes applicable for the first time for 2013-14 have had minimal effect on QRAA's financial statements, as explained below.

AASB 13 Fair Value Measurement became effective from reporting periods beginning on or after 1 January 2013. AASB 13

sets out a new definition of 'fair value' as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements apply to all of QRAA's assets and liabilities (excluding leases) that are measured and/or disclosed at fair value or another measurement based on fair value. The impacts of AASB 13 relate to the fair value measurement methodologies used and financial statement disclosures made in respect of such assets and liabilities.

AASB 13 requires an increased amount of information to be disclosed in relation to fair value measurements for both assets and liabilities. However, since QRAA does not measure any assets or liabilities at fair value after initial recognition, the additional disclosures required under AASB 13 apply only to the fair values disclosed for financial assets and financial liabilities under AASB 7 in note 28(g). In relation to the fair values of financial assets and liabilities shown in note 28(g), QRAA is required by AASB 13 to disclose:

- the level of the fair value hierarchy (refer to note 1(i)) applying to financial assets and liabilities;
- a description of the valuation techniques used; and
- the inputs used in the fair value measurement.

A revised version of AASB 119 Employee Benefits became effective for reporting periods beginning on or after 1 January 2013. The most significant implication for QRAA is that the revised accounting standard includes changed criteria for accounting for employee benefits as 'short-term employee benefits'. As a result, any class of employee benefit not expected to be wholly settled within 12 months after the reporting date is to be accounted for as 'other long-term employee benefits'. Prior history indicates that on average QRAA's employees' annual leave and TOIL balances do not increase materially with length of service. On this basis QRAA expects that annual leave and TOIL balances will be taken wholly within 12 months of the end of the financial year in which the employees render service. Moreover, long service leave employee benefits continue to be classified as other long term employee benefits under the revised standard and hence their treatment is unchanged.

Other potential implications arising from the revised AASB119 were the revised concept of "termination benefits" and the revised recognition criteria for termination benefit liabilities. However, these only apply where:

- QRAA has made a decision to terminate employment before the normal retirement date or contractual end date; or
- an employee has made a decision to accept an offer of benefits in exchange for the termination of employment.

There has been no such situations in QRAA since the beginning of the financial year. Therefore the revisions to AASB119 will have no material effect on QRAA's accounting for employee benefits.

AASB 1053 Application of Tiers of Australian Accounting Standards became effective for reporting periods beginning on or after 1 July 2013. AASB 1053 establishes a differential reporting framework for those entities that prepare general purpose financial statements, consisting of two Tiers of reporting requirements – Australian Accounting Standards (commonly referred to as 'Tier 1'), and Australian Accounting

Notes

to the financial statements 2013-14

Note 1. Summary of significant accounting policies (continuation)

Standards – Reduced Disclosure Requirements (commonly referred to as ‘Tier 2’). Tier 1 requirements comprise the full range of AASB recognition, measurement, presentation and disclosure requirements that are currently applicable to reporting entities in Australia. The only difference between the Tier 1 and Tier 2 requirements is that Tier 2 requires fewer disclosures than Tier 1.

Pursuant to AASB 1053, public sector entities like QRAA may adopt Tier 2 requirements for their general purpose financial statements. However, AASB 1053 acknowledges the power of a regulator to require application of the Tier 1 requirements. In the case of QRAA, Queensland Treasury and Trade is the regulator. Queensland Treasury and Trade has advised that its policy decision is to require adoption of Tier 1 reporting by all Queensland Government departments and statutory bodies (including QRAA) that are consolidated into the whole-of-Government financial statements. Therefore, the release of AASB 1053 and associated amending standards has had no impact on QRAA.

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

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

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

The following new and revised standards apply as from reporting periods beginning on or after 1 January 2014 –

- AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 and 1038 and Interpretations 5, 9, 16 and 17]; and
- AASB 2013-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities - Control and Structured Entities.

AASB 9 Financial Instruments and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 and 1038 and

Interpretations 2, 5, 10, 12, 19 and 127] will become effective for reporting periods beginning on or after 1 January 2017. The main impacts of these standards on QRAA are that they will change the requirements for the classification, measurement and disclosures associated with QRAA’s financial assets. Under the new requirements, financial assets will be more simply classified according to whether they are measured at amortised cost or fair value. Pursuant to AASB 9, financial assets can only be measured at amortised cost if two conditions are met. One of these conditions is that the asset must be held within a business model whose objective is to hold assets in order to collect contractual cash flows. The other condition is that the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

QRAA has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, QRAA’s conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions QRAA enters into, it is not expected that any of QRAA’s financial assets will meet the criteria in AASB 9 to be measured at amortised cost. Therefore, as from the 2017-18 financial statements, all of QRAA’s financial assets are expected to be required to be measured at fair value, and classified accordingly (instead of the measurement classifications presently used in Notes 1(o) and 15, 21 and 22). The same classification will be used for net gains/losses recognised in the Statement of Comprehensive Income in respect of those financial assets. In the case of QRAA’s current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value.

QRAA will not need to restate comparative figures for financial instruments on adopting AASB 9 as from 2017-18. However, changed disclosure requirements will apply from that time. A number of one-off disclosures will be required in the 2017-18 financial statements to explain the impact of adopting AASB 9.

All other Australian accounting standards and interpretations with future commencement dates are either not applicable to QRAA’s activities, or have no material impact on QRAA.

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to the financial statements 2013-14

Note 2. Grants and other contributions

The Australian and Queensland Governments contribute to the funding of QRAA and its various schemes of assistance. The amounts of income recognised in respect of such funding are set out below.

	2014 \$'000	2013 \$'000
(a) Grants		
(i) Queensland Government Contributions		
Administration	9,036	9,083
Hendra virus PPE Rebate Scheme	2	274
Natural Disaster Relief and Recovery Arrangements	66,009	65,725
Queensland Cattle Industry Biosecurity Fund	-	2,000
Queensland East Coast Commercial Net Fishing Reduction Scheme	1,415	2,421
Queensland Government Solar Hot Water Rebate Scheme	-	191
Gladstone Ports Corporation Commercial Fisheries Financial Compensation and Adjustment Package	55	115
	76,519	79,809
(ii) Australian Government contributions		
Subsidised Interest Rate Scheme for Pastoralists and Service Businesses Involved in Live Cattle Exports to Indonesia	37	79
	37	79
(b) Donations - assets	350	-
Total	76,906	79,888

During the financial year, QRAA received leasehold improvements from another Queensland Government Agency with a book value of \$350,377. QRAA paid no consideration for these assets. It was estimated that the fair value of these assets was not materially different from the book value.

