

Queensland Rural and Industry
Development Authority

2018–2019
ANNUAL
REPORT

Welcome to the Queensland Rural and Industry Development Authority (QRIDA) Annual Report for 2018-2019.

QRIDA is a statutory authority of the Queensland Government established under the *Rural and Regional Adjustment Act 1994* (Qld) (the Act), reporting to the Minister for Agricultural Industry Development and Fisheries.

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

This report highlights QRIDA's 2018-2019 achievements, performance and financial position.

© Queensland Rural and Industry Development Authority 2019
ISSN: 2203-8094 (print)

Interpreter service statement

As a Queensland Government entity, we are committed to providing accessible services to all Queenslanders from 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 gladly arrange an interpreter to effectively communicate this report to you.

Public availability and feedback

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

For further information or to provide feedback on this report, please contact us:

Telephone: Freecall 1800 623 946
Email: contact_us@qrida.qld.gov.au
Facsimile: (07) 3032 0300
Mail: QRIDA
GPO Box 211
Brisbane QLD 4001

To the Minister

30 August 2019

The Honourable Mark Furner MP
Minister for Agricultural Industry Development and Fisheries
PO Box 46
Brisbane QLD 4001

Dear Minister

I am pleased to submit for presentation to the Parliament the Annual Report 2018-2019 and financial statements for the Queensland Rural and Industry Development Authority.

I certify this Annual Report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* (Qld) and the *Financial and Performance Management Standard 2009*
- the detailed requirements set out in the *Annual Report Requirements for Queensland Government agencies*.

A checklist outlining the annual reporting requirements can be found at page 64 of this annual report.

Yours sincerely

John Corbett
Chair of Board
Queensland Rural and Industry Development Authority

Table of contents



Our year in review

- Chief Executive Officer's report 4
- Five year snapshot 5



Our organisation

- About us 6
- How we contributed to government objectives for the community 7
- Organisational structure 8
- Regional service 9
- Corporate governance 10
- QRIDA workforce profile 14



Our performance

- Loans and grants 16
- Farm Debt Services 20
- Business Development and Policy 21
- Organisational performance summary 22



Our financials

- Financial statements 24
- QRIDA Management Certificate 58
- Independent Auditor's Report 59



Glossary

62



Compliance checklist

64

Chief Executive Officer's report

The 2018-2019 financial year has played host to some of the most significant weather-related challenges for Queensland agriculture in decades.

The first half of the financial year was marred with the continuation of the drought which had impacted the agricultural industry for a number of years but by February, much of North and North West Queensland was under water.

More than 470,000 square kilometres, close to 30 per cent of Queensland, was disaster declared as a result of the North and Far North Queensland Monsoon Trough while more than 60 per cent of the state remained drought declared.

Despite these extremes, it was also a year of resilience, determination and commitment on behalf of the state's primary producers. QRIDA was proud to play its role administering a range of financial assistance programs to these disaster-stricken producers, small businesses and non-profit organisations to help get them back on their feet.

QRIDA's workforce increased by 30 per cent to handle the initial volume of applications with many staff mobilised to the North and North West. By 30 June 2019, QRIDA had approved 1,828 applications for Special Disaster Assistance Recovery Grants totalling \$78.4 million.

Following the Monsoon Trough event, the Australian Government established the North Queensland Livestock Industry Recovery Agency (NQLIRA) to support the longer-term recovery of businesses impacted during flooding. NQLIRA engaged QRIDA to develop and administer their \$300 million Restocking, Replanting and On-Farm Infrastructure Grant Scheme which provides co-contribution grants of up to \$400,000 for primary producers. By 30 June 2019, 21 applications had been approved for \$5.9 million with the scheme open until June 2021.

The restocking grant was one of 12 new programs QRIDA administered in 2018-2019, demonstrating QRIDA's proactive approach to 'doing more' to support rural and regional Queensland. These new programs cover a wide range of sectors and industries from solar and storage loans and grants for households, rebates on energy saving investments for farmers to large firms, to equipment and professional advice rebates for fishers and bus operators.

Another new program in 2018-2019 was the Queensland Government's \$10 million Rural Economic Development (RED) Grant Scheme which provided co-contribution grants of up to \$250,000 for emerging agricultural supply chain projects that generate economic growth and jobs in rural and regional areas. In the first-round of funding this financial year, 15 businesses received a total of \$3.3 million with these projects expected to create more than 600 regional jobs.

“QRIDA approved 10,066 applications totalling over \$237.2 million in financial assistance.”

Despite the weather extremes and lower commodity prices, QRIDA saw steady demand for its First Start and Sustainability Loans in 2018-2019. A total of \$89.3 million in First Start and Sustainability Loans has been approved to 197 new and existing primary producers.

QRIDA also continued to support professional advice to assist family farm succession with 578 applications worth \$1 million in Farm Management Grants approved in 2018-2019.

In terms of overall administration of loans and grants, QRIDA approved 10,066 applications totalling over \$237.2 million in financial assistance across all schemes in 2018-2019. This compares with 3,969 applications and \$155.4 million in 2017-2018.

In relation to its Farm Debt Services, QRIDA oversees the Farm Business Debt Mediation Program which manages compliance of the Act with compulsory mediation between farmers and lending institutions. It has managed 145 farm debt mediations since the program began in July 2017 and maintains a register of 39 accredited mediators.

The Farm Debt Restructure Office, managing the Farm Business Analysis Assistance program, facilitates the provision of independent financial advisory services for farmers in financial distress. Since its commencement in January 2018, 26 applications for assistance have been received with 16 reports delivered to primary producers.

During the year, QRIDA delivered a record amount of grants and loans but it was pleasing we maintained an efficient and effective level of service as reflected in our increased client satisfaction rating of 92 per cent.

Our Regional Area Managers continue to offer local, individual knowledge and expertise in 10 regions across the state. This financial year we also announced an eleventh regional office due to open in Townsville in the 2019-2020 financial year. We farewelled our previous QRIDA Board Chair, Wayne Carlson and thanked him for his years of valued service to our organisation and welcomed our new Chair, John Corbett.

Despite challenges for Queensland agriculture, we have achieved a tremendous amount this financial year and met the challenges with opportunity and growth within our organisation. We look forward to continuing to service rural and regional Queensland and growing as a professional and efficient administrator in the delivery of financial assistance programs.

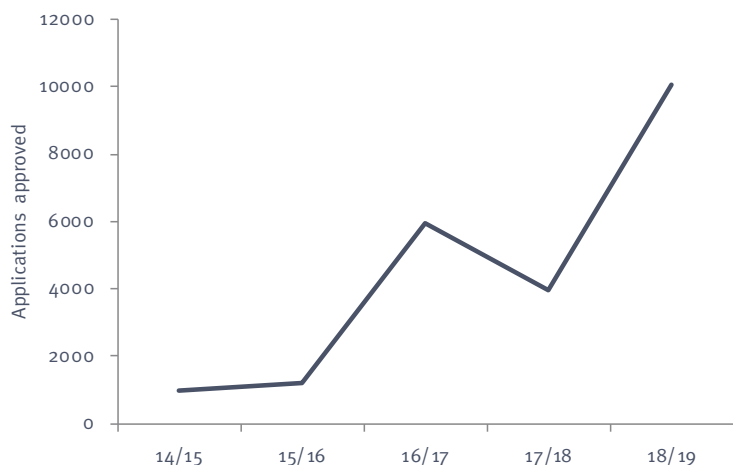


Cameron MacMillan
Chief Executive Officer



Five year snapshot

Applications approved



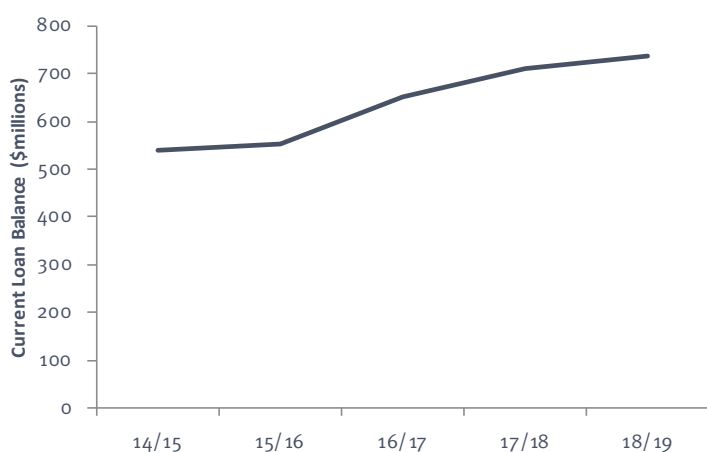
Number of loan and grant applications approved in the financial year.

Program approvals



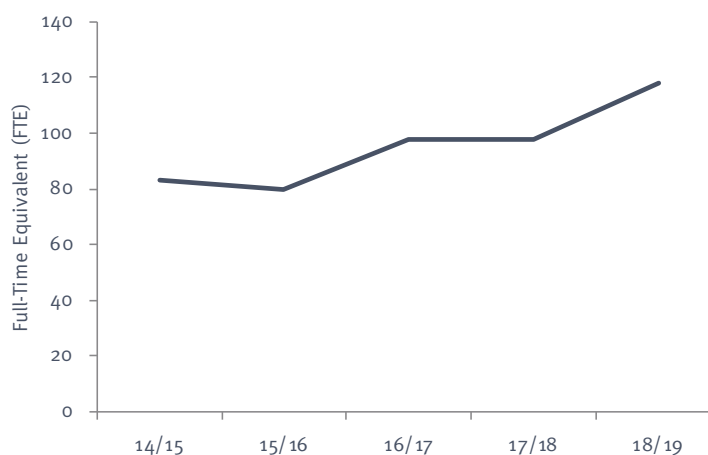
Total loan and grant assistance amount approved in the financial year.

Loan Register



Current loan balances (all open loans) as at 30 June each year.

Staffing



Full-time equivalent QRIDA employees as at 30 June each year.

About us

The Queensland Rural and Industry Development Authority (QRIDA) is a specialist provider of government financial and advisory support to rural and regional Queensland.

For more than 24 years, we have been helping primary producers and industry recover from disasters, improve sustainability and profitability, make a start in business and overcome difficult conditions.

QRIDA is also empowered under the *Rural and Regional Adjustment Act 1994* (Qld) to deliver additional programs and services to local, state and territory governments throughout Australia and for the Australian Government.

What we do

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

As the Queensland Government's experts in rural finance, we also administer the state government's Farm Business Debt Mediation program, Farm Debt Restructure Office, conduct a biennial Rural Debt Survey, and undertake research to provide advice to the Minister for Agricultural Industry Development and Fisheries.

When required, QRIDA supports the delivery of disaster relief and recovery assistance for primary producers, small businesses and non-profit organisations (jointly funded by the Queensland and Australian Governments).

By providing these services, we are committed to supporting the Queensland Government's objectives for the community – see page 7 for more information on how we actively contribute.

Our values

Throughout 2018-2019, QRIDA's commitment to four core values governed our operations:

- dedicated to our stakeholders
- committed to excellence
- united, agile, honest and fair
- creating value for Queensland.

Our future

Following a year of significant challenges, QRIDA will consolidate our strategic position as a professional administrator of loans, grants and rebates with a focus on rural and regional Queensland in 2019-2020.

This includes promoting and seeking efficiencies in the delivery of our core services and products including Productivity Enhancement Loans, disaster assistance, the Farm Business Debt Mediation Program and the Farm Debt Restructure Office.

QRIDA will continue to seek opportunities to undertake research, provide policy advice and develop new products and services that meet the changing needs of Queensland's rural and regional industries.

QRIDA will continue to seek new opportunities to provide specialist and professional loan and grant management services to the Queensland Government and other entities and to generate skills and revenue which guarantee our organisation's ongoing sustainability.

How we contributed to government objectives for the community



Objective: Create jobs in a strong economy

- Create jobs
- Increase private sector investment
- Engage more young Queenslanders in education, training or work

How QRIDA contributed:

- Productivity Loans financed the establishment and expansion of Queensland primary production enterprises, the key source of jobs and income in many regional communities.
- Administered the first round of the Rural Economic Development Grants program, which provided support for 15 Queensland businesses to undertake emerging agricultural supply chain projects that are expected to create more than 600 regional jobs.
- Delivered Farm Management Grants for farm succession planning to help facilitate generational change and productivity of Queensland primary production enterprises.

Objective: Be a responsive government

- Make Queensland Government services easy to use

How QRIDA contributed:

- Delivered our application processes through online application facilities.
- Administered the Farm Business Debt Mediation program.
- Delivered independent financial analysis to financially distressed farmers through the Farm Debt Restructure Office.
- Continued to work with the areas affected by natural disaster events, including the North and Far North Queensland Monsoon Trough, and other disaster events to deliver grants and loans to impacted primary producers, small businesses and non-profit organisations.
- Strengthened regional economies through funding establishment, improvement and drought support of primary producers.

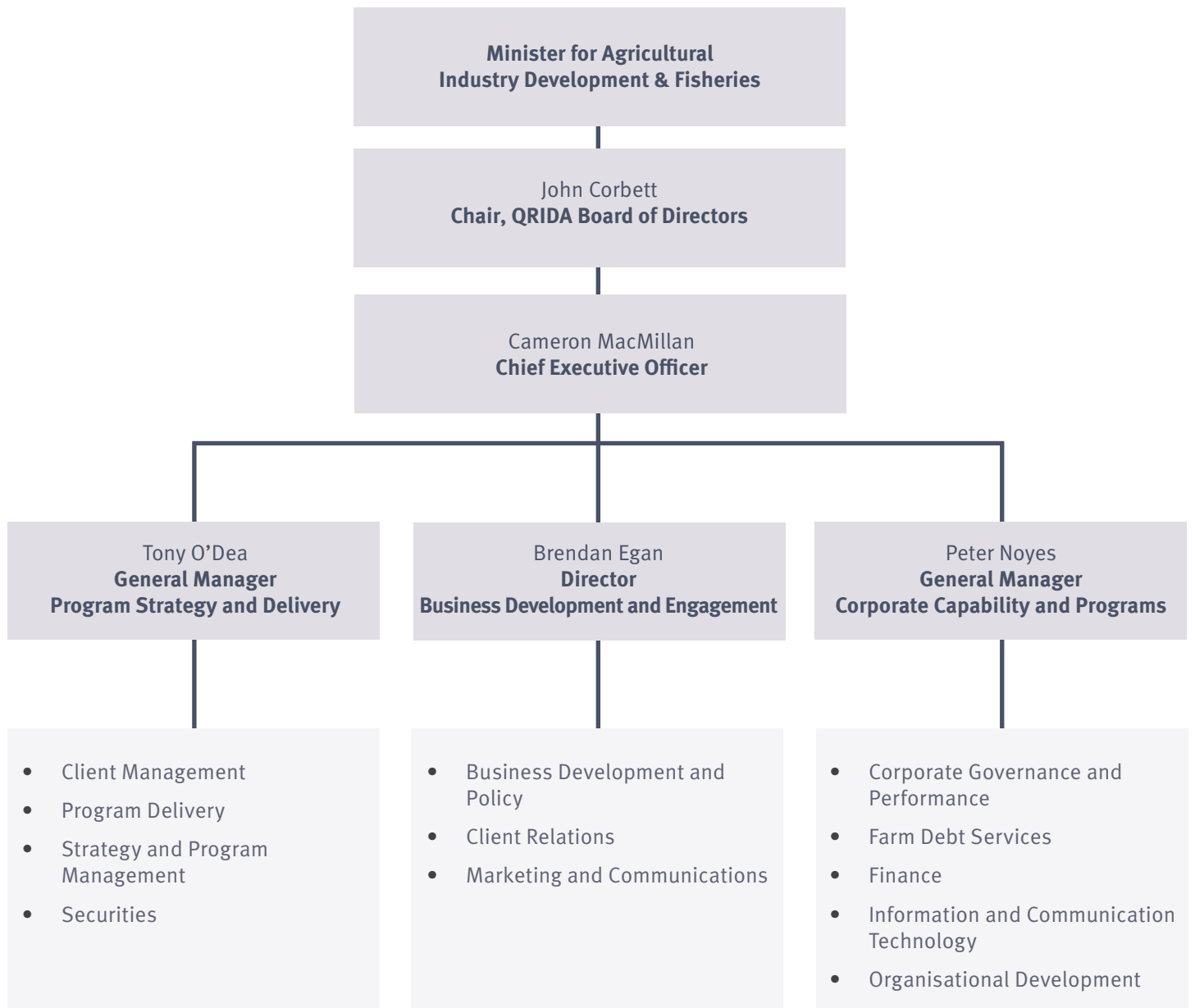
Objective: Protect the Great Barrier Reef

- Reduce Queensland's contribution to climate change
- Improve water quality

How QRIDA contributed:

- Delivered Productivity Loans that supported best management practice for sustainable land-use, water and energy efficiency and other initiatives.
- Delivered several financial assistance programs under the Queensland Government's Affordable Energy Plan, supporting the uptake of renewable energy and investment in energy efficiency projects for households, primary producers, small and large businesses.

