

# Queensland Rural and Industry Development Authority

## Financial Statements

for the financial year ended 30 June 2021

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For information in relation to QRIDA's financial statements, please email [contact\\_us@qrda.qld.gov.au](mailto:contact_us@qrda.qld.gov.au) or visit [qrda.qld.gov.au](http://qrda.qld.gov.au).

# Queensland Rural and Industry Development Authority

## Statement of Comprehensive Income

for the year ended 30 June 2021



	Notes	2021 Actual \$'000	2021 Original Budget \$'000	Budget Variance* \$'000	2020 Actual \$'000
<b>Income from Continuing Operations</b>					
Grants and other contributions	3	181,629	344,126	(162,497)	148,587
Fees	4	9,691	9,893	(202)	10,115
Interest	5	92,548	81,426	11,122	43,203
Other revenue		8	-	8	17
<b>Total Revenue</b>		<b>283,876</b>	<b>435,445</b>	<b>(151,569)</b>	<b>201,922</b>
Gain on borrowings received at greater than fair value	14.1	205	908	(703)	981
Gain on reversal of impairment loss	12.2	9,184	-	9,184	-
Gain on disposal of property, plant and equipment		-	-	-	2
<b>Total Income from Continuing Operations</b>		<b>293,265</b>	<b>436,353</b>	<b>(143,088)</b>	<b>202,905</b>
<b>Expenses from Continuing Operations</b>					
Employee expenses	6	17,649	18,123	(474)	16,256
Supplies and services	7	6,436	8,394	(1,958)	10,993
Grants and subsidies	8	154,558	348,598	(194,040)	98,270
Depreciation and amortisation		332	313	19	334
Loss on loans and loan commitments issued at greater than fair value	12.4 & 12.5	22,776	23,782	(1,006)	231,608
Impairment losses	12.2	-	493	(493)	103,836
Finance/borrowing costs	9	5,618	5,256	362	7,100
Other Expenses	10	15,758	12,542	3,216	11,724
<b>Total Expenses from Continuing Operations</b>		<b>223,127</b>	<b>417,501</b>	<b>(194,374)</b>	<b>480,121</b>
<b>Operating Result from Continuing Operations</b>		<b>70,138</b>	<b>18,852</b>	<b>51,286</b>	<b>(277,216)</b>
<b>Operating Result for the Year</b>		<b>70,138</b>	<b>18,852</b>	<b>51,286</b>	<b>(277,216)</b>
<b>Total Comprehensive Income</b>		<b>70,138</b>	<b>18,852</b>	<b>51,286</b>	<b>(277,216)</b>

The accompanying notes form part of these statements.

\*An explanation of major variances is included at Note 22

# Queensland Rural and Industry Development Authority

## Statement of Financial Position

as at 30 June 2021

	Notes	2021 Actual \$'000	2021 Original Budget \$'000	Budget Variance * \$'000	2020 Actual \$'000
<b>Current Assets</b>					
Cash and cash equivalents	11	275,404	195,769	79,635	251,512
Loans and advances	12	59,356	62,640	(3,284)	84,181
Receivables		499	6,824	(6,325)	6,824
<b>Total Current Assets</b>		<b>335,259</b>	<b>265,233</b>	<b>70,026</b>	<b>342,517</b>
<b>Non-Current Assets</b>					
Loans and advances	12	1,108,283	1,224,170	(115,887)	1,073,405
Property, plant and equipment		139	130	9	229
Intangible assets		1,606	1,429	177	1,643
<b>Total Non-Current Assets</b>		<b>1,110,028</b>	<b>1,225,729</b>	<b>(115,701)</b>	<b>1,075,277</b>
<b>Total Assets</b>		<b>1,445,287</b>	<b>1,490,962</b>	<b>(45,675)</b>	<b>1,417,794</b>
<b>Current Liabilities</b>					
Trade and other payables		406	1,821	(1,415)	1,819
Loan commitments	12.5	5,012	13,722	(8,710)	13,722
Interest-bearing borrowings	13	25,755	42,942	(17,187)	60,626
Non-interest-bearing borrowings	14	5,049	5,298	(249)	4,960
Accrued employee benefits		3,672	3,678	(6)	3,614
<b>Total Current Liabilities</b>		<b>39,894</b>	<b>67,461</b>	<b>(27,567)</b>	<b>84,740</b>
<b>Non-Current Liabilities</b>					
Interest-bearing borrowings	13	183,810	215,383	(31,573)	193,605
Non-interest-bearing borrowings	14	10,776	18,332	(7,556)	17,118
Accrued employee benefits		259	151	108	148
<b>Total Non-current Liabilities</b>		<b>194,845</b>	<b>233,866</b>	<b>(39,021)</b>	<b>210,871</b>
<b>Total Liabilities</b>		<b>234,739</b>	<b>301,327</b>	<b>(66,588)</b>	<b>295,611</b>
<b>Net Assets</b>		<b>1,210,548</b>	<b>1,189,635</b>	<b>20,913</b>	<b>1,122,183</b>
<b>Equity</b>					
Contributed equity		1,105,879	1,083,252	22,627	1,087,652
Accumulated surplus		104,669	106,383	(1,714)	34,531
<b>Total Equity</b>		<b>1,210,548</b>	<b>1,189,635</b>	<b>20,913</b>	<b>1,122,183</b>

The accompanying notes form part of these statements.