Note 3. Fees

	2014 \$'000	2013 \$'000
Sales of services	1,358	-
Total	1,358	-

Note 4. Interest earned on loans and advances

	2014 \$'000	2013 \$'000
Effective interest adjustment on discounted loans and advances	10,095	13,798
Citrus Industry Reimbursement and Recovery Scheme	35	40
Coral Reef Fishery Temporary Assistance Scheme	2	6
Emergency Assistance- Drought Carry On and Recovery	227	374
Natural Disaster Relief and Recovery Arrangements (NDRRA)	3,699	2,854
Primary Industry Productivity Enhancement Scheme	14,211	13,689
Young Farmers Establishment	7	8
Farm Finance Concessional Loans Schemes (Queensland)	498	-
Farm Finance Concessional Loans Schemes (Northern Territory)	6	-
Total	28,780	30,769

Notes

to the financial statements 2013-14

Note 5. Interest earned from Investments

	2014 \$'000	2013 \$'000
Hendra virus PPE Rebate Scheme	8	10
Queensland East Coast Commercial Net Fishing Reduction Scheme	6	2
Queensland Government Solar Hot Water Rebate Scheme	-	19
Queensland Cattle Industry Biosecurity Fund	47	-
Administration Funding	769	892
General Program Funding	2,822	4,316
Other	189	-
Total	3,841	5,239

Note 6. Other revenue

	2014 \$'000	2013 \$'000
GST refund	-	379
Bad debts recovered	111	-
Other	53	16
Total	164	395

Note 7. Gains on disposal/ re-measurement of assets or liabilities

	2014 \$'000	2013 \$'000
Gain on borrowings received at concessional interest rates	10,855	2,331
Net gain on disposal of property plant and equipment	37	105
Total	10,892	2,436

Note 8. Employee expenses

	2014 \$'000	2013 \$'000
Employee Benefits		
Wages and salaries	6,973	6,605
Annual leave expense	663	653
Employer superannuation contributions	975	893
Long service leave expense	211	185
Other employee benefits	100	90
Employee Related Expenses		
Workers' compensation premium	22	14
Payroll tax	440	396
Other employee related expenses	88	98
Total	9,472	8,934

The number of employees as at 30 June, including both full-time employees and part-time employees, measured on a full-time equivalent basis (reflecting Minimum Obligatory Human Resource Information (MOHRI)) is:

	2014	2013
Number of employees	90	101

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Note 9. Key Management Personnel and Remuneration

(a) Key Management Personnel

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of QRAA during 2013-14. Further information can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Responsibilities	Current incumbents	
		Contract classification and appointment authority	Date appointed to position (Date resigned from position)
Chief Executive Officer	The Chief Executive Officer reports to QRAA's Board of Directors and the Minister for Agriculture, Fisheries and Forestry. He is responsible for leading and managing the affairs of QRAA including strategically positioning QRAA to achieve organisational and financial goals and implement Board policy.	<i>Contract - Governor in Council</i>	16 August 2011
General Manager, Program Delivery Services	Program Delivery Services delivers financial assistance programs that foster the development of rural and regional sector that supports the Queensland economy. Program Delivery Services also delivers programs in response to emergencies and natural disasters and fosters strong relationships with community and industry.	<i>SES 2 Low - Rural and Regional Adjustment Act 1994</i>	20 November 2006
General Manager, Corporate Strategy and Support	The Corporate Strategy and Support division develops and manages QRAA's systems, infrastructure and policies in the areas of finance, human resources and information services. It facilitates planning, performance improvement, strategic communications, and business development.	<i>SES 2 Low - Rural and Regional Adjustment Act 1994</i>	6 May 2013
Project Director, Loans and Grants Administration System (LGAS)	Lead the procurement and implementation of a new loans and grants administration solution which is aligned with QRAA's strategic direction.	<i>SES 2 Low - Rural and Regional Adjustment Act 1994</i>	18 March 2013

(b) Remuneration Expenses

Remuneration policy for QRAA's key management personnel is set by the Board as provided under the *Rural and Regional Adjustment Act 1994*.

For the 2013-14 year, remuneration of the General Manager Program Delivery Services, General Manager Corporate Strategy and Support and the Project Director, Loans and Grants Administration System (LGAS) increased by 2.2 per cent in accordance with government policy.

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

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Note 9. Key Management Personnel and Remuneration (continuation)

Remuneration packages for key management personnel comprise the following components:

- Short term employee benefits which include:
 - salaries, allowances and leave entitlements earned and expensed for the entire year or for that part of the year during which the employee occupied the specified position.
 - Non-monetary benefits – consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.
- Long term employee benefits include amounts expensed in respect of long service leave.
- Post-employment benefits include amounts expensed in respect of employer superannuation obligations.
- 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.
- Performance bonuses are not paid under the contracts in place.

Total fixed remuneration is calculated on a 'total cost' basis and includes the base and non-monetary benefits, long term employee benefits and post-employment benefits.

1 July 2013– 30 June 2014

Position (date resigned if applicable)	Short term employee benefits		Long Term Employee Benefits	Post Employment Benefits	Total Expenses
	Monetary Expenses	Non- Monetary Benefits			
	\$'000	\$'000	\$'000	\$'000	\$'000
Chief Executive Officer	213	36	8	34	291
General Manager, Program Delivery Services	161	14	5	22	202
General Manager, Corporate Strategy and Support	168	-	10	17	195
Project Director, Loans and Grants Administration System (LGAS)	173	6	5	18	202

1 July 2012 – 30 June 2013

Position (date resigned if applicable)	Short term employee benefits		Long Term Employee Benefits	Post Employment Benefits	Total Expenses
	Monetary Expenses	Non- Monetary Benefits			
	\$'000	\$'000	\$'000	\$'000	\$'000
Chief Executive Officer	216	30	-	40	286
General Manager, Program Delivery Services	146	18	-	21	185
General Manager, Corporate Strategy and Support	23	-	1	2	26
Project Director, Loans and Grants Administration System (LGAS)	164	-	4	17	185

Notes

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Note 10. Supplies and services

	2014 \$'000	2013 \$'000
Advertising and promotion	68	103
Audit fees - External	82	57
Audit fees - Internal	51	56
Bank and other financial institution fees and charges	37	35
Computer expenses	218	268
Consultants	26	52
Contractors	773	257
Insurance	84	82
Motor vehicle expenses	134	107
Photocopying	1	7
Postage	57	59
Printing	37	38
Professional and legal expenses	167	66
Rent	857	767
Securities expenses	145	79
Stationery	23	24
Telephone and fax	139	149
Travel and accommodation	279	117
Other	75	135
Total	3,251	2,456

Total audit fees paid to the Queensland Audit Office relating to the 2013-14 financial statements are estimated to be \$68,138 (2013: \$70,960).