Organisational structure

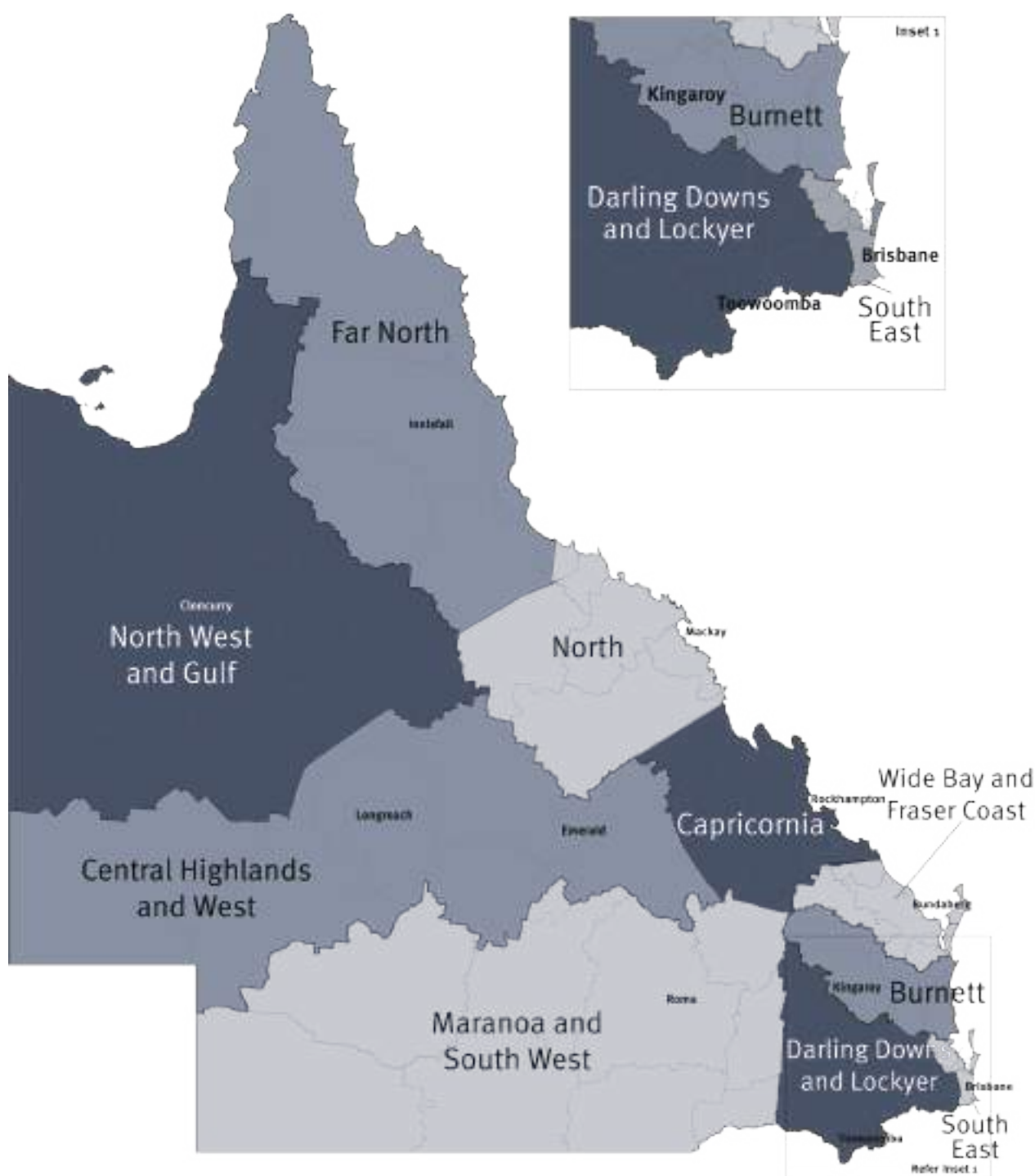




Regional service

From our base in Brisbane, to regional offices across the state, QRIDA is committed to providing Queenslanders with accessible and supportive frontline services.

We have Regional Area Managers located in Brisbane, Bundaberg, Cloncurry, Emerald (with an office in Longreach), Innisfail, Kingaroy, Mackay, Rockhampton, Roma and Toowoomba. The Farm Debt Restructure Office manager is based in Roma, Assessment Officers are located in Roma and Toowoomba, and Brisbane-based staff also conduct regional outreach activities such as client visits and attendance at field days and events.



Corporate governance

Board of Directors

QRIDA's Board of Directors (the Board) is responsible for the way QRIDA performs its functions and exercises its powers as established in the *Rural and Regional Adjustment Act 1994* (Qld) (the Act).

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

Directors are appointed for a term no longer than three years. This appointment can end at any time as decided by Governor in Council. A director is appointed on a part-time basis and is entitled to the remuneration and allowances the Governor in Council fixes.

The Board is formally accountable to the Minister for Agricultural Industry Development and Fisheries. During 2018-2019, the Board reported to the Minister on a quarterly basis.

Under the Act, the Board must meet at least once every three months. The QRIDA Board of Directors met seven times during 2018-2019. Achievements of the Board in this time include:

- contributing to the development of and approving the four-year strategic plan
- determining strategic policies the Board owns and approves, and approving two policy statements
- ensuring QRIDA performed its functions properly, effectively and efficiently
- completing the annual performance review of the Chief Executive Officer (CEO).

Board committees

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

Audit and Risk Management Committee

The A&RM Committee consists of three directors with the QRIDA Chair attending as an ex-officio member. The Committee met four times during 2018-2019.

The Committee undertook independent reviews during 2018-2019 to improve QRIDA's operations and outputs and advised the QRIDA Board on:

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

Remuneration Committee

The Remuneration Committee includes three directors and meets on an annual basis. The primary purpose of this Committee is to review the performance and remuneration of the CEO.

Debt Management Committee

The Debt Management Committee (DMC) includes the QRIDA Chair and the Director representing Queensland Treasury. QRIDA's Chief Executive Officer, General Manager Corporate Capability and Programs and the General Manager Program Strategy and Delivery, are also members of the Committee. There are two advisors that participate in the Committee including a representative from the Queensland Treasury Corporation and the Chief Financial Officer of QRIDA. The primary purpose of this Committee is to provide debt and interest rate management oversight and governance.

Board attendance

Position	Name	Meetings attended of eligible	Approved annual fee	Approved sub-committee fee (includes ARMC & Remuneration Committee)	Actual fees received (ex-Super)
Chair - December 18	Wayne Carlson	6/6	\$42,000	\$1,700	\$19,262
Chair - April 19	John Corbett	4/4	\$42,000	\$1,700	\$7,862
Director	Belinda Turner	9/10	\$12,000	\$1,700	\$8,664
Director	Dugald Warby	13/13	\$12,000	\$1,700	\$13,653
Director	Elton Miller *	10/10	-	-	-
Director	Leith Bouilly	5/9	\$12,000	-	\$11,958
Director	Zoe Kenneally	9/9	\$12,000	-	\$11,958
Director	Alison Rayner *	10/13	-	-	-

Number of meetings scheduled including Sub Committee meetings: 14

Total out of pocket expenses: \$5,907.78 (this consists of mileage allowances (\$1,527.68) and accommodation and flights for the night prior to Board and Board Committee meetings (\$4,380.10).

*No fees are paid to Queensland Government representatives

Note: Wayne Carlson was Chairman of the QRIDA Board until his term ended on 2 December 2018.

John Corbett was appointed as Chairman of the QRIDA Board on 18 April 2019.

Belinda Turner's term ended on 2 December 2018. Ms Turner was re-appointed to the Board on 18 April 2019, therefore she was not paid the full annual Board Fees.



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.

Organisational performance is monitored and reported against strategies and performance indicators set out in QRIDA's Strategic Plan.

Refer to pages 22-23 for a summary of QRIDA's 2018-2019 performance.

Risk management

QRIDA's risk management framework is aligned to AS/NZS/ISO 31000:2009 Risk Management Standard which provides guidance to staff to implement risk management practices and facilitate an active and high-performing risk management culture.

A risk management reference group, comprised of representatives of QRIDA's business units, assists and supports the Executive Leadership Team (ELT) 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 2018-2019 included:

- management of the QRIDA strategic and operational risk register, incorporating the status of risk treatments (reviewed quarterly by ELT, A&RM Committee and the Board)
- Board approval of risk appetite statements which are now used in decision-making processes
- implementation and reinforcement of the principles of QRIDA's risk management framework and risk management guidelines and tools to improve accessibility and enhance employee engagement

- using Program Risk Management methodology to identify, manage and report on risks to significant new project initiatives
- enhancing and annually testing QRIDA's emergency and business continuity management preparedness.

Internal audit

Findex provided internal audit services during the year. This internal audit function assisted QRIDA in achieving strategic goals through reviewing internal controls and processes by providing an independent review of identified areas.

The reviews undertaken in 2018-2019 included:

- Board governance processes
- loan securities management
- recruitment and selection processes.

Outcomes of these reviews highlight QRIDA's commitment to providing value for money and transparency in our decision making, while the recommendations confirm QRIDA's adoption of better practice in administration.

External scrutiny

QRIDA complies with contractual arrangements in the delivery of schemes administered on behalf of other state, territory and Commonwealth government agencies including provisions for quality assurance of services rendered.

During 2018-2019, QRIDA was subject to external review of applications processed under the following schemes (as part of the service of agreements):

- Disaster Recovery Grants (previously the Natural Disaster Recovery Grants) administered on behalf of the Queensland Reconstruction Authority.

QRIDA was not subject to any further external scrutiny or reviews during 2018-2019.

Ethical standards

QRIDA 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 QRIDA 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 QRIDA and government
- act with accountability and transparency to support high standards of administration.

Corporate governance (cont.)

All new appointees to QRIDA provide a statement that they have read and understood the QRIDA Code of Conduct. Every second year all staff acknowledge their understanding of the Code of Conduct and responsibilities as an ongoing reinforcement of ethical standards. All QRIDA policies and procedures are referenced to the Code of Conduct and are made available to staff via the QRIDA intranet. Internal communications support ongoing awareness, understanding and compliance.

To support the QRIDA Code of Conduct and to further strengthen connectivity with the *Public Sector Ethics Act 1994* (Qld), QRIDA continued to strengthen this commitment through also reviewing and enhancing policies relating to fraud and corruption practices.

Policy framework

During 2018-2019, QRIDA 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.

QRIDA has categorised its suite of policies, procedures and frameworks into strategic and operational streams and aligned approval processes accordingly. The Board holds responsibility for the approval of all strategic policies with operational policies approved by the ELT.

All approved policies and procedures are made available on the QRIDA intranet and implemented with the support of education and training, monitoring and review mechanisms.

During 2018-2019, a total of 10 policy areas, including the corresponding policies, procedures and frameworks were developed, reviewed and approved. The Board of Directors approved two strategic policies or policy statements.

Information systems and recordkeeping

Information systems and recordkeeping are managed in accordance with the *Public Records Act 2002* (Qld) and the Queensland Government Records Governance Policy.

During 2018-2019, key activities to support the ongoing achievement of compliance included:

- Queensland State Archives development and approval of the QRIDA Retention and Disposal Schedule, which defines the timeframes for archiving and destruction of core business records
- further implementation of the Electronic Document Records Management System (EDRMS) for the management of corporate records
- continued on-going recordkeeping training and change management sessions for staff readiness for the new system
- digitisation of current loan security documentation and movement of original paper records to archive storage.

During 2018-2019, QRIDA completed the test phase of a major redevelopment of its core loans and grants management system, RAPID. Further development will continue over the coming financial years.

Open data

QRIDA did not undertake any consultancies, overseas travel or use of Queensland Language Services Policies in 2018-2019. Therefore there is no requirement to publish through the Queensland Government's Open Data website (www.data.qld.gov.au).

Right to information

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

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

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

During 2018-2019, QRIDA received two new requests for access to information in accordance with the RTI Act. Given the nature of the information, QRIDA was not required to provide a disclosures log.

Information privacy

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

During 2018-2019, there were no requests for personal information in accordance with the IP Act.



Work health and safety

QRIDA is committed to providing a work environment which is conducive to protecting the health, safety and well-being of QRIDA workers and visitors to the workplace.

QRIDA is bound by the *Work Health and Safety Act 2011* (Qld) (WHS Act), *Work Health and Safety Regulation 2011* (Qld) and relevant codes of practice.

In applying due diligence in compliance with the Act, QRIDA conducts quarterly Health and Safety Committee meetings. Outcomes from the committee meetings, include updating procedures and forms, as well as the procurement of necessary equipment that supports the safe workplace environment.

A notable outcome during the year was the establishment of QRIDA's mental health first-aid officer role. Whilst caseload has been minimal, anecdotal evidence suggests staff have received the role well.

In 2018-2019, QRIDA continued to inform new employees about the WHS Act and QRIDA Work Health and Safety Policies and Procedures through induction programs.

QRIDA's Organisational Development 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 2018-2019 QRIDA's rehabilitation caseload remained at traditionally low levels with no significant expense or lost cases under management.

Influenza vaccinations were again offered to all staff prior to the onset of winter.

During the year QRIDA provided resilience training to frontline staff dealing with those impacted during recent natural disaster events. Additionally, QRIDA facilitated employees access to several health and wellbeing events designed to assist employees maintain a level of fitness and general health.

QRIDA workforce profile

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

QRIDA's staffing levels and resources are highly flexible and are maintained at optimal levels, appropriate to business need.

As at 30 June 2019, QRIDA employed 118.04 full-time equivalent (FTE) staff, an increase from the 2018-2019 budget of 96 FTE staff, due to temporary staff required to deliver QRIDA's natural disaster assistance programs.

Staff numbers as at 30 June 2019 were comprised of 41% female and 59% male staff.

The permanent officer separation rate for this period was 17.07 per cent, while the permanent officer retention rate was 82.93 per cent.

Staff retention 2018-2019



■ Permanent officer retention rate ■ Permanent officer separation rate

A comparative breakdown of staff numbers is shown below.

QRIDA employees by employment type (as at 30 June 2019)

	2018-19	2017-18	Movement
Permanent	76.95	76.72	↑
Temporary	41.09	21.00	↑
Casual	0.50	-	↑
Total (FTE)	118.04	97.72	↑

QRIDA employees by level (as at 30 June 2019)

	2018-19	2017-18	Movement
Management (A07 and above)	19.50	16.00	↑
Professional (A05/6)	53.50	49.86	↑
Administrative (to A04)	45.04	31.86	↑
Total (FTE)	118.04	97.72	↑

Engagement

Every year, QRIDA conducts an employee engagement survey through an independent specialist survey provider. The results of the surveys inform and guide our employee engagement action plans across QRIDA. In 2019 the engagement survey will be conducted after the close of the financial year. QRIDA will be aiming to again exceed the target of 80 per cent.

Recruitment

Minimal permanent officer turnover occurred.

External recruitment activity in 2018-2019 related to the customary turnover of staff and for temporary projects or business development purposes.

The voluntary turnover rate for this period was 14.73 per cent. This is a strong result in the context of a year which has included considerable organisational change and program delivery. This turnover rate demonstrates a positive impact from QRIDA's employee retention and engagement strategies, enabling us to retain talent and intellectual property.

Early retirement, redundancy and retrenchment

No redundancy, retrenchment or early retirement packages were paid during this period.

Professional development

QRIDA is committed to managing employee performance and conduct as well as developing our employees' capabilities.

QRIDA's performance and development process commences in July each year. During 2018-2019 QRIDA continued to utilise a best practice performance management system which captures and measures the outcomes of both formal and informal performance conversations.

This contemporary online performance approach focuses on achieving deliverables against key performance indicators and behavioural competencies, as well as matching employee training and development to business requirements and QRIDA's strategic direction. The introduction of the system, together with tailored performance management training has provided a strong foundation for QRIDA's performance culture into the future.

In 2018-2019, many staff undertook skill development programs related to their field of expertise via tailored training courses, external tertiary studies and learning journeys to client and industry locations. A number of visits were conducted to client farms and businesses, giving QRIDA staff a first-hand understanding of the key issues impacting our clients.



QRIDA also recognises the importance of on-job learning and has continued to support and encourage staff rotations, relief arrangements and secondment opportunities.

Industrial and employee relations

QRIDA's consultative employee relations framework continued to provide a mechanism to successfully address any employee concerns relating to organisational change or business process improvement. No formal concerns or grievances were received during the year.

Agile, flexible and healthy workforce

QRIDA values its staff and strives to support quality work-life balance, with a suite of available options for staff to alter their working arrangements while maintaining a high level of service.