# Queensland Rural and Industry Development Authority

## Statement of Changes in Equity

for the year ended 30 June 2021



	Accumulated Surplus	Contributed Equity	Total
	\$'000	\$'000	\$'000
<b>Balance as at 1 July 2019</b>	311,747	137,652	449,399
Operating result for the year	(277,216)	-	(277,216)
<b>Total comprehensive income for the year</b>	(277,216)	-	(277,216)
<b>Transactions with owners as owners:</b>			
Non-appropriated equity injection	-	950,000	950,000
<b>Balance as at 30 June 2020</b>	<b>34,531</b>	<b>1,087,652</b>	<b>1,122,183</b>
Operating result for the year	70,138	-	70,138
<b>Total comprehensive income for the year</b>	<b>70,138</b>	-	<b>70,138</b>
<b>Transactions with owners as owners:</b>			
Non-appropriated equity injection (Note 15)	-	50,000	50,000
Distributions to owners	-	(31,773)	(31,773)
<b>Balance as at 30 June 2021</b>	<b>104,669</b>	<b>1,105,879</b>	<b>1,210,548</b>

The accompanying notes form part of these statements.

# Queensland Rural and Industry Development Authority

## Statement of Cash Flows

for the year ended 30 June 2021

	Notes	2021 Actual \$'000	2021 Original Budget \$'000	Budget Variance* \$'000	2020 Actual \$'000
<b>Cash flows from operating activities</b>					
<i>Inflows:</i>					
Grants and other contributions		181,629	344,126	(162,497)	148,373
Fees		15,973	9,892	6,081	4,345
Interest received		18,460	23,207	(4,747)	23,052
GST input tax credits from ATO		253	-	253	292
GST collected from customers		1,265	-	1,265	5,364
Other		8	-	8	17
<i>Outflows:</i>					
Employee expenses		(17,479)	(18,057)	578	(15,407)
Supplies and services		(7,563)	(8,409)	846	(9,844)
Grants and subsidies		(154,558)	(348,598)	194,040	(98,270)
Finance/borrowing costs		(3,857)	(5,256)	1,399	(5,855)
Other expenses		(15,758)	(12,542)	(3,216)	(11,724)
GST paid to suppliers		(247)	-	(247)	(231)
GST remitted to ATO		(1,582)	-	(1,582)	(5,049)
<b>Net cash provided by operating activities</b>	CF-1	<b>16,544</b>	<b>(15,637)</b>	<b>32,181</b>	<b>35,063</b>
<b>Cash flows from investing activities</b>					
<i>Inflows:</i>					
Sales of property, plant and equipment		-	-	-	2
Loans and advances redeemed		201,421	87,881	113,540	120,349
<i>Outflows:</i>					
Payments for property, plant and equipment		(10)	-	(10)	(6)
Payments for intangible assets		(194)	-	(194)	-
Loans and advances made		(159,620)	(181,577)	21,957	(1,067,908)
<b>Net cash used in investing activities</b>		<b>41,597</b>	<b>(93,696)</b>	<b>135,293</b>	<b>(947,562)</b>
<b>Cash flows from financing activities</b>					
<i>Inflows:</i>					
Interest-bearing and non-interest-bearing borrowings	CF-2	4,738	47,993	(43,255)	71,963
Equity injection		50,000	50,000	-	950,000
<i>Outflows:</i>					
Interest-bearing and non-interest-bearing borrowing redemptions	CF-2	(57,214)	(43,003)	(14,211)	(68,501)
Equity withdrawals		(31,773)	(1,400)	(30,373)	-
<b>Net cash used in financing activities</b>		<b>(34,249)</b>	<b>53,590</b>	<b>(87,839)</b>	<b>953,462</b>
Net increase (decrease) in cash and cash equivalents		23,892	(55,743)	79,635	40,963
<b>Cash and cash equivalents at beginning of financial year</b>		<b>251,512</b>	<b>251,512</b>	<b>-</b>	<b>210,550</b>
<b>Cash and cash equivalents at end of financial year</b>	11	<b>275,404</b>	<b>195,769</b>	<b>79,635</b>	<b>251,512</b>

The accompanying notes form part of these statements.