Note 11. Grants and subsidies

Assistance was provided to primary producers and businesses in the form of interest subsidies or grants.

	2014 \$'000	2013 \$'000
Hendra virus PPE Rebate Scheme	28	39
Natural Disaster Relief and Recovery Arrangements	64,694	64,299
Queensland East Coast Commercial Net Fishing Reduction Scheme	1,390	2,090
Queensland Government Solar Hot Water Rebate Scheme	-	1,714
Queensland Cattle Industry Biosecurity Fund	1,149	-
Subsidised Interest Rate Scheme for Pastoralists and Service Businesses Involved in Live Cattle Exports to Indonesia	30	84
Total	67,291	68,225

Note 12. Depreciation and amortisation

	2014 \$'000	2013 \$'000
Depreciation was incurred in respect of:		
Computer equipment	64	55
Leasehold improvements	164	145
Motor vehicles	157	161
Office equipment	19	8
Total	404	369

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Note 13. Finance/borrowing costs

	2014 \$'000	2013 \$'000
Interest on borrowings	1,315	1,030
Effective interest adjustment on discounted financial liabilities	6,605	6,545
Total	7,919	7,575

Note 14. Cash and cash equivalents

This item includes cash and funds on short-term deposit. The amounts of cash and deposits are accounted for individually within the various schemes of assistance administered by QRAA.

	2014 \$'000	2013 \$'000
Administration	22,194	19,816
Coral Reef Fishery Temporary Assistance	840	764
Citrus Industry Recovery Scheme	(655)	(770)
Emergency Assistance - Drought Carry On and Recovery	2,299	1,888
Hendra virus PPE Rebate Scheme	201	221
Natural Disaster Relief and Recovery Arrangements	53,970	36,393
Primary Industry Productivity Enhancement Scheme	16,345	45,870
Queensland Cattle Industry Biosecurity Fund	857	2,000
Queensland East Coast Commercial Net Fishing Reduction Scheme	138	132
Subsidised Interest Rate Scheme for Pastoralists and Service Businesses Involved in Live Cattle Exports to Indonesia	-	(7)
Young Farmers Establishment	2,688	2,658
Farm Finance Concessional Loans Scheme (Queensland)	15,233	-
Farm Finance Concessional Loans Scheme (Northern Territory)	12,117	-
Drought Concessional Loans Scheme (Queensland)	40,019	-
Total	166,246	108,967

Cash surplus to immediate requirements is invested according to the guidelines in the *Rural and Regional Adjustment Act 1994*, the *Statutory Bodies Financial Arrangements Act 1982* and QRAA's Investment Policy.

Cash and deposits held at the end of the year were:

	2014 \$'000	2013 \$'000
National Australia Bank - at call	72,203	1,138
Commonwealth Bank of Australia	68	-
Queensland Treasury Corporation - at call	32,575	21,635
Australia and New Zealand Bank - term deposit	30,881	17,113
National Australia Bank - term deposit	-	29,798
Suncorp Bank - term deposit	-	22,431
Westpac Bank - term deposit	30,518	16,852
Total	166,246	108,967

All amounts held on term deposit are due to mature within 12 months of the year end date.

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Note 15. Loans and advances

Loans and advances are made to primary producers and businesses at either a concessional or commercial interest rate.

	Gross \$'000	Provision for impairment \$'000	Unamortised Discount on Loans Issued at Greater than Fair Value \$'000	Current \$'000	Non- current \$'000	2014 total \$'000
2014						
Citrus Industry Reimbursement and Recovery Scheme	793	-	129	129	535	664
Coral Reef Fishery Temporary Assistance Scheme	-	-	-	-	-	-
Emergency Assistance - Drought Carry On and Recovery	3,017	-	-	1,171	1,845	3,017
Natural Disaster Relief and Recovery Arrangements	128,483	4,818	19,629	21,060	82,976	104,036
Primary Industry Productivity Enhancement Scheme	315,161	138	73,150	22,163	219,709	241,872
Young Farmers Establishment	89	-	-	28	61	89
Farm Finance Concessional Loans Scheme - Queensland	34,292	-	1,717	-	32,575	32,575
Farm Finance Concessional Loans Scheme - Northern Territory	2,909	-	142	-	2,767	2,767
Total	484,744	4,956	94,768	44,551	340,468	385,019

	Gross \$'000	Provision for impairment \$'000	Unamortised Discount on Loans Issued at Greater than Fair Value \$'000	Current \$'000	Non- current \$'000	2013 total \$'000
2013						
Citrus Industry Reimbursement and Recovery Scheme	868	-	139	112	617	729
Coral Reef Fishery Temporary Assistance Scheme	73	-	74	73	(74)	(0)
Emergency Assistance- Drought Carry On and Recovery	4,945	-	313	1,580	3,052	4,632
Natural Disaster Relief and Recovery Arrangements	138,840	2,893	17,958	16,471	101,519	117,990
Primary Industry Productivity Enhancement Scheme	268,411	109	61,508	19,174	187,620	206,794
Young Farmers Establishment	112	-	9	26	78	104
Total	413,249	3,002	79,999	37,436	292,812	330,248

Notes

to the financial statements 2013-14

Note 16. Receivables

	2014 \$'000	2013 \$'000
Other current assets		
GST receivable	27	70
Grants receivable	-	920
	27	990
Accrued interest - bank	294	478
Accrued interest - loans and advances		
Citrus Industry Reimbursement and Recovery Scheme	14	19
Emergency Assistance-Drought Carry On and Recovery	45	84
Natural Disaster Relief and Recovery Arrangements	706	356
Primary Industry Productivity Enhancement Scheme	2,728	2,574
Young Farmers Establishment	-	1
Farm Finance Concessional Loans Scheme (Queensland)	232	-
Farm Finance Concessional Loans Scheme (Northern Territory)	6	-
	3,732	3,034
Total	4,052	4,502