Formal flexible working arrangements, including working from home, part-time, job share and transition to retirement strategies, have been successfully embedded into QRIDA's employee relations model. The majority of QRIDA staff also access informal flexible working arrangements including compressed working weeks and flexitime arrangements.

QRIDA's traditionally high staff satisfaction scores are considered a strong indicator of the effectiveness of QRIDA's workforce flexibility and wellness programs.

Strategic workforce plan

QRIDA is commencing a two-year workforce plan to align with the strategic planning cycle.

The current activities to support the draft plan provide a pathway to assist QRIDA achieve a flexible and agile workforce that can meet current and future work demands with regards to program management and QRIDA's changing operational environment.

Innovation

In 2018-2019 QRIDA continued to pursue a variety of strategies to further embed innovation permanently into the values and culture of the organisation.

This included the Business Leadership Team addressing every business submission through an innovation lens to determine if the proposal was considered in the light of best practice and innovation.

Looking ahead

QRIDA is increasingly focussing on organisational improvement activities and initiatives, as well as continuing to review employment arrangements, capability strategies, workforce planning initiatives, succession strategies and staff engagement.

Together these strategies will continue to ensure appropriate human resource capability is in place to meet workloads associated with existing programs, new functions, emerging business opportunities and future natural disaster events.

Loans and grants

Program owner	Program	Purpose of program/service
	Productivity Enhancement	
Queensland Government	First Start 2010*	Provide loans at concessional rates of interest to an applicant in the first years of establishment of a primary production enterprise in Queensland.
	Sustainability 2010*	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 (Disaster Recovery Funding Arrangements)	Disaster Recovery Funding Arrangements 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.
	Natural Disaster Assistance Scheme Tropical Cyclone Debbie	Assist primary producers, small businesses and non-profit organisations pay for costs arising out of direct damage.
	Natural Disaster Recovery Grants Scheme Tropical Cyclone Debbie	Assist primary producers, small businesses and non-profit organisations pay for costs arising out of direct damage.
	Natural Disaster Recovery Grants Scheme Central Coast Queensland Severe Weather	Assist primary producers pay for costs arising out of direct damage.
	Natural Disaster Recovery Grants Scheme Central Coast Queensland Severe Weather	Assist primary producers pay for costs arising out of direct damage.
	Natural Disaster Recovery Grants Scheme North Queensland Flooding	Assist primary producers and small businesses pay for costs arising out of direct damage.
	Natural Disaster Recovery Grants Scheme Wide Bay-Burnett Severe Storms	Assist primary producers pay for costs arising out of direct damage.
	Disaster Recovery Funding Arrangements Scheme Central Queensland Bushfires	Assist primary producers and small businesses pay for costs arising out of direct damage.
	Disaster Recovery Funding Arrangements Scheme North and Far North Queensland Monsoon Trough	Assist primary producers, small businesses and non-profit organisations pay for costs arising out of direct damage.
	Disaster Recovery Funding Arrangements Scheme North and Far North Queensland Monsoon Trough	Assist primary producers, small businesses and non-profit organisations pay for costs arising out of direct damage.
	Disaster Recovery Funding Arrangements Scheme Tropical Cyclone Trevor	Assist primary producers pay for costs arising out of direct damage.
Australian Government	North Queensland Restocking, Replanting and On-farm Infrastructure Grants	Assist primary producers pay for costs arising out of direct damage.
	Drought and drought recovery	
Australian Government	2016-17 Drought Assistance Concessional Loan Scheme (Queensland)	Assist drought affected farm businesses in need of financial assistance
	2017-18 Drought Assistance Concessional Loan Scheme (Queensland)	Assist drought affected farm businesses in need of financial assistance
	2017-18 Business Improvement Concessional Loan Scheme (Queensland)	Assist drought affected farm businesses in need of financial assistance
	Adjustment	
Queensland Government	Fisheries Compensation 2015	Provide financial assistance to the commercial fishers most affected by the introduction of the net-free fishing zones

* 2017-2018 figures have been amended to reflect cancellations and adjustments that occurred during 2018-2019. Figures are accurate as at 30 June 2019.



Support available	Application approvals				
	2017-18 (#)	2018-19(#)	2017-18 (\$)	2018-19 (\$)	Variance (\$)
Maximum loan amount of \$2,000,000	108	108	\$57,867,943	\$59,947,285	Up
Maximum loan amount of \$1,300,000	116	89	\$42,665,312	\$29,442,416	Down
Loan up to \$250,000	1	2	\$100,000	\$ 450,000	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	20	4	\$2,278,309	\$555,000	Down
Grants up to \$25,000	1,983	-	\$19,809,609	-	Closed
Loan up to \$250,000 for primary producers	8	1	\$1,478,917	\$220,000	Down
Grants up to \$25,000	341	82	\$2,597,554	\$ 762,007	Closed
Loan up to \$250,000 for primary producers and small businesses	-	2	-	\$130,000	New
Loan up to \$250,000 for primary producers and small businesses	-	3	-	\$508,000	New
Loan up to \$250,000 for primary producers and small businesses	-	3	-	\$449,077	New
Loan up to \$250,000 for primary producers and small businesses and loan up to \$100,000 for non-profit organisations	-	40	-	\$5,715,626	New
Grants up to \$75,000 for primary producers, and grants up to \$50,000 for small businesses and non-profit organisations	-	1,828	-	\$78,475,444	New
Loan up to \$250,000 for primary producers	-	1	-	\$250,000	New
Grants up to \$400,000 as a co-contribution to be matched by applicants.	-	21	-	\$5,932,625	New
Loan up to 50% of eligible debt to a maximum of \$1,000,000	10	-	\$6,286,487	-	Closed
Loan up to 50% of eligible debt to a maximum of \$1,000,000	24	16	\$11,557,479	\$8,327,411	Closed
Loan up to 50% of eligible debt to a maximum of \$1,000,000	5	1	\$2,032,900	\$ 425,000	Closed
Payment of prescribed amounts to commercial fishers impacted by the prohibition of net-fishing in the net-free zones.	2	-	\$89,868	-	Closed

Table continued over the page.

Loans and grants

Program owner	Program	Purpose of program/service
	Other	
Queensland Government	Translink Transitional Assistance Payments Scheme	This component of the Industry Adjustment Assistance Package assists the Queensland Taxi and limousine industries transition to a new regulatory framework by providing payments to help eligible licence holders adjust to the changes.
	Translink Industry Hardship Assistance Scheme	This component of the Industry Adjustment Assistance Package assists the Queensland Taxi and limousine industries transition to a new regulatory framework by providing payments to eligible licence holders and operators experiencing hardship as a result of the changes.
	Farm Management Grants Scheme	Assist primary producers or interested persons who have received eligible professional advice from a suitable qualified adviser by providing rebates of up to 50 per cent of the amount paid.
	White Spot Concessional Loan Scheme	The loans were designed to enable the prawn farmers to improve biosecurity controls, diversify their farming to include other marine species and improve the productivity and viability of their enterprises.
	Interest Free Loans for Solar and Storage - Solar Loans	These loans helped households without the available funds to purchase a solar system upfront.
	Interest Free Loans for Solar and Storage - Battery Grants	Households were able to apply for grants to purchase a battery storage system.
	Interest Free Loans for Solar and Storage - Battery Small Business Grants	Small businesses were able to apply for grants to purchase a battery storage system.
	Interest Free Loans for Solar and Storage - Battery Loan and Grant Packages	Households were able to apply for interest-free loans and grants to purchase a battery storage system.
	Interest Free Loans for Solar and Storage - Solar and Battery Grants	Households were able to apply for grants to purchase a combined solar and battery storage system.
	Interest Free Loans for Solar and Storage - Solar and Battery Loan and Grant Packages	Households were able to apply for interest-free loans or grants to purchase a combined solar and battery storage system.
	Solar for Rentals	The Solar for Rentals Trial incentivises landlords to install eligible solar PV systems on their rental properties and share the system benefits with their tenants. This will be achieved through providing landlords with a rebate to offset the cost of purchasing and installing an eligible solar PV system and allowing tenants to use the solar system to reduce their electricity costs.
	Energy Savers Plus Extension Payment Scheme	The objective of the Energy Savers program is to assist farmers reduce energy costs by supporting the accelerated adoption of improvements in on-farm energy use.
	Large Electricity Customer Adjustment Program	This program provides assistance to large electricity customers in regional Queensland who are currently on obsolete electricity tariffs. Successful customers taking part in the program will receive a free energy audit and advice, co-contribution grant to help implement energy management strategies.
	Vessel Tracking Rebate Scheme	The Queensland Sustainable Fisheries Strategy 2017 – 2027 requires vessel tracking on all commercial fishing boats by 2020 to assist in the management of Queensland fisheries. The objective of the Queensland Government Vessel Tracking Rebate Scheme is to help commercial fishers with the costs of purchasing and/or installing approved vessel tracking units on their commercial fishing boat(s).
	Rural Economic Development Grants Scheme Round 1	The objective of the Rural Economic Development Grants Scheme is to strengthen primary production sectors and bolster rural communities. The scheme will achieve its objective by assisting eligible applicants to carry out projects which will create employment relating to primary production value chains in rural areas.

* 2017-18 figures have been amended to reflect cancellations and adjustments that occurred during 2018-19. Figures are accurate as at 30 June 2019.



Support available	Application approvals				
	2017-18 (#)	2018-19(#)	2017-18 (\$)	2018-19 (\$)	Variance (\$)
Payments to eligible licence holders as follows; \$20,000 per taxi service licence (capped at 2 per licence holder); \$10,000 per limousine service licence (other than special purpose limousines with no licence cap).	3	-	\$50,000	-	Closed
Amounts of assistance under the scheme are: \$9,000 for a taxi service licence; and \$4,500 for a limousine service licence.	775	-	\$7,598,250	-	Closed
Rebate of 50 per cent of the amount paid for the advice, up to a maximum of \$2,500 for each official receipt and up to a maximum total amount of \$2,500 per financial year.	560	578	\$954,009	\$1,029,004	Up
White Spot Disease Concessional Loans are available up to \$3 million with loans of up to 20 years.	-	1	-	\$1,300,000	Closed
Households who met certain criteria could have applied for an interest-free loan of up to \$4,500 to purchase a solar system. The loan must be repaid within 7 years.	13	293	\$57,809	\$1,312,681	Up
Grants of up to \$3,000	-	199	-	\$596,914	New
Grants of up to \$3,000	-	29	-	\$87,000	New
Assistance packages were available for battery systems - offering grants of \$3,000 and interest-free loans of up to \$6,000, repayable within 10 years.	-	1,482	-	\$6,637,646	New
Grants of up to \$3,000	-	88	-	\$264,000	New
Assistance packages were available for combined solar and battery systems - offering grants of \$3,000 and interest-free loans of up to \$10,000, repayable within 10 years.	-	4,720	-	\$30,616,260	New
Approximately 1,000 rebates of up to \$3,500 are available for eligible landlords to install a solar system with solar monitoring technology. Rental properties must be located in Bundaberg Regional Council, Gladstone Regional Council or Townsville City Council.	-	42	-	\$143,000	New
Participants can receive a co-contribution grant of up to 50% towards the cost of implementing recommendations, to a maximum of \$20,000.	-	1	-	\$11,861	New
Subject to the outcomes of the audit process and the agreement on grant terms, eligible participants will receive a government co-contribution grant to support implementation of the audit recommendations, including plant and equipment upgrades. The amount will be up to 50% of implementation costs, capped at \$250,000.	-	2	-	-	New
The assistance is a purchase and/or installation rebate to offset the costs of purchasing and/or installing approved vessel tracking units required on all commercial fishing boats by the end of 2020. The purchase rebate amount for a Category A approved vessel tracking unit is the purchase cost up to a maximum of \$300 and for a Category B approved vessel tracking unit is the purchase cost up to a maximum of \$750. The installation rebate is for the cost of a professional installation of an approved vessel tracking unit up to a maximum of \$220.	-	415	-	\$358,006	New
Grants are available up to \$250,000 as a co-contribution to be matched by applicants.	-	15	-	\$3,228,973	New
Total	3,969	10,066	\$ 155,424,445	\$ 237,175,235	Up

Farm Debt Services

The *Farm Business Debt Mediation Act 2017* (Qld) came into effect on 1 July 2017, introducing the Farm Business Debt Mediation program that is administered by QRIDA. Two further programs, the Farm Debt Restructure Office and responsibility for the biennial Rural Debt Survey, were introduced through the *Rural and Regional Adjustment Act 1994* (Qld). The Farm Business Debt Mediation and Farm Debt Restructure Office programs are supported through a dedicated Farm Debt Services team that operate under the Corporate Governance and Performance business unit.

The following outlines the broad purpose of the respective programs.

Farm Business Debt Mediation Program

The Farm Business Debt Mediation Program replaced the voluntary mediation scheme from 1 July 2017. The purpose of the program is to provide an efficient and equitable way for farmers and mortgagees to attempt to resolve matters relating to farm business debts. The farmer and the lender equally share the costs for the mediation process. QRIDA maintains a panel of 39 mediators the farmer and lender can agree to engage with to conduct the mediation. In accordance with the legislation, QRIDA has recently reviewed the existing panel of mediators, with existing mediators required to be re-accredited.

As at 30 June 2019, 145 mediation matters have been initiated since scheme inception, with 40 remaining in progress.

In 2018-2019, 73 mediation matters commenced with 33 having been finalised.

QRIDA remains committed to robust information barriers between the administration of this program and the delivery of QRIDA loans and grants programs.

73 Mediation matters initiated 2018-2019



■ 40 current matters ■ 33 finalised matters

Farm Debt Restructure Office

The Farm Debt Restructure Office commenced on 1 January 2018. The Office has an important role to play between rural lenders and farmers in financial distress, particularly when communication between the parties ceases to be productive.

It administers the Farm Business Analysis Assistance (FBAA) program, which provides farmers a funded package to access financial experts to analyse the enterprise and provide a range of debt restructure options to address the farmer's situation. This is a unique program for primary producers experiencing financial difficulties and compliments QRIDA's other farm debt services.

As at 30 June 2019, 26 applications for Farm Business Analysis Assistance have been received with 16 reports delivered to primary producers.

Of the remaining ten applications, six have been briefed to panel providers and a further three applications are in the process of briefing or awaiting decision and one withdrawn.

Awareness of the program continues to grow with marketing activity targeting primary producers in financial difficulty initiated through active consultation with key stakeholders such as banks, industry influencers and Rural Financial Councillors.



Business Development and Policy

Business Development

In the 2018-2019 period, the Business Development and Policy (BDP) team focussed on strengthening QRIDA's profile as the preferred agency for policy advice, advisory services and financial assistance programs. This was achieved through BDP continuing to run an active business development strategy, implementing existing monitoring mechanisms and developing strategic partnerships with Queensland state agencies.

In 2018-2019, BDP secured 12 new programs which generated revenue of more \$2.5 million for QRIDA. This included delivering programs for four new program owners. These services were positively received with the 2018-2019 program owner survey results indicating a 100 per cent rate of satisfaction with QRIDA services.

BDP also successfully secured a place on the Queensland Government Standing Offer Arrangement for the Professional Services Panel to provide general policy advice. It is envisaged this appointment will draw additional fee-for-service arrangements for 2019-2020.

Policy

Over the 2018-2019 period, BDP delivered and launched the 2017 Rural Debt Survey. The team also performed a review of Farm Management Grants and provided policy advice and analysis for the Rural Economic Development Grants and the North Queensland Restocking, Replanting and On-farm Infrastructure Grants.

Advisory

BDP delivered advisory services to seven Local Government Authorities through QRIDA's no-cost grant program review service. The 2018-2019 survey of these Local Government Authorities indicated a 100 per cent satisfaction rate with more than 80 per cent very likely to recommend QRIDA's services.

QRIDA was also engaged by the Queensland Racing and Integrity Commission to perform a documentation and process review for an animal welfare program it was implementing.

Program Establishment

For 2019-2020, BDP aims to grow QRIDA's position as the go-to administrator for financial assistance programs. This will be achieved by QRIDA continuing to work with existing state agencies and creating new relationships across all levels of government to assist agencies de-risk, enhance or administer financial assistance programs.