Note 17. Other current assets

	2014 \$'000	2013 \$'000
Prepaid expenses	109	37
	109	37

Note 18. Plant and equipment

	2014 \$'000	2013 \$'000
Computer equipment - at cost	447	440
Accumulated depreciation	(391)	(328)
	55	113
Leasehold improvements - at cost	570	894
Accumulated depreciation	(107)	(836)
	463	57
Motor vehicles - at cost	472	477
Accumulated depreciation	(230)	(194)
	242	283
Office equipment - at cost	240	277
Accumulated depreciation	(217)	(235)
	23	42
Total	783	496

Notes

to the financial statements 2013-14

Note 18. Plant and equipment (continuation)

Reconciliations

Reconciliations of the carrying amounts of each class of asset are set out below:

	2014 \$'000	2013 \$'000
Computer Equipment		
Carrying amount at 1 July	113	78
Acquisitions	6	89
Depreciation	(64)	(55)
Carrying amount at 30 June	55	113
Leasehold Improvements		
Carrying amount at 1 July	57	203
Acquisitions	570	-
Depreciation	(164)	(145)
Carrying amount at 30 June	463	57
Motor vehicles		
Carrying amount at 1 July	283	237
Acquisitions	159	259
Disposals	(43)	(52)
Depreciation	(157)	(161)
Carrying amount at 30 June	242	283
Office Equipment		
Carrying amount at 1 July	42	26
Acquisitions	-	24
Depreciation	(19)	(8)
Carrying amount at 30 June	23	42
Total	783	496

Note 19. Intangible assets

	2014 \$'000	2013 \$'000
Software internally generated - at cost	982	982
Accumulated amortisation	(982)	(982)
	-	-
Software WIP - at cost	817	-
Accumulated amortisation	-	-
Total	817	-

Notes

to the financial statements 2013-14

Note 19. Intangible assets (continuation)

Reconciliations

Reconciliations of the carrying amounts of each class of asset are set out below:

	2014 \$'000	2013 \$'000
Software internally generated		
Carrying amount at 1 July	-	-
Acquisitions	-	-
Amortisation	-	-
Carrying amount at 30 June	-	-
Software WIP		
Carrying amount at 1 July	-	-
Acquisitions	817	-
Amortisation	-	-
Carrying amount at 30 June	817	-
Total	817	-

Note 20. Payables

	2014 \$'000	2013 \$'000
Current		
Trade creditors and accruals	198	158
GST payable	1	663
	199	821

Note 21. Interest Bearing Liabilities

	2014 \$'000	2013 \$'000
Current		
Queensland Treasury Corporation	1,115	1,525
Northern Territory Government	26	-
Australian Government	8,285	7,872
	9,426	9,397
Non-current		
Queensland Treasury Corporation	2,292	3,406
Northern Territory Government	13,300	-
Australian Government	168,606	85,454
	184,197	88,860

QRAA has a loan facility with Queensland Treasury Corporation which is approved under the Queensland Government's State Borrowing Program. At 30 June 2014, the amount undrawn under the facility was \$20.6 million.

Interest rates on interest bearing liabilities range from 1.67 per cent to 7.32 per cent.

Refer to disclosures underneath note 22 for additional information that applies to both interest-bearing liabilities and other financial liabilities.

Notes

to the financial statements 2013-14

Note 22. Other financial liabilities

	2014 \$'000	2013 \$'000
Current		
Queensland Government	7,121	7,121
	7,121	7,121
Non-current		
Queensland Government	51,931	43,434
	51,931	43,434
Total Current Financial Liabilities		
Queensland Treasury Corporation	1,115	1,525
Northern Territory Government	26	-
Australian and Queensland Governments	15,406	14,993
Total current financial liabilities	16,547	16,518
Total Non-Current Financial Liabilities		
Queensland Treasury Corporation	2,292	3,406
Northern Territory Government	13,300	-
Australian and Queensland Governments	220,537	128,888
Total non-current financial liabilities	236,128	132,294
Total non-current financial liabilities	252,675	148,812

No assets have been pledged as security for any liabilities. All borrowings are in \$A denominated amounts, and no interest has been capitalised during the current or comparative reporting period. There have been no defaults or breaches of any loan agreements during the period.

Under the Natural Disaster Relief and Recovery Arrangements (NDRRA) Program, QRAA borrows funds from both the Australian and Queensland Governments. Funds borrowed from the Australian Government are interest bearing, while funds borrowed from the Queensland Government are interest free. All funds are advanced initially to QRAA by the Queensland Government. The portion of these borrowings which is funded by the Australian Government is sometimes not confirmed until after the publication of QRAA's financial statements. Where this occurs, QRAA estimates the ultimate split between interest bearing borrowings owed to the Australian Government and interest free borrowings owed to the Queensland Government. This split is estimated by gathering estimates of expenditure from other Queensland Government agencies, and by applying the guidelines in the NDRRA Determination 2012.

Note 23. Accrued employee benefits

	2014 \$'000	2013 \$'000
Current		
Wages outstanding	106	81
Annual leave	762	735
Long service leave	1,463	1,167
	2,330	1,983
Non-current		
Long service leave	146	195
	146	195

The discount rate used to calculate the present value of long service leave is 2.46 per cent to 3.11 per cent (2013: 2.48 per cent to 3.23 per cent).

Notes

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Note 24. Provisions

Restoration costs	2014	2013
	\$'000	\$'000
Balance as at 1 July	191	227
Reductions in provision	(191)	(36)
Additional provision recognised	219	-
Balance at 30 June	219	191
Current	-	191
Non-Current	219	-

QRAA vacated its premises at 307 Queen Street and fulfilled its obligations under the make good clause of that lease during the financial year. QRAA has also recognised a new make good provision based on an estimate of the cost of fulfilling the make good requirements in the lease for its current premises. This provision made is based on an estimated cost of \$150 per square meter, which is consistent with the estimate used for QRAA's 2012 and 2013 financial statements. The impact of the time value of money on this provision was not deemed to be material. This provision has been capitalised as a restoration cost as part of QRAA's leasehold improvements.

Note 25. Reconciliation of operating surplus to net cash from operating activities

	2014	2013
	\$'000	\$'000
Operating surplus/(deficit)	5,928	10,239
Depreciation and amortisation expense	404	369
Gain on receipt of property plant and equipment at below fair value	(350)	-
Gain on sale of property, plant and equipment	(37)	(105)
Impairment of doubtful loans	2,699	2,218
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in accrued interest income	(513)	393
(Increase)/decrease in unamortised discount on borrowings received at greater than fair value	(4,250)	4,213
(Increase)/decrease in GST input tax credits receivable	43	(22)
(Increase)/decrease in other receivables	920	1,090
(Increase)/decrease in prepayments/other	(72)	(1)
Increase/(decrease) in accounts payable	40	40
Increase/(decrease) in unamortised discount on loans issued at greater than fair value	14,769	4,913
Increase/(decrease) in accrued employee benefits	298	69
Increase/(decrease) in GST payable	(662)	(278)
Increase/(decrease) in provisions	(190)	(36)
Increase/(decrease) in unearned revenue	3,282	-
Net cash from operating activities	22,308	23,102

Note 26. Non-cash investing activities

Assets received by QRAA for nil consideration and recognised as revenues are set out in Note 2.

Note 27. Commitments for expenditure

(a) Finance lease liabilities

At reporting date, QRAA has no commitments under finance leases.

(b) Non-cancellable operating lease

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

Notes

to the financial statements 2013-14

Note 27. Commitments for expenditure (continuation)

	2014 \$'000	2013 \$'000
Not later than one year	856	575
Later than one year and not later than five years	2,006	2,569
Total	2,861	3,144

No lease arrangements create restrictions on other financing transactions.

Operating leases are entered into as a means of acquiring access to office accommodation and storage facilities. Lease payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined.

(c) Capital Expenditure Commitments

At the reporting date, QRAA had no commitments for capital expenditure

(d) Financial Assistance Commitments

At reporting date, QRAA has undrawn financial assistance commitments of \$35.151 million (2013: \$34.974 million). Undrawn commitments are loans and grants that have been approved and awaiting client drawdown at balance date.

Note 28. Financial instruments

(a) Categorisation of financial instruments

QRAA has the following categories of financial assets and financial liabilities:

Category	Note	2014 \$'000	2013 \$'000
Financial assets			
Cash and cash equivalents	14	166,246	108,967
Loans and advances	15	385,019	330,248
Receivables	16	4,052	4,502
Total		555,318	443,717
Financial liabilities			
Financial liabilities measured at amortised cost:			
Payables	20	199	821
Interest bearing liabilities	21	193,623	98,257
Other financial liabilities	22	59,052	50,555
Total		252,874	149,633

(b) Financial Risk Management

QRAA's Board of Directors has endorsed a policy of compliance and risk management to suit the risk profile of QRAA including financial risk. Authority flows from the Board to the Audit and Risk

Management Committee and from there to the Chief Executive Officer, the Senior Executive Team and management.

The main elements of risk governance are as follows:

(1) Board of Directors

This is the primary governing body that approves the level of risk to which QRAA is exposed and the framework for reporting and mitigating those risks.

(2) Audit and Risk Management Committee

Its key role in risk management is the assessment of the controls that are in place to mitigate risks. The Committee considers and confirms that the significant risks and controls are to be assessed within the internal audit plan. The Audit and Risk Management Committee receives the internal audit reports on assessment and compliance with the controls, and provides feedback to the Board for their consideration.

(3) Internal Audit

QRAA outsources its internal audit function and the internal audit function has responsibility for implementing the controls testing and assessment as required by the Audit and Risk Management Committee.

Financial risk management is implemented pursuant to Queensland Government and QRAA's policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of QRAA.

All financial risk is managed by the Finance and Program Delivery business units under policies approved by QRAA. QRAA provides written principles for overall risk management, as well as policies covering specific areas.

QRAA measures risk exposure using a variety of methods as follows:

Risk Exposure	Measurement method
Credit risk	Ageing analysis
Liquidity risk	Maturity analysis
Market risk	Interest rate sensitivity analysis
Operational risk	Internal controls

c) Credit Risk Exposure

Credit risk exposure refers to the situation where QRAA may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.

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

The method of managing credit risk exposure is by way of strict adherence to the credit assessment procedures before loans are approved and close monitoring of arrears in the repayments of loans thereafter on a daily basis with monthly reporting to the Board.

Notes

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Note 28. Financial instruments (continuation)

QRAA has established procedures over the:

- Credit assessment and approval of loans covering risk assessment and security requirements;
- Reassessing and review of the credit exposure on loans;
- Establishing appropriate provisions to recognise the impairment of loans;
- Debt recovery procedures; and
- Review of compliance with the above procedures.

A regular review of compliance is conducted as part of the annual internal audit plan.

(i) Past due and impaired loans

A loan is past due when the client has failed to make payment when contractually due. Past due does not mean that a client will never pay but it can trigger various actions such as renegotiation, enforcement of covenants or legal proceedings.

If appropriate, the estimated recoverable amount of the loan is determined and any impairment loss based on the net present value of future anticipated cash flows is recognised in the financial statements. A provision for impairment is established on all past due loans after a specified period of repayment default where it is probable that some of the asset will not be repaid or recovered.

(ii) Collateral securing loans

The majority of the loan portfolio is secured on real property in Australia. Therefore, QRAA is exposed to risk in the reduction of the Loan to Value (LVR) cover should the property market be subject to a decline.

The risk of loss from the loans undertaken is primarily reduced by the nature and quality of the security taken. At least 90 per cent of loans are well secured against real property mortgages which carry an 80 per cent Loan to Valuation ratio or less.

(iii) Concentration risks

Concentration risk is a measurement of QRAA's exposure to an individual client or group of clients. QRAA minimises concentrations of credit risk in relation to loans by undertaking transactions with a large number of clients.

	Maximum credit risk exposure			
	% of total loans		\$'ooo	
	2014	2013	2014	2013
Geographical area				
Central Queensland	23.30%	22.70%	112,962	93,816
North Queensland	16.93%	22.57%	82,044	93,263
South East Queensland	45.79%	43.07%	221,949	177,986
South West Queensland	9.76%	8.31%	47,330	34,327
West Queensland	4.22%	3.35%	20,460	13,857
Total	100.00%	100.00%	484,744	413,249
Industry				
Aquaculture and Fishing	1.02%	1.64%	4,939	6,767
Banana Growing	3.49%	5.96%	16,906	24,613
Beef Cattle	41.15%	34.94%	199,467	144,386
Dairy Cattle	3.74%	3.75%	18,139	15,477
Grain and Livestock	9.28%	9.22%	44,992	38,082
Other Crops	11.08%	11.10%	53,687	45,881
Other Livestock	4.27%	4.44%	20,709	18,369
Small Business	5.04%	6.80%	24,447	28,095
Small Crops and Fruit	6.05%	6.39%	29,317	26,419
Sugar Cane	14.88%	15.77%	72,140	65,162
Total	100.00%	100.00%	484,744	413,249

Notes

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Note 28. Financial instruments (continuation)

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

Maximum exposure to credit risk	Note	2014	2013
Category		\$'000	\$'000
Financial assets			
Loans and advances	15	484,744	413,249
Receivables	16	4,052	4,502
Total		488,796	417,751

Financial Assets

QRAA manages credit risk through the use of a credit management strategy. This strategy aims to reduce the exposure to credit default by ensuring that QRAA invests in secure assets and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.