100%
satisfaction
from program owners
for QRIDA services

12 new
programs

Organisational performance summary

Our priorities	Our objectives	Performance indicators
Rural and regional communities	Support rural and regional Communities	<p>Percentage of applications processed within agreed service delivery timeframes and within budget</p> <p>Percentage of applications for a FBDM certificate reaching a decision within legislated timeframes</p> <p>Percentage of original FBDM decisions made by QRIDA that are upheld in the review process</p> <p>Net number of successful PIPES applications</p> <p>Percentage of successful PIPES applications that are for First Start Loans</p> <p>Approval percentage for PIPES applications</p> <p>Percentage of successful PIPES applications that are for clients new to the PIPES Program</p>
Sustainability	A viable and sustainable business long-term	<p>Net value of successful PIPES applications</p> <p>Maintain total loan arrears within budget levels</p> <p>Administration revenue*</p> <p>Administration net operating margin*</p> <p>Average number of loans per permanent FTE in program service delivery</p>
Innovation	Enhance our operations and client experience	<p>Percentage of applications received online for available programs</p> <p>Implemented innovation program measures that either save costs or improve service delivery</p>
People	“People centred” operations and services	<p>Percentage of overall satisfaction within the staff engagement survey</p> <p>Percentage of overall satisfaction within the client satisfaction survey</p> <p>Percentage of overall satisfaction within the program owner satisfaction survey</p>
New business	Reach more varied communities and audience	<p>Number of departments or agencies using QRIDA's services</p> <p>Programs delivered to non primary production industries</p> <p>Number of new programs administered</p> <p>Number of new program owners</p>



✓ Achieved ✗ Not Achieved

Target	Result	Commentary	2019-2020 Target
98%	97%	✗ Throughout 2019, QRIDA processed a record number of applications associated with the North and Far North Queensland Monsoon Disaster event and also Solar and Storage Loans. Short-term spikes in application volumes resulted in a 97% SRI outcome, exceeding the 85% baseline requirement. This is considered a strong result in challenging operating conditions.	98%
100%	100%	✓ 15 applications were assessed in the period and all decided within the statutory of timeframe of 20 business days after the expiry of the show cause period.	100%
80%	100%	✓ 7 reviews were undertaken and all upheld the original decision.	80%
230	197	✗ Overall subdued demand was experienced for the PIPES program in the first quarter of the 2019, representing a slow start in application volumes. Combined with the prolonged drought and the impact of the monsoon disaster event, the year-end result reflected this reduced demand.	230
60%	54%	✗ Depressed seasonal conditions continued to prevail throughout 2019, reducing the overall demand for applicants to establish their initial primary production enterprises. This was reflected in the reduced take-up of PIPES First Start Loans.	60%
70%	71%	✓ Result achieved in line with historical trends.	70%
75%	71%	✗ Result was in line with historical expectations and reflective of the reduced overall demand for the PIPES program in 2019.	75%
\$100 million	\$89.3 million	✗ Subdued demand in 2018-19 due to prolonged drought and market conditions across Queensland.	\$100 million
<1.0%	0.40%	✓ The achievement of 0.4% loan arrears is well within the target of less than 1.0% arrears.	<1.0%
\$19,247,884	\$23,767,959	✓ Due to additional revenue recognised from unearned revenue for Commonwealth Concessional Loans*.	\$25,009,796
-\$1,504,324	\$6,088,835	✓ Due to lower than anticipated expenditure and higher revenue an administration surplus occurred*.	\$3,582,938
60	57.6	✗ Subdued demand in 2018-19 due to prolonged drought and market conditions across Queensland.	60
50%	88%	✓ Result achieved.	50%
4	4	✓ Result achieved.	Discontinued
85%	NA	Staff Survey was delayed due to QRIDA's workload. The survey will be conducted in late 2019.	85%
80%	92%	✓ Result achieved.	90%
100%	100%	✓ Result achieved.	100%
5	8	✓ Result achieved.	5
3	6	✓ Result achieved.	3
8	12	✓ Result achieved.	8
3	4	✓ Result achieved.	3

* Section 24 of the Rural and Regional Adjustment Act 1994 (Qld) requires QRIDA to submit an administration budget to the Minister each year, which forms a component of the consolidated financial statements.

Queensland Rural and Industry Development Authority

Financial Statements

for the financial year ended 30 June 2019

Contents	Page No.
Statement of Comprehensive Income	25
Statement of Financial Position	26
Statement of Changes in Equity	27
Statement of Cash Flows (including Notes to the Statement of Cash Flows)	28
Notes to the Financial Statements	30
Management Certificate	58

For information in relation to QRIDA's financial statements, please email contact_us@qrida.qld.gov.au or visit www.qrida.qld.gov.au.

Queensland Rural and Industry Development Authority

Statement of Comprehensive Income

for the year ended 30 June 2019



	Notes	2019 Actual \$'000	2019 Original Budget \$'000	Budget Variance* \$'000	2018 Actual \$'000
Income from Continuing Operations					
Grants	3	177,223	29,981	147,242	54,045
Fees	4	10,568	6,152	4,417	1,712
Interest	5	40,030	42,056	(2,026)	37,340
Other revenue		63	-	63	7
Total Revenue		227,883	78,189	149,695	93,105
Gain on borrowings received at greater than fair value	14.1	416	696	(280)	669
Gain on disposal of plant and equipment		-	-	-	108
Total Income from Continuing Operations		228,300	78,885	149,415	93,882
Expenses from Continuing Operations					
Employee expenses	6	11,866	13,952	(2,086)	10,583
Supplies and services	7	5,681	6,578	(897)	4,578
Grants and subsidies	8	86,287	14,023	72,264	32,485
Depreciation and amortisation		187	223	(36)	108
Loss on loans issued at greater than fair value	11.4	25,924	35,792	(9,869)	22,206
Impairment losses		432	1,454	(1,022)	717
Finance/borrowing costs	9	9,481	13,090	(3,610)	18,454
Total Expenses from Continuing Operations		139,856	85,111	54,744	89,133
Operating Result from Continuing Operations		88,444	(6,227)	94,670	4,750
Operating Result for the Year		88,444	(6,227)	94,670	4,750
Total Comprehensive Income		88,444	(6,227)	94,670	4,750

The accompanying notes form part of these statements.

*An explanation of major variances is included at Note 21

Queensland Rural and Industry Development Authority

Statement of Financial Position

as at 30 June 2019

	Notes	2019 Actual \$'000	2019 Original Budget \$'000	Budget Variance * \$'000	2018 Actual \$'000
Current Assets					
Cash and cash equivalents	10	210,550	119,643	90,907	141,399
Loans and advances	11	104,983	143,577	(38,594)	53,304
Receivables		1,343	369	975	783
Total Current Assets		316,876	263,589	53,287	195,486
Non-Current Assets					
Loans and advances	11	406,406	427,413	(21,007)	448,248
Property, plant and equipment		327	285	42	431
Intangible Assets	12	1,874	1,507	367	1,286
Total Non-Current Assets		408,606	429,204	(20,598)	449,965
Total Assets		725,482	692,793	32,689	645,451
Current Liabilities					
Trade and Other Payables		777	138	639	493
Unearned Revenue		1,526	833	693	11,650
Interest-bearing borrowings	13	88,362	89,187	(825)	31,779
Non-interest-bearing borrowings	14	4,818	5,206	(388)	4,916
Accrued employee benefits		2,789	2,822	(33)	2,648
Total Current Liabilities		98,271	98,186	85	51,487
Non-Current Liabilities					
Trade and Other Payables		133	281	(147)	183
Unearned Revenue		1,697	4,970	(3,273)	-
Interest-bearing borrowings	13	166,416	220,604	(54,188)	220,805
Non-interest-bearing borrowings	14	12,988	12,820	168	15,331
Accrued employee benefits		124	145	(21)	117
Provisions		-	7,795	(7,795)	-
Total Non-Current Liabilities		181,359	246,615	(65,256)	236,437
Total Liabilities		279,630	344,801	(65,171)	287,924
Net Assets		445,853	347,992	97,861	357,527
Equity					
Contributed equity		137,652	137,652	-	137,652
Accumulated surplus		308,201	210,340	97,861	219,875
Total Equity		445,853	347,992	97,861	357,527

The accompanying notes form part of these statements.

* An explanation of major variances is included at Note 21

Queensland Rural and Industry Development Authority

Statement of Changes in Equity

for the year ended 30 June 2019



	Accumulated Surplus	Contributed Equity	Total
	\$'000	\$'000	\$'000
Balance as at 1 July 2017	215,125	137,652	352,777
Operating result for the year	4,750	-	4,750
Total Comprehensive Income for the year	4,750	-	4,750
Balance as at 30 June 2018	219,875	137,652	357,527
Net effect of changes in accounting policies on adoption of AASB 9 (Note 25)	(118)	-	(118)
Balance as at 1 July 2018	219,757	137,652	357,409
Operating result for the year	88,444	-	88,444
Total Comprehensive Income for the year	88,444	-	88,444
Balance as at 30 June 2019	308,201	137,652	445,853

The accompanying notes form part of these statements.

Queensland Rural and Industry Development Authority

Statement of Cash Flows

for the year ended 30 June 2019

	Notes	2019 Actual \$'000	2019 Original Budget \$'000	Budget Variance* \$'000	2018 Actual \$'000
Cash flows from operating activities					
<i>Inflows:</i>					
Grants		177,250	29,981	147,269	58,747
Fees		1,376	1,351	25	5,997
Interest received		24,870	26,529	(1,659)	22,744
GST input tax credits from ATO		205	-	205	137
GST collected from customers		8,942	-	8,942	142
Other		63	-	63	7
<i>Outflows:</i>					
Employee expenses		(11,675)	(13,952)	2,277	(10,678)
Supplies and services		(5,220)	(6,578)	1,357	(4,571)
Grants and subsidies		(86,287)	(14,023)	(72,264)	(32,485)
Finance/borrowing costs		(6,322)	(7,946)	1,623	(5,714)
GST paid to suppliers		(351)	-	(351)	(142)
GST remitted to ATO		(8,806)	-	(8,806)	(134)
Net cash provided by operating activities	CF-1	94,044	15,363	78,681	34,050
Cash flows from investing activities					
<i>Inflows:</i>					
Sales of property, plant and equipment		-	-	-	109
Loans and advances redeemed		80,653	74,405	6,248	70,551
<i>Outflows:</i>					
Payments for property, plant and equipment		-	-	-	(66)
Payments for intangible assets		(671)	-	(671)	(1,193)
Loans and advances made		(101,837)	(157,890)	56,053	(106,930)
Net cash used in investing activities		(21,855)	(83,485)	61,630	(37,530)
Cash flows from financing activities					
<i>Inflows:</i>					
Interest-bearing and non-interest-bearing-borrowings	CF-2	42,052	86,190	(44,138)	52,080
<i>Outflows:</i>					
Interest-bearing and non-interest-bearing borrowing redemptions	CF-2	(45,090)	(31,704)	(13,386)	(30,753)
Net cash used in financing activities		(3,038)	54,486	(57,524)	21,327
Net increase (decrease) in cash and cash equivalents		69,151	(13,637)	82,788	17,847
Cash and cash equivalents at beginning of financial year		141,399	133,279	8,120	123,552
Cash and cash equivalents at end of financial year	10	210,550	119,643	90,907	141,399

The accompanying notes form part of these statements.

*An explanation of major variances is included at Note 21.

Queensland Rural and Industry Development Authority

Statement of Cash Flows

for the year ended 30 June 2019



NOTES TO THE STATEMENT OF CASH FLOWS

CF-1 Reconciliation of Operating Result to Net Cash Provided by Operating Activities

	2019 \$'000	2018 \$'000
Operating surplus/(deficit)	88,444	4,750
<i>Non-Cash items included in operating result:</i>		
Depreciation and amortisation expense	187	108
Gain on disposal of motor vehicles	-	(108)
Impairment Losses	432	717
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in accrued interest income	120	(53)
(Increase)/decrease in unamortised discount on borrowings received at greater than fair value	2,742	12,073
(Increase)/decrease in GST input tax credits receivable	(57)	3
(Increase)/decrease in other receivables	(503)	5,168
Increase/(decrease) in accounts payable	286	221
Increase/(decrease) in interest payable	(3)	(211)
Increase/(decrease) in unamortised discount on loans issued at greater than fair value	10,677	7,704
Increase/(decrease) in accrued employee benefits	148	(44)
Increase/(decrease) in GST payable	47	(23)
Increase/(decrease) in lease incentive	(50)	(50)
Increase/(decrease) in unearned revenue	(8,427)	3,795
Net cash provided by operating activities	94,044	34,050

CF-2 Changes in Liabilities Arising from Financing Activities

2019	Cash Flows			Non-Cash Changes	Closing Balance 2019 \$'000
	Closing Balance 2018 \$'000	Cash Received \$'000	Cash Repayments \$'000	Amortised cost changes \$'000	
Interest-bearing borrowings	252,584	40,458	(40,174)	1,910	254,778
Non-interest-bearing borrowings	20,248	1,594	(4,916)	879	17,805
Total	272,832	42,052	(45,090)	2,789	272,583
2018	Cash Flows			Non-Cash Changes	Closing Balance 2018 \$'000
	Closing Balance 2017 \$'000	Cash Received \$'000	Cash Repayments \$'000	Amortised cost changes \$'000	
Interest-bearing borrowings	216,580	48,360	(23,426)	11,070	252,584
Non-interest-bearing borrowings	22,853	3,720	(7,327)	1,003	20,248
Total	239,433	52,080	(30,753)	12,073	272,832

Queensland Rural and Industry Development Authority

Notes to the Financial Statements

for the year ended 30 June 2019

SECTION 1 – ABOUT QRIDA AND THIS FINANCIAL REPORT

- Note 1: Basis of Financial Statement Preparation
- Note 2: Objectives of QRIDA

SECTION 2 – NOTES ABOUT OUR FINANCIAL PERFORMANCE

- Note 3: Grants
- Note 4: Fees
- Note 5: Interest
- Note 6: Employee Expenses
- Note 7: Supplies and Services
- Note 8: Grants and Subsidies
- Note 9: Finance/Borrowing Costs

SECTION 3 – NOTES ABOUT OUR FINANCIAL POSITION

- Note 10: Cash and Cash Equivalents
- Note 11: Loans and Advances including Impairment
- Note 12: Intangible Assets
- Note 13: Interest-bearing Borrowings
- Note 14: Non-interest-bearing Borrowings

SECTION 4 – NOTES ABOUT RISKS AND OTHER ACCOUNTING UNCERTAINTIES

- Note 15: Fair Value Measurement
- Note 16: Financial Risk Disclosures
- Note 17: Contingencies
- Note 18: Commitments
- Note 19: Events Occurring After the Balance Date
- Note 20: Future Impact of Accounting Standards Not Yet Effective

SECTION 5 – NOTES ABOUT OUR PERFORMANCE COMPARED TO BUDGET

- Note 21: Budgetary Reporting Disclosures
 - Explanation of Major Variances – Statement of Comprehensive Income
 - Explanation of Major Variances – Statement of Financial Position
 - Explanation of Major Variances – Statement of Cash Flows

SECTION 6 – OTHER INFORMATION

- Note 22: Key Management Personnel (KMP) Disclosures
- Note 23: Board Members' Fees
- Note 24: Related Party Transactions
- Note 25: First Year Application of New Accounting Standards or Change in Accounting Policy
- Note 26: Taxation
- Note 27: Transactions and Balances where QRIDA is an Agent

Queensland Rural and Industry Development Authority

Notes to the Financial Statements

for the year ended 30 June 2019



Section 1 - About QRIDA and this financial report

Note 1: Basis of financial statement preparation

1.1 General Information

QRIDA is established as a statutory body under the *Rural and Regional Adjustment Act 1994* (Qld).

The head office and principal place of business of QRIDA is Level 26, 32 Turbot Street, Brisbane Qld 4000.

1.2 Compliance with prescribed requirements

QRIDA has prepared these financial statements in compliance with section 43 of the *Financial and Performance Management Standard 2009*. The financial statements comply with Queensland Treasury's Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2018.

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

New accounting standards early adopted and/or applied for the first time in these financial statements are outlined in **Note 25**.

1.3 Presentation

Currency and Rounding

Amounts included in the financial statements are in Australian dollars and 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. Subtotals shown in these financial statements reflect the unrounded amounts in QRIDA's financial records, rounded as above. Therefore, rounded amounts shown in these financial statements may not add to the rounded sub-totals.

Comparatives

Comparative information reflects the audited 2017-18 financial statements.

Current/Non-Current Classification

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

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

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

1.4 Authorisation of financial statements for issue

The financial statements are authorised for issue by the Board of Directors at the date of signing of the Management Certificate.

1.5 Basis of measurement

Historical cost is used as the measurement basis in this financial report except where another measurement basis is stated in the relevant note.

Historical Cost

Under historical cost, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

Fair Value

Refer to **Note 15** for an explanation of Fair Value.

Present Value

Present value represents the present discounted value of the future net cash inflows that the item is expected to generate (in respect of assets) or the present discounted value of the future net cash outflows expected to settle (in respect of liabilities) in the normal course of business.

Amortised Cost using the effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

The amortised cost of a financial asset or financial liability is equal to the present value of estimated future cash flows at the financial instrument's original effective interest rate.

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.

Note 2: Objectives of QRIDA

QRIDA's vision is to foster growth, sustainability and economic development in rural and regional communities, through the strategic purpose of doing more by providing proactive, responsible and reliable financial services and assistance.

QRIDA's objectives are to:

- support rural and regional communities;
- ensure a viable and sustainable business long-term;
- enhance QRIDA's operations and client experience;
- ensure QRIDA's operations are supported by people-centred operations and services; and
- reach more varied communities and audiences through new and enhanced services.

Queensland Rural and Industry Development Authority

Notes to the Financial Statements

for the year ended 30 June 2019

Section 2 - Notes about our financial performance

Note 3: Grants

Accounting Policy

Grants are non-reciprocal in nature so do not require any goods or services to be provided in return. Corresponding revenue is recognised in the year in which QRIDA obtains control over the grant (control is generally obtained at the time of receipt).

Additional Disclosure

Included in revenue from Grants for 2019 is a grant of \$12.49 million (2018: \$12.31 million) from the Queensland Government for the funding of QRIDA. The Grant has been recognised in its entirety upon receipt as QRIDA has met the grant agreement's conditions entitling it to receipt of the funding.

Note 4: Fees

Accounting Policy

Fees controlled by QRIDA are recognised as revenues when the services have been performed and the revenue can be measured reliably with a sufficient degree of certainty. This involves either invoicing for related goods/services, the recognition of accrued revenue, or the de-recognition of provisions for unearned revenue. Fees are controlled by QRIDA where they can be deployed for the achievement of QRIDA's objectives.

During 2018-19 a review of the Fees received in advance was undertaken. The level of effort required to manage the loans in the last two years of their term required a change in accounting estimate to reflect current experiences and circumstances. This change in accounting estimate resulted in significant reductions to the initial estimated costs for the management of loans. The impact for 2018-19 was an increase to Fee Revenue of \$6,245,234 and accordingly a decrease to Unearned Revenue of \$6,245,234.

Note 5: Interest

	Note	2019 \$'000	2018 \$'000
Contractual interest received on loans		20,602	19,882
Amortisation of discount on loans	11.4	15,246	14,503
Effective interest income on loans		35,848	34,385
Add: Interest earned on cash and investments		4,182	2,956
Total		40,030	37,340

Note 6: Employee expenses

	2019 \$'000	2018 \$'000
Employee Benefits		
Wages and salaries	8,759	7,864
Annual leave expense	926	643
Employer superannuation contributions	1,146	1,034
Long service leave expense	182	135
Termination benefit	-	71
Other employee benefits	148	151
Employee Related Expenses		
Workers' compensation premium	17	18
Payroll tax	528	475
Other employee related expenses	159	193
Total	11,866	10,583

Queensland Rural and Industry Development Authority

Notes to the Financial Statements

for the year ended 30 June 2019



Note 6: Employee expenses (continued)

	2019 No.	2018 No.
Full-time equivalent employees	118	98

Accounting Policies

Wages and Salaries – Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at the current salary rates. QRIDA has classified these as current liabilities. Therefore, the liabilities are recognised at undiscounted amounts.

Sick Leave – Prior history indicates that on average, sick leave taken in 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 Leave and Time Off in Lieu (TOIL) – Annual leave and TOIL liabilities are classified and measured as ‘other long-term employee benefits’ as QRIDA does not expect to wholly settle all such liabilities within the 12 months following reporting date. The liabilities are recognised as a current liability at the present value of the expected future payments to be made to employees using the remuneration rate expected to apply at the time of settlement.

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.

Long Service Leave – Long service 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 cost of the employee benefits earned by employees; and
- discounting that benefit in order to determine the present value of QRIDA’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. The discount rates used to calculate the present value of long service leave are from 1.03 per cent to 1.19 per cent (2018: 1.62 per cent to 2.37 per cent). The discount rates are attached to Australian Stock Exchange (ASX) government bonds yields at the reporting date, which most closely matched the terms of maturity of the related obligations.

Superannuation – Post-employment benefits for superannuation are provided through defined contribution (accumulation) plans or the Queensland Government’s QSuper defined benefit plan as determined by the employee’s conditions of employment.

Defined Contribution Plans – Contributions are made to eligible complying superannuation funds based on the rates specified in *State Government Entities Certified Agreement 2015* or other conditions of employment. Contributions are expensed when they are paid or become payable following completion of the employee’s service each pay period.

Defined Benefit Plan – 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*. The amount of contributions for defined benefit plan obligations is based upon the rates determined on the advice of the State Actuary. Contributions are paid by the authority at the specified rate following completion of the employee’s service each pay period. QRIDA’s obligation is limited to those contributions paid.

Workers’ Compensation Premiums – QRIDA pays premiums to WorkCover Queensland in respect of its obligations for employee compensation. Workers’ compensation insurance is a consequence of employing employees but is not counted in an employee’s total remuneration package. It is not employee benefits and is recognised separately as employee related expenses.

Key management personnel and remuneration disclosures are detailed in **Note 22**.

Queensland Rural and Industry Development Authority

Notes to the Financial Statements

for the year ended 30 June 2019

Note 7: Supplies and services

	2019 \$'000	2018 \$'000
Advertising and promotion	302	188
Queensland Audit Office - fees for the external audit of financial statements	72	20
Audit fees - Internal	58	55
Bank and other financial institution fees and charges	18	15
Computer expenses	872	943
Contractors	2,250	1,505
Insurance	42	48
Motor vehicle expenses	125	118
Photocopying, printing and stationery	57	44
Postage	63	74
Professional and legal expenses	178	94
Rent	899	905
Securities expenses	127	63
Telephone and fax	116	115
Travel and accommodation	284	208
Other	218	183
Total	5,681	4,578

Audit Fees

Total audit fees quoted by the Queensland Audit Office relating to the 2018-19 financial statements are \$67,640 (2018: \$ 62,000*). The majority of the expense for the audit of the 2018-19 financial statements will be recognised when services are performed in the 2019-20 financial year.

(*2018: original fee quoted \$62,000, plus additional fees subsequently charged \$5,450, total \$67,450)

Accounting Policies

Distinction between Grants and Procurement – For a transaction to be classified as supplies and services, the value of goods or services received by QRIDA must be of approximately equal value to the value of the consideration exchanged for those goods or services. Where this is not the substance of the arrangement, the transaction is classified as a grant in the Statement of Comprehensive Income.

Rent - Rent payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they are incurred. Incentives received on entering operating leases are recognised as liabilities. Lease payments are allocated between rental expense and reduction of the liability.

Operating leases - Operating leases are entered as a means of acquiring access to office accommodation and storage facilities. Lease terms extend over a period of 6 years. QRIDA has no option to purchase the leased item at the conclusion of the lease although the lease terms can be renegotiated upon expiry. Operating lease rental expenses comprise the minimum lease payments payable under operating lease contracts. Lease payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined.

Motor vehicle expenses - Motor vehicle expenses include motor vehicle lease expenses in the period in which they are incurred. The lease terms extend over a period of 12 to 45 months. QRIDA has no option to purchase the vehicle at the conclusion of the lease.

Queensland Rural and Industry Development Authority

Notes to the Financial Statements

for the year ended 30 June 2019



Note 8: Grants and subsidies

	2019 \$'000	2018 \$'000
Farm Management Grant	1,059	914
North Queensland Restocking, Replanting & On-farm Infrastructure Grants	1,635	-
Natural Disaster Relief and Recovery Arrangements	762	22,651
Disaster Recovery Funding Arrangements	78,051	-
Rural Economic Development Grants	116	-
Affordable Energy Plan	4,304	-
Taxi and Limousine Industry Assistance Scheme	2	8,137
Vessel Tracking Rebate Scheme	358	-
Net Free Fishing Zone	-	783
Total Grants and Subsidies	86,287	32,485

Note 9: Finance/borrowing costs

	Note	2019 \$'000	2018 \$'000
Contractual interest on borrowings		6,273	5,714
Amortisation of discount on interest-bearing and non-interest-bearing borrowings	13.1 & 14.1	3,206	12,741
Interest – Other		2	-
Total effective interest on borrowings		9,481	18,454

Accounting Policy

Finance/Borrowing Costs - Finance costs are recognised as an expense in the period in which they are incurred. Finance costs include amortisation of discounts or premiums relating to borrowings and provisions. No borrowing costs are capitalised into qualifying assets.

Section 3 - Notes about our financial position

Note 10: Cash and cash equivalents

	2019 \$'000	2018 \$'000
Cash at Bank	7,209	11,535
Queensland Treasury Corporation (QTC) - at call	203,340	129,864
Total	210,550	141,399

Accounting Policy

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June 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 QRIDA's option and that are subject to a low risk of changes in value. Cash and cash equivalents are measured at fair value through profit and loss, which is assumed to be equal to the nominal amounts notified by QRIDA's banks and investment counterparties.

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

All bank and QTC cash holdings are interest-bearing. Total cash includes cash and interest revenue related to the funding of QRIDA's financial assistance programs. These are quarantined using separate bank accounts and separate accounting ledgers from cash that QRIDA uses to pay for employee expenses and supplies and services, and only reissued as future payments to program applicants, or repaid to the Government Agencies that funded the respective financial assistance programs.

Queensland Rural and Industry Development Authority

Notes to the Financial Statements

for the year ended 30 June 2019

Note 11: Loans and advances including impairment

	2019 \$'000	2018 \$'000
Gross carrying amount	626,329	605,287
Less: Allowance for expected credit losses	(2,063)	(1,535)
Discount on loans issued at greater than fair value	(112,877)	(102,200)
	511,389	501,552
Current	104,983	53,304
Non-Current	406,406	448,248
Total	511,389	501,552

Accounting Policy

Loans and advances - Loans and advances are recognised in the Statement of Financial Position when QRIDA becomes party to the contractual provisions of the financial instrument.

Loans and advances are measured initially at fair value. Where loans and advances are provided with interest free periods or at concessional interest rates, they are considered to have a fair value which is less than the amount lent. This fair value is calculated in accordance with **Note 15.1**. The difference between the amount lent and the fair value is recognised as a charge for discounted loans in profit or loss.

Subsequently, loans and advances are measured at amortised cost using the effective interest method as defined in **Note 1.5**. The discount rate used to calculate the amortised cost is the original effective interest rate applied to the loan and is calculated in accordance with **Note 15.1**.

11.1 Impairment of Loans and Advances

QRIDA has developed AASB 9 Expected Credit Loss (ECL) models which replaces the previous incurred loss approach under AASB 139. The new models are forward looking, resulting in an acceleration of impairment recognition (refer **Note 25**).

QRIDA applies a three stage approach to measuring the ECL based on changes in credit quality since initial recognition. At each reporting date, QRIDA recognises a loss allowance based on either the 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk on the loan since initial recognition. The changes in the loss allowance balance are recognised in profit or loss as an impairment gain or loss.

Stage	Measurement Basis
Stage 1 – Performing	12-month ECL: the portion of lifetime ECL associated with the probability of default events occurring within the next 12 months.
Stage 2 – Under-performing	Lifetime ECL (Not impaired): ECL associated with the probability of default events occurring throughout the life of the loan.
Stage 3 – Non-performing	Lifetime ECL (Impaired): ECL associated with the probability of default events occurring throughout the life of the loan.

All loans are first recognised as Stage 1 at initial recognition. If the credit risk of an exposure has increased significantly since initial recognition, the asset will migrate to Stage 2. If no significant increase in credit risk is observed, the asset will remain in Stage 1. Should an asset become impaired it will be transferred to Stage 3.

QRIDA does not have any purchased or originated credit impaired (POCI) loans during or at the end of the financial year. (2018: Nil)

Segmentation

For the purpose of applying an ECL methodology, QRIDA has segmented its loan book into appropriate groupings based on shared credit risk characteristics. QRIDA has identified three portfolios which have shared credit risk characteristics as follows:

- 1) Disaster Recovery loans – loans provided to primary producers, small business and non-profit organisations that are affected by disaster events;
- 2) Loans administered under the Primary Industry Productivity Enhancement Scheme (PIPES) and Commonwealth Concessional Loans (CCLS) – loans to primary producers to enhance production in Queensland; and
- 3) Solar and Battery loans – interest free loans to Queensland households and small businesses to purchase solar systems and battery storage.

Queensland Rural and Industry Development Authority

Notes to the Financial Statements

for the year ended 30 June 2019



Note 11: Loans and advances including impairment (continued)

The segmentation into the first two portfolios has been determined based on past due information as well as historical loss write-off data over a 10-year period. The third segment is a distinctive portfolio of loans which are all unsecured and non-interest bearing.

Assessment of Significant Increase in Credit Risk (SICR)

In determining whether there has been a significant increase in credit risk QRIDA has applied different criteria for:

- PIPES/CCLS and Disaster Recovery loans; and
- Solar/Battery loans.

The criteria are a combination of quantitative and qualitative stage triggers based on:

- The change in the lifetime risk of default based on QRIDA's internally-developed Default Risk Rating (DRR) system;
- The number of days in arrears of the loan, i.e. the Days Past Due (DPD); and
- Other qualitative criteria determined as appropriate by the Client Management team to individually identify credit impaired loans.

DRR represents the likelihood of default of a loan at some point throughout the life of the loan by measuring the main credit risk drivers such as financial condition of the borrower, the borrower's capacity to service the loan from normal business cash flow, and the borrower's ability to access liquidity. The table below displays the risk ratings corresponding to the likelihood of default:

Default Risk Rating (DRR)	Likelihood of Default
A	Low
B	Medium
C / X	Medium
D	High
E	Very High

QRIDA applies additional criteria before allowing a loan to transition back to a lower Stage.

Definition of Default

QRIDA combines the concepts of default, impairment or non-performing used in credit risk management into the below definition:

- For PIPES/CCLS and Disaster Recovery segments, a loan is considered in default or credit impaired at the earlier of:
 - an event of default as defined in the Facility Agreement occurs;
 - the loan becomes more than 300 DPD;
 - the loan is considered insolvent, with loan recovery entirely dependent on either voluntary or forced sale of all assets (i.e. having an internal DRR of E).
- For the Solar/Battery segment, a loan is considered in default and therefore assessed as Stage 3 (credit impaired) when the borrower becomes more than 90 DPD on their contractual payments.

11.2 Calculation of Expected Credit Losses (ECL)

ECL is a probability weighted credit loss estimated by evaluating a range of possible outcomes and taking into account the time value of money, past events, current conditions and forecasts of future economic conditions.

To calculate ECL, QRIDA has applied the following credit risk factors:

Probability of Default (PD): an estimate of the likelihood of default over a given time horizon. 12-months PD and lifetime PD represent the expected point-in-time probability of a default over the next 12 months and remaining lifetime of the financial instrument, respectively, based on conditions existing at the balance sheet date and future economic conditions that affect credit risk.

Loss Given Default (LGD): an estimate of the loss that is likely to be incurred should an exposure default, taking into account the effect of collateral.

Exposure at Default (EAD): the amount outstanding with the borrower at the time of likely default, including the drawn and undrawn amount.

The Drawn amount is attributable to the amount of money actually drawn by the borrower from the approved loan. This includes the principal loan balance and accrued interest.

The Undrawn amount is attributable to the amount of money undrawn by the borrower from the approved loan. When estimating lifetime ECLs for undrawn loan commitments, QRIDA estimates the expected portion of the loan commitment that will be drawn down over its expected life. At balance date 100% of undrawn loan commitments are included in the ECL calculations.

The EAD excludes the unamortised discount balance.

Financial assets in Stage 1 and Stage 2 are assessed for impairment collectively while exposures in Stage 3 are individually assessed. Collective 12-month ECL (Stage 1) and lifetime ECL for (Stage 2) financial instruments that have similar credit risk characteristics are clustered in the three segments as discussed above and collectively assessed for impairment losses.

The time value of money is accommodated by using a weighted average EIR for each segment in the ECL model.

Incorporation of Forward-Looking Information

Different scenarios of future economic conditions are incorporated into the ECL calculation and risk stage determination in a probability weighted manner. These scenarios are developed by QRIDA and are reviewed at each reporting date.

QRIDA relies on a range of forward-looking information as economic variables obtained from the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES), such as:

- Interest rates (this is used as a proxy for the interest rates applying to QRIDA clients);
- Beef and veal production;
- Sugar production; and
- Cotton production.

Queensland Rural and Industry Development Authority

Notes to the Financial Statements

for the year ended 30 June 2019

Note 11: Loans and advances including impairment (continued)

Solar/Battery Loan Segment

There are no historical arrears, default or loss data for the Solar/Battery segment as the loans in this portfolio have only been initiated in the current financial year. For the purpose of this transition year, QRIDA determines the ECL as the higher of the weighted average ECL of the non-Solar segments compared to the industry ECL benchmark percentage.

Impact of Movements in Gross Carrying Amount on Allowance for Expected Credit Losses

Overall the total ECL allowance increased by \$409,641 as compared to the opening loss allowance as at 1 July 2018.

This is primarily due to the portfolio of Solar/Battery loans being originated in the current financial year (ECL: 2019: \$581,045 – 2018:NIL). The ECL impact related to undrawn amounts under the Solar/Battery scheme is \$332,124 – 2018:NIL.