All loans and advances are secured by collateral in the form of mortgages, charges and liens and the valuation of securities is undertaken annually to ensure sufficient collateral to cover the indebtedness of customers. QRAA policy is to hold security over landed assets where available.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to internal client loan risk classification based on collateral provided by borrowers/recipients:

Collateral Coverage	2014	2013
	\$'000	\$'000
Loans and advances with:		
Full collateral coverage	477,506	410,791
Partial collateral coverage	7,238	2,458
No collateral coverage	-	-
Total	484,744	413,249

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

The allowance for impairment reflects the occurrence of loss events. The most readily identifiable loss event is where a debtor is overdue in paying a debt to QRAA, according to the due date (normally terms of 30 days).

The method for calculating any provision for impairment is based on past experience, current and expected changes in economic conditions and changes in client credit ratings. The main factors affecting the current calculation for provisions are disclosed below as loss events. These economic and geographic changes form part of QRAA's documented risk analysis assessment in conjunction with historic experience and associated industry data.

If no loss events have arisen in respect of a particular debtor or group of debtors, no allowance for impairment is made in respect of that debt/group of debtors. If QRAA determines that an amount owing by such a debtor does become uncollectible (after appropriate range of debt recovery actions), that amount is recognised as a Bad Debt expense and written-off directly against Loans and Advances. In other cases where a debt becomes uncollectible but the uncollectible amount exceeds the amount already allowed for impairment of that debt, the excess is recognised directly as a Bad Debt expense and written-off directly against Loans and Advances.

The recognised provision for impairment is \$4.956 million for the current year (2013: \$3.002 million).

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated.

Ageing of past due but not impaired as well as impaired financial assets within the total loan portfolio are disclosed in the following tables:

2014 financial assets past due but not impaired	Overdue				Total
	Less than	30 - 60	61 - 90	More than	
	30 days	days	days	90 days	
	\$'000	\$'000	\$'000	\$'000	\$'000
Loans and advances	23,768	7,470	5,380	16,454	53,072

Notes

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Note 28. Financial instruments (continuation)

2013 financial assets past due but not impaired

	Overdue				Total \$'000
	Less than 30 days	30 - 60 days	61 - 90 days	More than 90 days	
	\$'000	\$'000	\$'000	\$'000	
Loans and advances	19,370	4,382	5,589	13,243	42,584

2014 individually impaired financial assets

	Overdue				Total \$'000
	Less than 30 days	30 - 60 days	61 - 90 days	More than 90 days	
	\$'000	\$'000	\$'000	\$'000	
Loans and advances (gross)	(130)	68	34	256	228
Provision for impairment	130	(68)	(34)	(181)	(153)
Carrying amount	-	-	-	75	75

2013 individually impaired financial assets

	Overdue				Total \$'000
	Less than 30 days	30 - 60 days	61 - 90 days	More than 90 days	
	\$'000	\$'000	\$'000	\$'000	
Loans and advances (gross)	12	14	8	254	288
Provision for impairment	(12)	(14)	(8)	(202)	(236)
Carrying amount	-	-	-	52	52

Movements in Allowance for Impairment

	2014 \$'000	2013 \$'000
Balance at 1 July	3,002	1,520
Increase/decrease in allowance recognised in operating result	2,810	2,218
Amounts written-off during the year	(856)	(736)
Balance at 30 June	4,956	3,002

(d) Liquidity Risk

Liquidity risk refers to a situation where QRAA may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

QRAA is exposed to liquidity risk in respect of its payables and borrowings from Queensland Treasury Corporation, Queensland Treasury and Trade, and the Australian Government and Northern Territory Government for on-lending.

QRAA manages liquidity risk through the use of a liquidity management strategy. This strategy aims to reduce the exposure to liquidity risk by ensuring QRAA has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.

The following table sets out the liquidity risk of financial liabilities held by QRAA. It represents the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at reporting date as advised by Queensland Treasury Corporation, Australian Government and Northern Territory Government. The undiscounted cash flows in these tables differ from the amounts included in the Statement of Financial Position that are based on discounted cash flows.

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to the financial statements 2013-14

Note 28. Financial instruments (continuation)

	Note	2014 Payable in			Total
		<1 year \$'000	1-5 years \$'000	>5 years \$'000	\$'000
Financial liabilities					
Payables	20	199	-	-	199
Australian Government Borrowings	21	12,248	165,312	47,227	224,788
Northern Territory Government Borrowings	21	908	26,005	-	26,913
Queensland Government Borrowings	22	7,121	32,727	25,868	65,716
Queensland Treasury Corporation Borrowings	21	1,272	2,476	-	3,748
Total		21,749	226,520	73,095	321,364

	Note	2013 Payable in			Total
		<1 year \$'000	1-5 years \$'000	>5 years \$'000	\$'000
Financial liabilities					
Payables	20	821	-	-	821
Australian Government Borrowings	21	8,455	22,943	4,517	35,914
Queensland Government Borrowings	22	7,121	72,520	56,943	136,584
Queensland Treasury Corporation Borrowings	21	1,783	3,763	-	5,546
Total		18,180	99,226	61,460	178,866

(e) Market Risk

QRAA does not trade in foreign currency and is not materially exposed to commodity price changes. QRAA is exposed to interest rate risk through its borrowings from Queensland Treasury Corporation and cash deposited in interest bearing accounts. QRAA does not undertake any hedging in relation to interest risk and manages its risk as per QRAA's liquidity risk management strategy articulated in QRAA's Financial Management Practice Manual.

(f) Interest Rate Sensitivity Analysis

The following interest rate sensitivity analysis is based on a report similar to that provided to management, depicting the outcome on results if interest rates would change by +/- 1 per cent from the year-end rates applicable to the QRAA's financial assets and liabilities. With all other variables held constant, QRAA would have a surplus and equity increase/(decrease) of \$3,576 million (2013: \$3.410 million). This is mainly attributable to QRAA's exposure to variable interest rates on its loans and advances.