Write-off of Debt

If QRIDA determines that an amount owing by a debtor does become uncollectible (after an appropriate range of debt recovery actions), that amount is recognised as a Bad Debt expense and written-off directly against loans and advances.

The write off policy requires that all options to recover the debt must be fully exhausted without the debt being fully cleared before the remaining debt will be written off. Reasons why QRIDA believes that further action to recover the debt will not be cost effective must be provided.

Under certain programs managed by QRIDA, debts written off may be recovered by QRIDA in the following circumstances:

- Queensland Treasury may reimburse debts written off in relation to disaster loans including and post the 2013 Tropical Cyclone Oswald event; and
- for debts written off under the Commonwealth Concessional Loan Scheme, the Commonwealth Government may provide a corresponding reduction in the outstanding amount of the Commonwealth loan which is then owed by QRIDA to the Commonwealth.

11.3 Credit Risk Exposure of Loans and Advances

Definition	Exposure	Measurement Method	Risk Management Strategies
Credit risk exposure refers to the situation where QRIDA may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.	<ul style="list-style-type: none"> • The maximum exposure to credit risk at Statement of Financial Position date in relation to each class of recognised Loans and advances is the gross carrying amount of those assets before allowing for any fair value adjustments or provisions for impairment. • Loans that are secured on real property in Australia are exposed to the risk of the increase of the Loan to Value Ratio (LVR) should the property market be subject to a decline. 	<ul style="list-style-type: none"> • Ageing Analysis • Risk of loss in event of default • Risk of default • Concentrations of credit risk in relation to loans 	<ul style="list-style-type: none"> • The method of managing credit risk exposure is by way of credit assessment procedures, annual loan reviews, and quarterly reporting of arrears to the Board. • The risk of loss from the loans undertaken is primarily reduced by the nature and quality of the security taken. The valuation of securities is assessed annually to ensure sufficient collateral to cover the indebtedness of borrowers. QRIDA's policy is to hold security over real property where available.

Credit Risk Exposure by Risk Grading

The table below shows the credit quality and the maximum exposure to credit risk based on QRIDA's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances and the discount on loans issued at greater than fair value:

	Stage 1 2019 \$'000	Stage 1 2018 \$'000	Stage 2 2019 \$'000	Stage 2 2018 \$'000	Stage 3 2019 \$'000	Stage 3 2018 \$'000	Total 2019 \$'000	Total 2018 \$'000
PIPES/CCLS & Disaster Recovery								
Low Risk of Default	89,637	121,419	39	63	-	-	89,676	121,482
Medium Risk of Default	507,912	472,467	5,031	3,148	1,725	1,296	514,669	476,911
High Risk of Default	-	-	4,797	2,705	3,359	2,662	8,156	5,366
Very High Risk of Default	-	-	-	-	1,382	1,528	1,382	1,528
Solar/Battery	12,406	-	36	-	4	-	12,446	-
Total	609,955	593,886	9,903	5,916	6,470	5,485	626,329	605,287

Queensland Rural and Industry Development Authority

Notes to the Financial Statements

for the year ended 30 June 2019



Note 11: Loans and advances including impairment (continued)

Concentration of Exposure

The following table represents the maximum exposure to credit risk based on geographical area and industry:

Geographical area	Maximum credit risk exposure			
	% of total loans		\$'000	
	2019	2018	2019	2018
Queensland				
Cape York and the Gulf	0.24%	0.25%	1,443	1,537
Central North	16.67%	18.31%	102,362	110,839
Charleville - Longreach	5.53%	6.07%	33,956	36,755
Eastern Darling Downs	11.40%	7.94%	69,969	48,067
Northern Coastal - Mackay to Cairns	15.04%	14.97%	92,298	90,618
Southern Coastal - Curtis to Moreton	27.37%	26.50%	168,015	160,424
West and South West	3.55%	2.77%	21,811	16,745
Western Downs and Central Highlands	19.66%	22.30%	120,696	134,951
Northern Territory	0.54%	0.89%	3,332	5,351
Total*	100.00%	100.00%	613,883	605,287
Industry				
Aquaculture & Fishing	1.11%	1.03%	6,824	6,231
Beef Cattle	53.60%	54.58%	329,019	330,342
Dairy Cattle	2.33%	2.59%	14,317	15,700
Grain & Livestock	10.64%	9.12%	65,288	55,213
Other Crops	7.56%	8.30%	46,438	50,231
Other Livestock	1.57%	1.73%	9,627	10,472
Sheep Farming	3.66%	3.00%	22,450	18,168
Small Crops & Fruit	4.16%	4.41%	25,567	26,711
Sugar Cane Growing	14.07%	14.27%	86,390	86,365
Small Business	1.30%	0.97%	7,963	5,852
Total *	100.00%	100.00%	613,883	605,287
Solar/Battery Loans			12,446	-
Grand Total			626,329	605,287

* Excludes Solar/Battery Loans

Collateral and Other Credit Enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Collateral used to secure loan accounts are divided into two categories:

- Category 'A' Security: Real property and other low risk assets/securities which tend to maintain their value and are readily saleable; and
- Category 'B' Security: Higher risk securities where the value may rapidly deteriorate. Examples include livestock, crops and stock in trade of a business.

Category 'A' security only is considered in the calculation of the LGD.

The below tables provide an indication of the values of collateral held for Stage 3 assets. Dependent on the level of collateral, some Stage 3 exposures may not have individual ECLs when the value of the collateral is greater than the LGD. The net exposure of those Stage 3 loans may offset the net exposure of Stage 3 loans which do not have sufficient collateral. The Stage 3 ECL can be higher than net exposure shown below when the future value of collateral is expected to decline.

Queensland Rural and Industry Development Authority

Notes to the Financial Statements

for the year ended 30 June 2019

Note 11: Loans and advances including impairment (continued)

Stage 3 Loans and Advances as at 30 June 2019

		\$'000			
	Segments	Maximum Exposure to Credit Risk	Total Collateral *	Net Exposure	Associated ECL
Loans with Sufficient Collateral	Disaster Recovery	999	5,399	-	-
	PIPES & CCLS	2,956	7,173	-	-
Loans with Insufficient Collateral	Disaster Recovery	657	-	657	588
	PIPES & CCLS	1,854	550	1,192	877
	Solar/Battery	4	-	4	-
Total		6,470	13,122	1,853	1,466

Stage 3 Loans and Advances as at 1 July 2018

		\$'000			
	Segments	Maximum Exposure to Credit Risk	Total Collateral *	Net Exposure	Associated ECL
Loans with Sufficient Collateral	Disaster Recovery	965	9,140	-	-
	PIPES & CCLS	1,649	3,786	-	-
Loans with Insufficient Collateral	Disaster Recovery	1,018	258	760	717
	PIPES & CCLS	1,853	574	1,278	923
Total		5,485	13,758	2,038	1,640

* QRIDA's Net Security Value

11.4 Movement in Discount on Loans Issued at Greater Than Fair Value

	Note	2019 \$'000	2018 \$'000
Balance at 1 July		102,200	94,496
Loss on loans issued at greater than fair value		25,924	22,206
Amortisation of discount on loans	5	(15,246)	(14,503)
Balance at 30 June		112,877	102,200

Queensland Rural and Industry Development Authority

Notes to the Financial Statements

for the year ended 30 June 2019



Note 12: Intangible assets

12.1 Closing Balances

	Computer Software	
	2019 \$'000	2018 \$'000
Gross	1,956	-
Less: Accumulated amortisation	(83)	-
WIP Software	-	1,286
Carrying amount at 30 June	1,874	1,286

The amount for gross value above represents QRIDA's grants and loans management system – RAPID and online grants application portal – Fast Grant. The two systems were delivered in 2018-19.

12.2 Recognition and Measurement

Accounting Policy

Intangible assets with a historical cost or other value equal to or greater than \$100,000 are recognised in the financial statements. Items with a lesser value are expensed. Any training costs are expensed as incurred.

Each intangible asset, less any anticipated residual value, is amortised over its estimated useful life to QRIDA. The residual value is zero for all QRIDA's intangible assets.

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

The purchase cost of intangible assets 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 QRIDA. The period of expected benefit is 10 years.

Internal costs associated with the development of computer software are capitalised in accordance with the Queensland Government's Non-Current Asset Policy.

12.3 Impairment

Accounting Policy

Intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, QRIDA 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.

Intangible assets are principally assessed for impairment by reference to the actual and expected continuing use of the asset by QRIDA, including discontinuing the use of the software. Recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

Queensland Rural and Industry Development Authority

Notes to the Financial Statements

for the year ended 30 June 2019

Note 13: Interest-bearing borrowings

	2019 \$'000	2018 \$'000
Current		
Queensland Treasury Corporation*	16,149	8,860
Queensland Government**	13,221	14,011
Northern Territory Government	4,383	2,000
Australian Government	54,609	6,908
Total	88,362	31,779
Non-Current		
Queensland Treasury Corporation*	94,829	76,896
Queensland Government**	43,140	52,714
Northern Territory Government	1,016	3,363
Australian Government	27,431	87,832
Total	166,416	220,805
Total	254,778	252,584

*The loan facility was approved under the Queensland Government's State Borrowing Program (SBP). The approved limit for 2018-19 was \$125 million. As at 30 June 2019, the amount undrawn under the facility was \$86.28 million (2018: \$40.4 million). Approval has been received under the 2019-20 SBP to a limit of \$85 million.

** Under the Natural Disaster Relief and Recovery Arrangements (NDRRA) and Disaster Recovery Funding Arrangement (DRFA) Program, QRIDA borrows funds from the Queensland Government. Part of the funds borrowed is interest-bearing and is shown in this **Note 13**. The other part is interest-free and is shown in **Note 14**.

Accounting Policy

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

Additional Disclosures

QRIDA borrows funds from the Australian and Northern Territory Governments to be on-lent to successful applicants under the Australian Government's Concessional Loans Schemes. All borrowings are in Australian dollars denominated amounts. The timing and quantum of interest payable to the Australian and Northern Territory Governments is directly linked to the timing and quantum of bank and loan interest received by QRIDA.

Where QRIDA is unable to recover concessional loans made to businesses on behalf of the Australian or Northern Territory Governments, QRIDA's obligation to repay the respective liability to the Australian or Northern Territory Governments will be reviewed in accordance with the loan agreements between QRIDA and those governments. Effective from 1 July 2015, QRIDA acted as an agent in managing certain funds on behalf of a number of government agencies. Transactions and balances where QRIDA is an agent are disclosed in **Note 27**.

Interest rates on interest-bearing borrowings range from 1.37 per cent to 3.51 per cent (2018: 1.25 per cent to 3.51 per cent).

Queensland Rural and Industry Development Authority

Notes to the Financial Statements

for the year ended 30 June 2019



Note 13: Interest-bearing borrowings (continued)

13.1 Movement in Discount on Interest-Bearing Borrowings

	Note	2019 \$'000	2018 \$'000
Balance at 1 July		6,018	17,087
Amortisation of discount in borrowings:			
Effective interest	9	(1,812)	(2,189)
Other unwinding of discount	9	(98)	(8,879)
Balance at 30 June		4,108	6,018

Accounting Policy

Borrowings are initially recognised at fair value. Where borrowings are provided with interest-free periods or at concessional interest rates, they are considered to have a fair value which is less than the amount borrowed. This fair value is calculated in accordance with **Note 15**. The difference between the amount received and the fair value of those amounts is recognised as a gain on borrowings received at greater than fair value in the Statement of Comprehensive Income.

Subsequently, borrowings are measured at amortised cost using the effective interest method as defined in **Note 1.5**. The discount rate used to calculate the amortised cost is the original effective interest rate applied to the borrowing and is calculated in accordance with **Note 15**.

Finance costs are recognised as Finance/Borrowing Costs in the Statement of Comprehensive Income in the period in which they are incurred. Interest on the borrowings which is calculated using the effective interest method as defined in **Note 1.5** is also reported under Finance/Borrowing Costs (refer to **Note 9**).

Additional Disclosure

2017-18 Re-assessment of effective interest rates - the effective interest rates for borrowings from the Australian Government and Northern Territory Government were re-assessed in 2017-18. The effective interest rates were considered the same as the rates when the borrowings originated. The unwinding of discount on borrowings of \$8.91 million from prior years was included in Amortisation of Discount on Borrowings – Other Unwinding of Discount in 2017-18.

Queensland Rural and Industry Development Authority

Notes to the Financial Statements

for the year ended 30 June 2019

Note 14: Non-interest-bearing borrowings

	2019 \$'000	2018 \$'000
Current		
Queensland Government**	4,818	4,916
Non-current		
Queensland Government**	12,988	15,331
Total Non-Interest-Bearing Borrowings	17,805	20,247

** Interest-free component of loans for the NDRRA and DRFA program (refer to **Note 13**).

The accounting policy appearing under **Note 13** also applies to the balances shown in this **Note 14**.

14.1 Movement in Discount on Non-Interest-Bearing Borrowings

	Note	2019 \$'000	2018 \$'000
Balance at 1 July		3,103	4,106
Gain on borrowings received at greater than fair value		416	669
Amortisation of discount on borrowings:			
Effective interest	9	(1,047)	(1,211)
Other unwinding of discount	9	(249)	(461)
Balance at 30 June		2,224	3,103



Section 4 - Notes about risks and other accounting uncertainties

Note 15: 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).

15.1 Fair Value Measurement Hierarchy

All assets and liabilities of QRIDA 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.

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. They are categorised as level 3 fair values within the fair value hierarchy.

All QRIDA's other financial assets and liabilities are classified within level 2 of the fair value hierarchy.

The initial fair value of loans, advances and borrowings 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 risk).

For loans and advances, QRIDA 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 295 basis points to 720 basis points (2018: from 335 basis points to 720 basis points).

For borrowings from the Australian and Northern Territory Governments, QRIDA estimates the prevailing market rate of interest to be equal to the current year's book rates.

For borrowings from the Queensland Government, QRIDA estimates the Queensland Treasury Corporation 10 year debt pool interest rates to be the prevailing market rates for a Queensland Government Agency receiving 10 year loans from another Government Agency.

15.2 Fair Value Disclosures for Financial Assets and Liabilities Measured at Amortised Cost

	2019		2018	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial assets				
Financial assets at amortised cost				
Loans and advances	511,389	530,172	501,552	511,052

Queensland Rural and Industry Development Authority

Notes to the Financial Statements

for the year ended 30 June 2019

Note 15: Fair value measurement (continued)

	2019		2018	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial Liabilities				
Financial liabilities at amortised cost				
Australian Government Borrowings	82,040	82,040	94,740	94,740
Northern Territory Government Borrowings	5,399	5,399	5,363	5,363
Queensland Government Borrowings	74,167	73,019	86,974	90,484
Queensland Treasury Corporation Borrowings	110,978	113,899	85,756	85,857
Total	272,583	274,357	272,831	276,444

Note 16: Financial risk disclosures

16.1 Financial Instrument Categories

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

Category	Note	2019 \$'000	2018 \$'000
Financial Assets			
Cash and cash equivalents	10	210,550	141,399
Loans and advances	11	511,389	501,552
Receivables		1,343	783
Total		723,282	643,735
Financial Liabilities			
Financial liabilities measured at amortised cost:			
Payables		581	340
Interest-bearing borrowings	13	254,778	252,583
Non-interest-bearing borrowings	14	17,805	20,248
Total		273,164	273,171

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

16.2 Financial Risk Management

(a) Risk Exposure

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

The management of financial risk is overseen by the Board of Directors, the Audit and Risk Management Committee and the Debt Management Committee under policies approved by QRIDA. QRIDA provides written principles for overall risk management, as well as policies covering specific areas.

Queensland Rural and Industry Development Authority

Notes to the Financial Statements

for the year ended 30 June 2019



Note 16: Financial risk disclosures (continued)

QRIDA's activities expose it to a variety of financial risks a set out in the following table:

Risk Exposure	Definition	Exposure	Measurement Method	Risk Management Strategies
Credit risk	Refer to Note 11	Refer to Note 11	Refer to Note 11	Refer to Note 11
Liquidity risk	Liquidity risk refers to the situation where QRIDA may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.	QRIDA is exposed to liquidity risk in respect of its payables and borrowings from Queensland Treasury Corporation, Queensland Treasury, the Australian Government and the Northern Territory Government for on-lending.	Maturity analysis	QRIDA manages liquidity risk using a liquidity management strategy. This strategy aims to reduce the exposure to liquidity risk by ensuring QRIDA has sufficient funds available to meet payment obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts to match the expected duration of the various liabilities.
Market risk	The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.	QRIDA does not trade in foreign currency or holds investments in shares/unit trusts and is not materially exposed to commodity price changes. QRIDA is exposed to interest rate risk through its interest-bearing borrowings, cash deposited in interest bearing accounts, and through the variable interest rates applying to certain loans issued by QRIDA.	Interest rate sensitivity analysis	QRIDA does not undertake any hedging in relation to interest risk and manages its risk as per QRIDA's liquidity risk management strategy.

(b) Liquidity Risk – Contractual Maturity of Financial Liabilities

The following table sets out the liquidity risk of financial liabilities held by QRIDA. 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, the Australian Government and the 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.

Queensland Treasury Corporation borrowings in respect of the Primary Industry Productivity Enhancement Scheme (PIPES) are interest only with no fixed repayment date for the principal component. For the purposes of completing the maturity analysis, the principal component of these loans has been included in the more than five year time band with 30 years interest payment assumed.

Financial Liabilities	2019 Contractual Maturity Payable in				2018 Contractual Maturity Payable in			
	Total \$'000	< 1 Yr \$'000	1 -5 Yrs \$'000	> 5 Yrs \$'000	Total \$'000	< 1 Yr \$'000	1 -5 Yrs \$'000	> 5 Yrs \$'000
Payables	581	581	-	-	340	340	-	-
Australian Government borrowings	82,040	54,609	24,515	2,916	94,740	6,908	84,858	2,974
Northern Territory Government borrowings	5,399	4,383	1,016	-	5,363	2,000	3,363	-
Queensland Government borrowings	82,977	18,868	59,308	4,801	99,148	19,837	73,230	6,081
Queensland Treasury Corporation borrowings	174,167	18,333	11,855	143,979	142,060	10,637	7,766	123,657
Total	345,163	96,773	96,694	151,696	341,651	39,722	169,217	132,712

Queensland Rural and Industry Development Authority

Notes to the Financial Statements

for the year ended 30 June 2019

Note 16: Financial risk disclosures (continued)

(c) 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 net income if interest rates would change by +/- 1 per cent from the year-end rates applicable to QRIDA's financial assets and liabilities. With all other variables held constant, QRIDA would have a surplus and equity increase/(decrease) of \$4.67 million (2018: \$3.90 million).

The impact of interest rate movement on QRIDA's profit and equity has increased in the current period due to an increase in the ratio of QRIDA's interest-bearing assets to interest-bearing borrowings from 2.55:1 (2018) to 2.83 :1 (2019).

Financial instruments	Carrying amount \$'000	2019 interest rate risk			
		-1%		+1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Cash and cash equivalents	210,550	(2,105)	(2,105)	2,105	2,105
Loans and advances	511,389	(5,114)	(5,114)	5,114	5,114
Australian Government borrowings	82,040	820	820	(820)	(820)
Northern Territory Government borrowings	5,399	54	54	(54)	(54)
Queensland Government borrowings*	56,361	564	564	(564)	(564)
Queensland Treasury Corporation borrowings	110,978	1,110	1,110	(1,110)	(1,110)
Overall effect on profit and equity		(4,672)	(4,672)	4,672	4,672

Financial instruments	Carrying amount \$'000	2018 interest rate risk			
		-1%		+1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Cash and cash equivalents	141,399	(1,414)	(1,414)	1,414	1,414
Loans and advances	501,552	(5,016)	(5,016)	5,016	5,016
Australian Government borrowings	94,740	947	947	(947)	(947)
Northern Territory Government borrowings	5,363	54	54	(54)	(54)
Queensland Government borrowings*	66,725	667	667	(667)	(667)
Queensland Treasury Corporation borrowings	85,756	858	858	(858)	(858)
Overall effect on profit and equity		(3,904)	(3,904)	3,904	3,904

* Interest-bearing component of borrowings for the NDRRA and DRFA program (refer to Note 13).

Note 17: Contingencies

QRIDA did not have any contingent assets or liabilities as at 30 June 2019 (2018: nil).

Note 18: Commitments

18.1 Non-cancellable operating lease

Commitments under operating leases at reporting date (inclusive of non-recoverable GST input tax credits) are payable as follows:

	2019 \$'000	2018 \$'000
Not later than one year	687	651
Later than one year and not later than five years	2,009	2,696
Total	2,696	3,347

Queensland Rural and Industry Development Authority

Notes to the Financial Statements

for the year ended 30 June 2019



Note 18: Commitments (continued)

18.2 Capital expenditure commitments

At the reporting date, QRIDA had no commitments for capital expenditure (2018: Nil)

18.3 Financial assistance commitments

At reporting date, QRIDA has undrawn financial loan assistance commitments of \$39.89 million (2018: \$18.12 million). Undrawn commitments are loans that have been approved and are awaiting client drawdown at balance date.

Note 19: Events occurring after the balance date

QRIDA has not identified any event occurring after the balance date, which would have a material effect on the information provided in the QRIDA's financial statements.

Note 20: Future impact of accounting standards not yet effective

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

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

The transition date for both AASB 15 and AASB 1058 is 1 July 2019. Consequently, these standards will first apply to QRIDA when preparing the financial statements for 2019-20. QRIDA has commenced analysing the new revenue recognition requirements under these standards and is yet to form conclusions about significant impacts. Potential future impacts identifiable at the date of this report are as follows:

Deferred Grant Revenue

Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral and continue to be recognised as revenue as soon as they are controlled. QRIDA receives several grants from the Queensland Government, for which initial indications are, there are no sufficiently specific performance obligations. The total of these grants in the 2018-19 year were \$177.22 million and are yet to be determined if they will be recognised as revenue upfront assuming no change to the current grant arrangements.

Sales of Services

Depending on the respective contractual terms, the new requirements of AASB 15 may potentially result in a change to the timing of revenue from sales of QRIDA's services such that some revenue may need to be deferred to a later reporting period to the extent that QRIDA has received cash but has not met its associated performance obligations (such amounts would be reported as a liability in the meantime). QRIDA is yet to complete its analysis of existing arrangements for sale of its services and the impact, if any, on revenue recognition has not yet been determined.

AASB 16 Leases

This standard will first apply to QRIDA from its financial statements for 2019-20. When applied, the standard supersedes AASB 117 *Leases*, AASB *Interpretation 4 Determining whether an Arrangement contains a Lease*, AASB *Interpretation 115 Operating Leases – Incentives* and AASB *Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Impact for Lessees

Under AASB 16, QRIDA's operating leases (as defined by the current AASB 117) are required to be assessed to determine whether they are reported on the statement of financial position as right-of-use assets and lease liabilities.

The right-of-use asset will be initially recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the effective date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The right-of-use asset will give rise to a depreciation expense.

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease rental payments will no longer be expensed in the statement of comprehensive income. They will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will also be recognised as an expense.

AASB 16 allows a 'cumulative approach' rather than full retrospective application to recognising existing operating leases. In accordance with Queensland Treasury's policy, QRIDA will apply the 'cumulative approach', and will not need to restate comparative information. Instead, the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of accumulated surplus (or other component of equity, as appropriate) at the date of initial application.

Outcome of review as lessee

QRIDA has started its preliminary review of the impact of adoption of AASB 16 on the statement of financial position and statement of comprehensive income and has identified the following major impacts which are outlined below.

During the 2018-19 financial year, QRIDA held operating leases under AASB 117 from the Department of Housing and Public Works (DHPW) for non-specialised, commercial office accommodation through the Queensland Government Accommodation Office (QGAO). Lease payments under these arrangements totalled \$638,316 p.a. QRIDA has been advised by Queensland Treasury and DHPW that, effective from 1 July 2019, amendments to the framework agreements that govern QGAO will result in the above arrangements being exempt from lease accounting under AASB 16. This is due to DHPW having substantive substitution rights over the non-specialised, commercial office accommodation and residential premises assets used within these arrangements. This would suggest that from 2019-20 onwards, costs for these services could be expensed as supplies and services expense when incurred. QRIDA is yet to complete its analysis of these arrangements.

Queensland Rural and Industry Development Authority

Notes to the Financial Statements

for the year ended 30 June 2019

Note 20: Future impact of accounting standards not yet effective (continued)

QRIDA has also been advised by Queensland Treasury and DHPW that, effective from 1 July 2019, motor vehicles provided under DHPW's QFleet program will be exempt from lease accounting under AASB 16. This is due to DHPW holding substantive substitution rights for vehicles provided under the scheme. From 2019-20 onward, costs for these services will continue to be expensed as supplies and services expense when incurred. Existing QFleet leases were not previously included as part of non-cancellable operating lease commitments.

During the 2018-19 financial year, QRIDA held operating leases under AASB 117 for office accommodation to QRIDA's regional employees through shared accommodation agreement with Department of Agriculture and Fisheries (DAF). Lease payments under these arrangements totalled \$124,517 p.a. Effective from 1 July 2019, such shared accommodation agreement with DAF will be exempted from lease accounting under AASB 16. This is due to DAF having substantive substitution rights over the shared office accommodation within the arrangement. From 2019-20 onwards, costs for these services will continue to be expensed as supplies and services expense when incurred.

QRIDA have not identified any other leases which will be qualified as lease accounting under AASB 16.

All other Australian accounting standards and interpretations with future effective dates are either not applicable to QRIDA's activities or have no material impact on QRIDA.

Queensland Rural and Industry Development Authority

Notes to the Financial Statements

for the year ended 30 June 2019



Section 5 - Notes about our performance compared to budget

Note 21: Budgetary reporting disclosures

This section discloses QRIDA's original published budgeted figures for 2018-19 compared to actual results, with explanations of major variances, in respect of QRIDA's Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flows.

Overall Comments

As a specialist administrator of financial assistance programs on behalf of various government agencies, QRIDA often is required to deliver new programs that are announced after QRIDA's annual budget has been finalised. This can have a significant impact on QRIDA's financial results.

Explanation of major variances - Statement of Comprehensive Income

Grants	The increase of \$147.24 million is mainly due to grants from the North and Far North Queensland Monsoon 25 January - 14 February 2019 event of \$85 million, the North Queensland Restocking, Replanting and On-farm Infrastructure Grant Scheme of \$50 million, Bus Driver Safety Rebate Scheme of \$5.47 million and Rural Economic Development Grants of \$3.18 million which were initiated after the 2018-19 budget was finalised.
Fees	The increase of \$4.42 million is largely due to higher than anticipated fee for service revenue from administration of Commonwealth Concessional Loan programs being recognised from unearned revenue. During 2018-19 a review of the Fees received in advance was undertaken. The impact for 2018-19 was an increase to Fee revenue recognised of \$6,245,234.
Employee expenses	The decrease of \$2.09 million is mainly due to the number of staff required to administer the Affordable Energy Plan being less than anticipated.
Supplies and services	The decrease of \$0.90 million is largely due to planned administration projects costing less than planned.
Grants and subsidies	The increase of \$72.26 million is mainly due to grants paid for the North and Far North Queensland Monsoon 25 January - 14 February 2019 event of \$78.05 million which initiated after the 2018-19 budget was finalised offset by lower grants paid for Affordable Energy Plan schemes.
Loss on loans issued at greater than fair value	The decrease of \$9.87 million is largely due to lower than expected fair value adjustment on new lending as a result of lower take up of Primary Industry Productivity Enhancement Scheme (PIPES) and Interest Free Loans for Solar and Storage (IFLSS)
Impairment loss	The decrease of \$1.02 million is due to a lower than expected bad debt write-offs for loans.
Finance/borrowing costs	The decrease of \$3.61 million is mainly due to lower than expected borrowings on PIPES loans and IFLSS loans associated with reduced interest rates on borrowings.

Explanation of major variances - Statement of Financial Position

Cash and cash equivalents	The increase of \$90.91 million is largely due to the program funding being held for the delivery of the North Queensland Restocking, Replanting and On-farm Infrastructure Grant Scheme of \$50 million, the North and Far North Queensland Monsoon 25 January - 14 February 2019 event of \$6.95 million and the Affordable Energy Plan \$31.26 million and Bus Driver Safety Scheme of \$5.56 million.
Loans and advances - Current	The decrease of \$38.59 million is a result of the early repayment from Commonwealth Concessional Loans and PIPES loans.
Receivables	The increase of \$0.98 million is mainly due to the accrued fee for service revenue for the programs which initiated after the 2018-19 budget was finalised.
Payables – Current	The increase of \$0.64 million is mainly due to the accrued expenses for contractors as at 30 June 2019 being higher than expected.
Unearned Revenue – Current	The increase of \$0.69 million is due to the transfer of Unearned Revenue on IFLSS from the non current liability to current liability as the program has been extended and will now be delivered within the next 12 months.
Interest-bearing borrowings – Non current	The decrease of \$54.19 million is due to lower than expected borrowings for PIPES of \$46.72 million and IFLSS of \$15.16 million due to the take up of the schemes being less than anticipated.
Unearned Revenue	The decrease of \$3.27 million is mainly due to Unearned Revenue being recognised as revenue for Commonwealth Concessional Loans programs in 2018-19. During 2018-19 a review of the Fees received in advance was undertaken. The impact for 2018-19 was a decrease to Unearned Revenue \$6,245,234.
Provisions	The decrease of \$7.80 million is due to the provision for finance costs and bad debt expenses for IFLSS having been recognised as grant revenue in 2017-18. The conclusion on appropriate accounting treatment was made after the 2018-19 budget was finalised.

Queensland Rural and Industry Development Authority

Notes to the Financial Statements

for the year ended 30 June 2019

Note 21: Budgetary reporting disclosures (continued)

Explanation of major variances - Statement of Cash Flows

Grants	The increase of \$147.27 million is mainly due to grants from the North and Far North Queensland Monsoon 25 January - 14 February 2019 event of \$85 million, the North Queensland Restocking, Replanting and On-farm Infrastructure Grant Scheme of \$50 million, Bus Driver Safety Rebate Scheme of \$5.47 million and Rural Economic Development Grants of \$3.18 million which were initiated after the 2018-19 budget was finalised.
GST collected from customers	The increase of \$8.94 million is mainly due to the GST on grants received for DRFA which was initiated after the 2018-19 budget was finalised.
Employee expenses	The decrease of \$2.28 million is mainly due to the number of staff required to administer the Affordable Energy Plan being less than anticipated.
Supplies and services	The decrease of \$1.36 million is largely due to planned administration projects costing less than planned.
Grants and subsidies	The increase of \$72.26 million is mainly due to grants paid for the North and Far North Queensland Monsoon 25 January - 14 February 2019 event of \$78.05 million which initiated after the 2018-19 budget was finalised offset by lower grants paid for Affordable Energy Plan schemes.
Finance/borrowing costs	The decrease of \$1.62 million is mainly due to lower than expected borrowings on PIPES loans and IFLSS loans associated with reduced interest rates on borrowings.
GST remitted to ATO	The increase of \$8.81 million is mainly due to the GST on grants received for DRFA which was initiated after the 2018-19 budget was finalised.
Payments for intangible assets	The increase of \$0.67 million is due to the delivery of RAPID4 - loans and grants software system and Fast Grants - online grants portal were extended to 2018-19. The projects were expected to be completed in 2017-18 when the 2018-19 budget was finalised.
Loans and advances made	The decrease of \$56.05 million is mainly due to lower than anticipated take up of the loans on PIPES of \$36.42 million and IFLSS of \$18.93 million.
Interest-bearing and non-interest bearing borrowings	The decrease of \$44.14 million is mainly due to lower than expected new borrowings to fund loans on PIPES of \$25.18 million, IFLSS of \$16.04 million and NDRRA and DRFA of \$2.92 million.
Interest-bearing and non-interest-bearing borrowing redemptions	The increase of \$13.39 million is mainly due to higher than budgeted borrowing redemption on PIPES.

Queensland Rural and Industry Development Authority

Notes to the Financial Statements

for the year ended 30 June 2019



Section 6 - Other information

Note 22: Key management personnel (KMP) disclosures

22.1 Details of Key Management Personnel

As from 2018-19, the responsible Minister is identified as part of QRIDA's KMP, consistent with additional guidance included in the revised version of AASB 124 *Related Party Disclosures*. That Minister is The Honourable Mark Furner MP, Minister for Agricultural Industry Development and Fisheries (12 December 2017 – present).

The following details for non-Ministerial KMP include those positions that had authority and responsibility for planning, directing and controlling the activities of QRIDA during 2018-19 and 2017-18.

Position	Position Responsibility
Chief Executive Officer	Responsible for leading and managing the affairs of QRIDA including strategically positioning QRIDA to achieve organisational and financial goals and implement Board policy.
General Manager, Program Strategy and Delivery	Delivers financial assistance programs that foster the development of the rural and regional sector that supports the Queensland economy. Delivers programs in response to emergencies and natural disasters and fosters strong relationships with community and industry.
General Manager, Corporate Capability and Programs	Develops and manages QRIDA's systems, infrastructure and policies in the areas of finance, human resources and information services, facilitates planning, performance improvement and debt services including Farm Business Debt Mediation, and the Farm Debt Restructure Office.
Director, Business Development and Engagement	Develops and implements business development strategies, leads the scoping and planning for new programs, delivers strategic communications, and manages client and stakeholder partnerships.

22.2 KMP remuneration policies

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. QRIDA does not bear any cost of remuneration of Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements as from 2018-19, which are published as part of Queensland Treasury's Report on State Finances.