The impact of interest rate movement on QRAA's profit and equity has increased in the current period due to increased borrowings for Natural Disaster Relief and Recovery Arrangements Programs.

	Carrying amount \$'000	2014 interest rate risk			
		-1%		+1%	
Financial instruments	\$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Cash and Cash Equivalents	166,246	(1,662)	(1,662)	1,662	1,662
Loans and Advances	385,019	(3,850)	(3,850)	3,850	3,850
Australian Government Borrowings	176,891	1,769	1,769	(1,769)	(1,769)
Northern Territory Government Borrowings	13,325	133	133	(133)	(133)
Queensland Treasury Corporation Borrowings	3,407	34	34	(34)	(34)
Overall effect on profit and equity		(3,576)	(3,576)	3,576	3,576

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Note 28. Financial instruments (continuation)

Financial instruments	2013 interest rate risk				
	Carrying amount \$'000	-1%		+1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Cash and Cash Equivalents	108,967	(1,090)	(1,090)	1,090	1,090
Loans and Advances	330,248	(3,302)	(3,302)	3,302	3,302
Australian Government Borrowings	93,326	933	933	(933)	(933)
Queensland Treasury Corporation Borrowings	4,931	49	49	(49)	(49)
Overall effect on profit and equity		(3,410)	(3,410)	3,410	3,410

(g) Fair Value

QRAA does not measure any loans or advances, interest-bearing liabilities, or non-interest bearing liabilities at fair value subsequent to initial recognition.

The fair value of trade payables, other receivables, and accrued bank interest are assumed to approximate the value of the original transaction, less any allowance for impairment.

The fair value of Borrowings from the Queensland Treasury Corporation (QTC) is notified by QTC. It is calculated using discounted cash flow analysis and the effective interest rate and is disclosed below.

The fair values of Loans and Advances and non-QTC Borrowings are calculated using discounted cash flow analysis and the effective interest rate, and are disclosed below.

In order to perform discounted cash flow analysis for Borrowings and Loans and Advances, QRAA estimates the prevailing market rate(s) of interest for a similar instrument with a similar credit rating.

For loans and advances, QRAA estimates these prevailing market rates by reference to the 90 day bank bill swap bid rate (BBSY 90 Bid) plus a risk premium. The risk premium takes account of the term of the loan and the security available. These risk premiums range from 235 basis points to 620 basis points.

For financial liabilities relating to Drought Concessional Loans and Farm Finance Concessional Loans, QRAA estimates the prevailing market rate of interest to be equal to the market rate of interest applying to Loans and Advances made under those programs.

For financial liabilities other than those relating to Drought Concessional Loans and Farm Finance Concessional Loans, QRAA takes the QTC ten year debt pool interest rates to be the prevailing market rates for a Queensland Government Agency receiving ten year loans.

QRAA's Borrowings and Loans and Advances are classified as Level 2 within the fair value hierarchy.

Financial liabilities	2014		2013	
	Carrying amount \$'000	Fair Value \$'000	Carrying Amount \$'000	Fair value \$'000
Financial liabilities at amortised cost				
Queensland Government Borrowings	59,052	57,503	43,434	52,801
Queensland Treasury Corporation borrowings	3,407	3,555	4,931	5,174
Australian Government Borrowings	176,891	178,217	93,326	96,580
Northern Territory Government Borrowings	13,325	13,325	0	0
Total	252,675	252,600	141,691	154,555

Financial assets	2014		2013	
	Carrying amount \$'000	Fair Value \$'000	Carrying Amount \$'000	Fair value \$'000
Financial assets at amortised cost				
Loans and advances excluding accrued interest	385,019	417,346	330,248	359,065
Total	385,019	417,346	330,248	359,065

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Note 29. Board Members' Fees

Remuneration, including meeting fees and superannuation are paid to Board members. QRAA does not reimburse Board members who are government representatives.

	2014 \$'000	2013 \$'000
Board members remuneration	88	79
Number of Board members receiving remuneration in the following ranges		
\$1 to \$9,999	3	3
\$10,000 to \$19,999	2	2
\$20,000 to \$29,999	-	-
\$30,000 to \$39,999	-	-
\$40,000 to \$49,999	1	1

The Board members of QRAA are:

Wayne Carlson (Chairperson)
John Pollock (resigned 2 June 2014)
Dugald Warby (appointed 3 June 2014)
Georgie Somerset
Dr Elizabeth Woods OAM
Damien Morgan
Christopher Hood
Leigh Pickering (resigned 2 June 2014)
Warwick Agnew (appointed 2 June 2014)

Note 30. Contingencies

QRAA did not have any contingent liabilities as at 30 June 2014 (2013: nil).

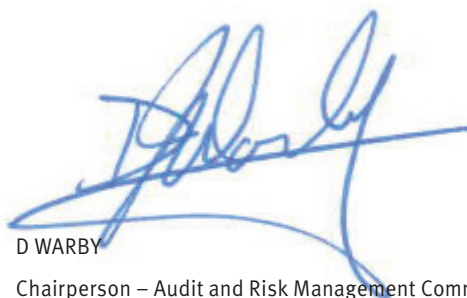
Certificate of QRAA

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 43 of the Financial and Performance Management Standard 2009 and other prescribed requirements. In accordance with section 62(1)(b) of the Act, we certify that in our opinion:

- (a) the prescribed requirements for establishing and keeping of accounts have been complied with in all material respects; and
- (b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of QRAA for the financial year ended 30 June 2014 and of the financial position of QRAA at the end of that year; and
- (c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



W S CARLSON
Chairperson



D WARBY
Chairperson – Audit and Risk Management Committee



C R HOLDEN
Chief Executive Officer



A CRANSWICK
Senior Manager Finance

Dated: 26 August 2014

Independent Auditor's report

To the Board of QRAA

Report on the Financial Report

I have audited the accompanying financial report of QRAA, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Chairperson, Chief Executive Officer, Chairperson Audit and Risk Management Committee and Senior Manager Finance responsible for the financial administration of QRAA.

The Board's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

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

Opinion

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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of QRAA for the financial year 1 July 2013 to 30 June 2014 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

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



N GEORGE CPA
as Delegate of the Auditor-General of Queensland



Queensland Audit Office
Brisbane

Glossary

Award Modernisation Process

A Queensland Government initiative to streamline Awards across whole of government.