Remuneration policy for QRIDA's other key management personnel is set by QRIDA's Board of Directors as provided under the *Rural and Regional Adjustment Act 1994* (Qld).

Remuneration expenses for non-Ministerial KMP 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 KMP position; and
 - non-monetary benefits – consisting of provision of a vehicle together with fringe benefits tax applicable to the benefit.
- Performance bonuses are not paid under the contracts in place.
- Long-term employee benefits include amounts expensed in respect of long service leave entitlements earned.
- 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 for notice periods or payment in lieu of notice on termination, plus other aspects of termination benefits as required in various circumstances.

Queensland Rural and Industry Development Authority

Notes to the Financial Statements

for the year ended 30 June 2019

Note 22: Key management personnel (KMP) disclosures (continued)

The following disclosures focus on the expenses incurred by QRIDA attributable to non-Ministerial KMP during the respective reporting periods. The amounts disclosed are determined on the same basis as expenses recognised in the Statement of Comprehensive Income.

1 July 2018 - 30 June 2019

Position	Short Term Employee Benefits		Long Term Employee Benefits	Post-Employment Benefits	Termination Benefits	Total Expenses
	Monetary Expenses	Non-Monetary Benefits				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Chief Executive Officer	270	30	7	25	-	332
General Manager, Program Strategy and Delivery	179	25	5	19	-	229
General Manager, Corporate Capability and Programs	155	23	4	19	-	202
Director, Business Development and Engagement	137	21	4	18	-	180

1 July 2017 - 30 June 2018

Position	Short Term Employee Benefits		Long Term Employee Benefits	Post-Employment Benefits	Termination Benefits	Total Expenses
	Monetary Expenses	Non-Monetary Benefits				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Chief Executive Officer	266	30	8	25	-	328
General Manager, Program Strategy and Delivery	154	16	4	22	-	196
General Manager, Corporate Strategy and Programs	165	20	5	19	-	209
Director, Business Development and Engagement	151	21	4	18	-	194

Queensland Rural and Industry Development Authority

Notes to the Financial Statements

for the year ended 30 June 2019



Note 23: Board members' fees

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

	2019 \$'000	2018 \$'000
Board members' remuneration	85	109
Number of Board members receiving remuneration in the following ranges		
\$1 to \$9,999	1	-
\$10,000 to \$19,999	4	4
\$20,000 to \$29,999	1	-
\$50,000 to \$59,999	-	1

The Board members of QRIDA who have served at any point in the financial year are:

Name	Date of joining	Date of leaving	Additional information
John Corbett	18/4/2019	Current	Chair of the Board, Chair of the Remuneration Committee, and Chair of the Debt Management Committee
Wayne Carlson	3/12/2009	2/12/2018	Chair of the Board, Chair of the Remuneration Committee, and Chair of the Debt Management Committee
Dugald Warby	3/6/2014	Current	Chair of the Audit and Risk Management Committee
Elton Miller	03/12/2015	Current	Representative of the Department of Agriculture and Fisheries
Belinda Turner	18/4/2019	Current	Reappointed for new term
Belinda Turner	3/12/2015	2/12/2018	
Leith Bouilly	3/6/2017	Current	
Zoe Kenneally	3/6/2017	Current	
Alison Rayner	31/5/2018	Current	Representative of Queensland Treasury

Note 24: Related party transactions

Transactions with other Queensland Government-controlled entities

QRIDA's primary ongoing sources of funding from Government for its services are appropriation revenue which is provided in cash via the Department of Agriculture and Fisheries. The revenue received was \$12,486,000 (\$12,310,000 for 2017-18).

QRIDA has borrowings of \$110,977,786 (\$85,755,633 for 2017-18) from QTC and **Note 13** outlines the key terms and conditions of those borrowings.

QRIDA receives car leasing services from QFleet, a commercialised business unit owned by Government. The lease expenses were \$220,375 (\$217,505 for 2017-18).

QRIDA provided services to deliver NDRRA and DRFA for the Queensland Government. The fees charged in 2018-19 were \$889,579 (\$512,117 for 2017-18).

QRIDA provided services to deliver the Affordable Energy Plan Schemes for the Department of Natural Resources, Mines and Energy. The fees charged in 2018-19 were \$2,217,250 (\$361,831 for 2017-18).

Queensland Rural and Industry Development Authority

Notes to the Financial Statements

for the year ended 30 June 2019

Note 25: First year application of new Accounting Standards or change in Accounting Policy

Changes in Accounting Policies – AASB 9 Financial Instruments

QRIDA applied AASB 9 Financial Instruments for the first time in 2018-19. Comparative information for 2017-18 has not been restated and continue to be reported under AASB 139 *Financial Instruments: Recognition and Measurement*. The nature and effect of the changes as a result of adoption of this new accounting standard are described below.

Classification and Measurement

Under AASB 9, debt instruments are categorised into one of three measurement bases – amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification is based on two criteria:

- whether the financial asset's contractual cash flows represent 'solely payments of principal and interest', and
- the agency's business model for managing the assets.

QRIDA's debt instruments are comprised of loans and advances disclosed in **Note 11**. They were classified as loans and advances as at 30 June 2018 (under AASB 139) and were measured at amortised cost. These receivables are held for collection of contractual cash flows that are solely payments of principal and interest. As such, they continue to be measured at amortised cost beginning 1 July 2018.

AASB 139 Measurement Category	Balances at 30 June 2018 \$'000	AASB 9 Measurement Category (Balances at 1 July 2018)		
		Amortised Cost \$'000	Fair Value through OCI \$'000	Fair Value through profit or loss \$'000
Loans and advances *	501,552	501,434	-	-
Receivables	783	783	-	-
Total	502,335	502,217	-	-

* The change in carrying amount is due to additional impairment allowance – see discussion on impairment below.

Receivables are measured at amortised cost which approximates their fair value at reporting date. Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is required within 30 days from invoice date. Other debtors generally arise from transactions outside the usual operating activities of the agency and are recognised at their assessed values. No interest is charged and no security is obtained.

Impairment - Loans and Advances

AASB 9 requires the loss allowance to be measured using a forward-looking expected credit loss approach, replacing AASB 139's incurred loss approach. AASB 9 also requires a loss allowance to be recognised for all debt instruments other than those held at fair value through profit or loss.

On adoption of AASB 9's new impairment model, QRIDA recognised additional impairment losses of \$118,320 on its loans and advances. This resulted in a decrease in opening accumulated surplus of \$118,320.

Impairment - Receivables

Receivables from Queensland Government Departments, NSW Government controlled entity and Commonwealth Departments are expected to have an insignificant, and therefore immaterial, level of credit risk exposure due to the high credit rating of the entities.

QRIDA also has trade receivables from an Australian Public Company with a Standard & Poor's Global rating of BBB+. These receivables are deemed to have an insignificant, and therefore immaterial level, of credit risk exposure due to the high credit rating of the entity and relative low dollar value of the receivables.

Below is a reconciliation of the ending impairment allowance under AASB 139 to the opening loss allowance under AASB 9.

AASB 139 Measurement Category	AASB 9 Measurement Category	Impairment Allowance 30 June 2018 \$'000	Remeasurement \$'000	Loss Allowance 1 July 2018 \$'000
Loans and advances	Amortised Cost	1,535	118	1,653
Total		1,535	118	1,653

Queensland Rural and Industry Development Authority

Notes to the Financial Statements

for the year ended 30 June 2019



Note 25: First year application of new Accounting Standards or change in Accounting Policy (continued)

Accounting Standards Early Adopted

No Australian Accounting Standards have been early adopted for 2018-19.

Accounting Standards Applied for the First Time

Other than AASB 9 *Financial Instruments*, which is detailed above, no accounting standards that apply to QRIDA for the first time in 2018-19 have any material impact on the financial statements.

Note 26: Taxation

QRIDA is a State body as defined under the *Income Tax Assessment Act 1936* (C'wealth) and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). GST credits receivable from, and GST payable to the ATO are recognised within payables and receivables.

Note 27: Transactions and balances where QRIDA is an agent

QRIDA acts as an agent in its management of certain funds on behalf of a number of government agencies. As QRIDA performs only a custodial role in respect of these transactions and balances, they are not recognised in QRIDA's financial statements but are disclosed in these notes for the information of users. This is explained further in **Note 13** under the heading "Additional Disclosures". Revenue relating to fees received by QRIDA for providing agency services are included in Fees in **Note 4**.

Revenue received by QRIDA on behalf of Principals

	2019 \$'000	2018 \$'000
Revenues		
Interest earned on loans and advances	3,499	2,879
Interest earned on cash and investments	237	1,335
Total	3,736	4,214

Assets held by QRIDA on behalf of Principals

	2019 \$'000	2018 \$'000
Current assets		
Cash and cash equivalents	245	47,172
Non-current assets		
Loans and advances	115,393	109,032
Total	115,638	156,204

Queensland Rural and Industry Development Authority Management Certificate

for the year ended 30 June 2019

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (Qld) (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 financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of QRIDA for the financial year ended 30 June 2019 and of the financial position of QRIDA at the end of that year; and

We acknowledge responsibility under s.8 and s.15 of the *Financial and Performance Management Standard 2009* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.

ORIGINAL SIGNED

J CORBETT

Chair

ORIGINAL SIGNED

D WARBY

Chair – Audit and Risk Management Committee

ORIGINAL SIGNED

C MACMILLAN

Chief Executive Officer

ORIGINAL SIGNED

P WYLLIE

Chief Financial Officer

Dated: 20 August 2019

INDEPENDENT AUDITOR'S REPORT

To the Board of the Queensland Rural and Industry Development Authority

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Queensland Rural and Industry Development Authority.

In my opinion, the financial report:

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

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

Basis for opinion

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

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

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

Responsibilities of the entity for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

Report on other legal and regulatory requirements

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

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



Melissa Fletcher
as delegate of the Auditor-General

23 August 2019

Queensland Audit Office
Brisbane

Glossary

A & RM Committee	Audit and Risk Management Committee. This committee consists of three directors who undertake independent reviews to improve QRIDA's operations and outputs.
BICL	Business Improvement Concessional Loans. QRIDA administered these loans for Queensland and the Northern Territory under the Farm Business Concessional Loans Scheme. The Australian Government funded this scheme. Applications have now closed and QRIDA continues to manage clients in the Queensland and the Northern Territory with these loans for the life of the agreement.
BLT	Business Leadership Team.
Board of Directors	A Board of Directors, which is formally accountable to the Minister for Agricultural Industry Development and Fisheries, governs QRIDA.
Code of Conduct	The Code of Conduct supports the QRIDA Board of Directors and staff to act with integrity and objectivity and to maintain high standards of ethical behaviour in the execution of their duties.
DACL	Drought Assistance Concessional Loans. QRIDA administered these loans for Queensland and the Northern Territory under the Farm Business Concessional Loans. The Australian Government funded this scheme. Applications have now closed and QRIDA continues to manage clients in Queensland and the Northern Territory with these loans for the life of the agreement.
DCLS	The Drought Concessional Loans Scheme was previously delivered in Queensland and the Northern Territory and was Australian Government funded. This scheme is no longer open to applications. However, QRIDA continues to manage clients with these loans for the life of the agreement.
DRCLS	The Drought Recovery Concessional Loans Scheme was previously delivered in Queensland and was Australian Government funded. This scheme is no longer open to applications. However, QRIDA continues to manage clients with these loans for the life of the agreement.
DRFA	Disaster Recovery Funding Arrangements. These arrangements came into place on 1 November 2018 and replace the previous Natural Disaster Relief and Recovery Arrangements (NDRRA). DRFA continues the joint Commonwealth/State government funding initiative, providing financial assistance to help communities recover from eligible disasters. QRIDA administers loan and grant assistance activated under these arrangements to support disaster affected primary producers, businesses and non-profit organisations.
ELT	Executive Leadership Team. An oversight group consisting of the Chief Executive Officer, General Manager of Program and Strategy Delivery, General Manager of Corporate Capability and Programs and the Director of Business Development and Engagement.
FFCLS	Farm Finance Concessional Loans Scheme was previously delivered in Queensland and the Northern Territory and was Australian Government funded. This scheme is no longer open to applications. However, QRIDA continues to manage clients with these loans for the life of the agreement.
FBCL	The Farm Business Concessional Loans Scheme encompass both Drought Assistance Concessional Loans (DACL), and Business Improvement Concessional Loans (BICL). This scheme is no longer open to applications. QRIDA continues to manage clients in Queensland and the Northern Territory with these loans for the life of the agreement. The Australian Government funded this scheme.
FBDM	Farm Business Debt Mediation is a mandatory process introduced to provide an efficient and equitable way for farmers and mortgagees to attempt to resolve matters relating to farm business debts.
FDRO	The Farm Debt Restructure Office offers Farm Business Analysis Assistance to primary producers experiencing financial distress. The Assistance provides the primary producer with independent expert financial information and analysis of their farm business.
FMG	Farm Management Grants are a part of the Queensland Government's Rural Assistance Package. Farm Management Grants assist eligible Queensland primary producers, or their relatives offset the costs of professional advice associated with succession planning.
IFLSS	Interest Free Loans for Solar and Storage is funded under the Queensland Government's Affordable Energy Plan.
NDRRA	Natural Disaster Relief and Recovery Arrangements. NDRRA was a joint Queensland and Australian Government funded program. On 1 November 2018, the Disaster Recovery Funding Arrangements (DRFA) replaced NDRRA.



NQLIRA	North Queensland Livestock Industry Recovery Agency. Prime Minister Scott Morrison announced NQLIRA on 1 March 2019 to assist with the immediate response, recovery and reconstruction efforts in support of North, Far North and Western Queensland communities affected during heavy rainfall and wide-spread flooding in early 2019. NQLIRA engaged QRIDA to develop and administer their \$300 million Restocking, Replanting and On-Farm Infrastructure Grant Scheme which provided co-contribution grants of up to \$400,000 for primary producers.
PIPES	The Queensland Government's Primary Industry Productivity Enhancement Scheme. This scheme is comprised of the First Start and Sustainability Loan programs.
Productivity Loans	First Start and Sustainability Loans are offered under the Queensland Government's Primary Industry Productivity Enhancement Scheme.
Program owner	Government agency/departmental representative which has engaged QRIDA to deliver specialist services on its behalf.
Queensland Rural and Industry Development Authority (QRIDA)	A statutory authority of the Queensland Government established under the <i>Rural and Regional Adjustment Act 1994</i> (Qld).

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/s	ARRs – section 7	1
Accessibility	Table of contents	ARRs – section 9.1	3
	Glossary		62
	Public availability	ARRs – section 9.2	1
	Interpreter service statement	<i>Queensland Government Language Services Policy</i> ARRs – section 9.3	1
	Copyright notice	<i>Copyright Act 1968</i> ARRs-section 9.4	1
	Information Licensing	<i>QGEA-Information Licensing</i> ARRs-section 9.5	NA
General information	Introductory Information	ARRs – section 10.1	4-6
	Machinery of Government changes	ARRs – section 10.2, 31 and 32	NA
	Agency role and main functions	ARRs – section 10.2	6
	Operating environment	ARRs – section 10.3	6
Non-financial performance	Government’s objectives for the community	ARRs – section 11.1	7
	Other whole-of-government plans / specific initiatives	ARRs – section 11.2	NA
	Agency objectives and performance indicators	ARRs – section 11.3	22-23
	Agency service areas and service standards	ARRs – section 11.4	16-21
Financial performance	Summary of financial performance	ARRs – section 12.1	24-57
Governance – management and structure	Organisational structure	ARRs – section 13.1	8
	Executive management	ARRs – section 13.2	10
	Government bodies (statutory bodies and other entities)	ARRs – section 13.3	10
	<i>Public Sector Ethics Act 1994</i>	<i>Public Sector Ethics Act 1994</i> ARRs- section 13.4	10-11
	Queensland public service values	ARRs – section 13.5	NA
Governance – risk management and accountability	Risk management	ARRs – section 14.1	11
	Audit committee	ARRs – section 14.2	10
	Internal audit	ARRs – section 14.3	11
	External scrutiny	ARRs – section 14.4	11
	Information systems and recordkeeping	ARRs – section 14.5	12
Governance – human resources	Strategic workforce planning and performance	ARRs – section 15.1	15
	Early retirement, redundancy and retrenchment	Directive No.04/18 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 15.2	14



Summary of requirement (continued)		Basis for requirement	Annual Report reference
Open data	Statement advising publication of information	ARRs - section 16	12
	Consultancies	ARRs - section 33.1	NA
	Overseas travel	ARRs - section 33.2	NA
	Queensland Language Services Policies	ARRs - section 33.3	NA
Financial statements	Certification of financial statements	FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 17.1	58
	Independent Auditor’s Report	FAA – section 62 FPMS – section 50 ARRs – section 17.2	59-61

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2009*

ARRs *Annual report requirements for Queensland Government agencies*