Board of Directors

QRAA is governed by a Board of Directors which is formally accountable to the Minister for Agriculture, Fisheries and Forestry.

Business Classification Scheme

The BCS is a hierarchical structure that has been developed by analyzing the functions and activities of QRAA. It is used to classify QRAA's corporate records.

Customer Service Officer

Member of QRAA's Customer Relations Unit.

Code of Conduct

The government and our clients expect QRAA to deliver its services with integrity, professionalism and accountability. The Code of Conduct outlines how such an outcome is to be achieved.

Employee Value Proposition

A statement of QRAA's employment experience including the nature of the organisation, culture, ethics, values and employee benefits.

Fair Work Commission

The Fair Work Commission is Australia's national workplace relations tribunal responsible for maintaining a safety net of minimum wages and employment conditions as well as a range of other workplace functions and regulations.

Farm Business

For the purposes of the Farm Finance Concessional Loans scheme, a Farm Business is a business that:

- a) operates as a sole trader, trust, partnership or private company; and
- b) is involved within the agricultural, horticultural, pastoral, apicultural or aquacultural industries; and
- c) is wholly located in Australia; and
- d) is registered for tax purposes in Australia with an Australian Business Number (ABN) and is registered for GST; and
- e) is not a public company under the meaning of Corporations Act 2001 (Cth).

Information Communication Technology Strategic Plan

A plan outlining the objectives for the Information Communication Technology business unit and how they might be achieved.

LGAS

Loan and Grant Administration System. Proposed technology solution to replace QRAA's existing RAPID system.

LGAS Project Team

Temporary project team established to progress proposed procurement of a new Loans and Grant Administration System.

NDRRA

Natural Disaster Relief and Recovery Arrangements.

Operational plan

A plan which identifies the services (projects and activities) the business unit intends to deliver during the plan's timeframe (one year). It also supports the Strategic Plan.

Performance and Development Plan

A document which is prepared annually for each employee in relation to QRAA's expectations of that employee and regarding the employee's training/growth requirements.

PIPES

Primary Industry Productivity Enhancement Scheme.

Productivity Loans

First Start and/or Sustainability Loan currently available under the Queensland Government *Primary Industry Productivity Enhancement Scheme*.

Program owner

Government agency / departmental representative which has engaged QRAA to deliver specialist financial administrative services on its behalf.

PPE

Personal Protective Equipment

Right to information

The Queensland Government's approach to providing the community with open access to public information in accordance with right to information legislation which came into effect on 1 July 2009.

SET

Senior Executive Team. An oversight group consisting of the Chief Executive Officer and the General Manager's of Program Delivery and Corporate Strategy and Support.

Significant Financial Impact

For the purposes of the Drought Concessional Loans scheme, significant financial impact means an adverse financial impact on a farm business that must occur over at least a two year period, and can include the forthcoming season. Evidence that the farm business is experiencing a significant financial impact may include:

- large reductions in the farm business's net cash flow
- large reductions in production and/or yields
- large reductions in operating margins (the percentage margin of farm receipts over farm operating expenses)
- increases in drought-related operating expenses, particularly fodder and agistment expenditure
- large reductions in livestock numbers through forced sales or losses.

Strategic Plan

A document used by QRAA to set its direction, align with the Queensland Government's objectives for the community and provide objectives and strategies for QRAA.

Strategic priorities

The priorities identified for QRAA, which are contained within the Strategic Plan to guide QRAA's performance.

Vision

Specifies what QRAA hopes to become or create. A vision statement takes into account QRAA's current status and serves to point the direction of where QRAA wishes to go.

Attachment A - Compliance checklist

Summary of requirement		Basis for requirement	Annual Report reference
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister	ARRs – section 8	Page 1
Accessibility	Table of contents	ARRs – section 10.1	Page 2
	Glossary	ARRs – section 10.1	Page 49
	Public availability	ARRs – section 10.2	Page 1
	Interpreter service statement	<i>Queensland Government Language Services Policy</i> ARRs – section 10.3	Page 1
	Copyright notice	<i>Copyright Act 1968</i> ARRs – section 10.4	Page 1
	Information Licensing	<i>QGEA – Information Licensing</i> ARRs – section 10.5	N/A
General information	Introductory Information	ARRs – section 11.1	Page 3
	Agency role and main functions	ARRs – section 11.2	Page 5
	Operating environment	ARRs – section 11.3	Page 5
	Machinery of government changes	ARRs – section 11.4	N/A
Non-financial performance	Government's objectives for the community	ARRs – section 12.1	Page 3
	Other whole-of-government plans / specific initiatives	ARRs – section 12.2	N/A
	Agency objectives and performance indicators	ARRs – section 12.3	Pages 12, 13
	Agency service areas, and service standards	ARRs – section 12.4	Pages 12, 13
Financial performance	Summary of financial performance	ARRs – section 13.1	Pages 17, 18, 19
Governance – management and structure	Organisational structure	ARRs – section 14.1	Page 6
	Executive management	ARRs – section 14.2	Page 6, 7
	Related entities	ARRs – section 14.3	N/A
	Government bodies	ARRs – section 14.4	N/A
	Public Sector Ethics Act 1994	<i>Public Sector Ethics Act 1994</i> (section 23 and Schedule) ARRs – section 14.5	Page 8
Governance – risk management and accountability	Risk management	ARRs – section 15.1	Page 8
	External scrutiny	ARRs – section 15.2	Page 8
	Audit committee	ARRs – section 15.3	Page 7
	Internal audit	ARRs – section 15.4	Page 8
	Public Sector Renewal	ARRs – section 15.5	N/A
	Information systems and recordkeeping	ARRs – section 15.6	Page 9
Governance – human resources	Workforce planning, attraction and retention, and performance	ARRs – section 16.1	Page 11
	Early retirement, redundancy and retrenchment	Directive No.11/12 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 16.2	N/A
Open Data	Open Data	ARRs – section 17	Page 9

Summary of requirement (continued)		Basis for requirement	Annual Report reference
Financial statements	Certification of financial statements	FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 18.1	Page 47
	Independent Auditors Report	FAA – section 62 FPMS – section 50 ARRs – section 18.2	Page 48
	Remuneration disclosures	<i>Financial Reporting Requirements for Queensland Government Agencies</i> ARRs – section 18.3	Page 31

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2009*

ARRs *Annual report requirements for Queensland Government agencies*