# Queensland Rural and Industry Development Authority

## Statement of Cash Flows

for the year ended 30 June 2021



### Notes to the Statement of Cash Flows

#### CF-1 Reconciliation of operating result to net cash provided by operating activities

	2021 \$'000	2020 \$'000
Operating surplus/(deficit)	70,138	(277,216)
<i>Non-cash items included in operating result:</i>		
Depreciation and amortisation expense	332	334
Gain on disposal of plant and equipment	-	(2)
Impairment gains/losses	(9,184)	103,836
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in accrued interest income	(245)	704
(Increase)/decrease in unamortised discount on borrowings received at greater than fair value	1,780	771
(Increase)/decrease in GST input tax credits receivable	7	61
(Increase)/decrease in other receivables	6,319	(5,299)
Increase/(decrease) in accounts payable	(1,095)	673
Increase/(decrease) in interest payable	(223)	(507)
Increase/(decrease) in loan commitments	(8,710)	13,722
Increase/(decrease) in unamortised discount on loans issued at greater than fair value	(42,426)	196,821
Increase/(decrease) in accrued employee benefits	170	849
Increase/(decrease) in GST payable	(318)	315
<b>Net cash provided by operating activities</b>	<b>16,544</b>	<b>35,063</b>

#### CF-2 Changes in liabilities arising from financing activities

	Cash Flows			Non-cash Changes		Closing Balance 2021 \$'000
	Closing Balance 2020	Cash received	Cash repayments	Accrued interest & other transfer	Amortised cost changes	
	\$'000	\$'000	\$'000	\$'000	\$'000	
Interest-bearing borrowings	254,231	2,000	(52,254)	4,724	864	209,565
Non-interest-bearing borrowings	22,078	2,738	(4,960)	(4,947)	916	15,825
<b>Total</b>	<b>276,309</b>	<b>4,738</b>	<b>(57,214)</b>	<b>(223)</b>	<b>1,780</b>	<b>225,390</b>

	Cash Flows			Non-cash Changes		Closing Balance 2020 \$'000
	Closing Balance 2019	Cash received	Cash repayments	Accrued interest & other transfer	Amortised cost changes	
	\$'000	\$'000	\$'000	\$'000	\$'000	
Interest-bearing borrowings	254,778	60,400	(63,684)	2,117	620	254,231
Non-interest-bearing borrowings	17,805	11,563	(4,818)	(2,624)	152	22,078
<b>Total</b>	<b>272,583</b>	<b>71,963</b>	<b>(68,502)</b>	<b>(507)</b>	<b>772</b>	<b>276,309</b>

# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2021

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# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2021



### 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 39 of the *Financial and Performance Management Standard 2019*. The financial statements comply with Queensland Treasury's Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2020.

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 26**.

##### 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 2019-20 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 Chair of the Board of Directors, Chair of the Audit and Risk Management Committee, Chief Executive Officer and Chief Financial Officer 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 16** 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 2021

### Section 2 - Notes about our financial performance

#### Note 3: Grants and other contributions

	2021 \$'000	2020 \$'000
QRIDA Operational Funding	12,920	12,914
Grant Funding Administered		
Small Business COVID-19 Adaption Grant Program	114,209	-
COVID-19 Taxi and Limousine Industry Assistance Scheme	21,000	-
North Queensland Flood Schemes	17,000	60,000
COVID-19 International Tourism Adaption Grants Scheme	3,750	-
COVID-19 Marine Tourism Rebate Scheme	1,970	-
Disaster Recovery Funding Arrangements	-	55,000
Rural Economic Development Grants	3,283	3,183
Household Waste Payment Scheme	1,265	3,270
Farming in Reef Catchments Rebate Scheme	-	9,524
Wheelchair Accessible Taxi Grant Scheme	5,601	4,482
Other Schemes	631	-
Services received below fair value	-	214
<b>Total</b>	<b>181,629</b>	<b>148,587</b>

#### Accounting Policy

Where the grant agreement is enforceable and contains sufficiently specific performance obligations for QRIDA to transfer goods or services to a third-party on the grantor's behalf, the transaction is accounted for under AASB 15 *Revenue from Contracts with Customers*. In this case, revenue is initially deferred (as a contract liability) and recognised as or when the performance obligations are satisfied.

Otherwise, the grant is accounted for under AASB 1058 *Income of Not-for-Profit Entities*, whereby revenue is recognised upon receipt of the grant funding, except for special purpose capital grants received to construct non-financial assets to be controlled by QRIDA.

#### Disclosure – QRIDA Operational Funding

QRIDA receives operational funding from the Department of Agriculture and Fisheries (DAF) to cover the operational costs. QRIDA is not obligated to transfer any goods or services to DAF. The funding is recognised in its entirety as grant revenue upon receipt under AASB 1058 *Income of Not for Profit Entities*.

#### Disclosure – Grant Funding Administered

QRIDA has a number of grant arrangements with government agencies that relate to delivering financial assistance programs. QRIDA receives grant funding which is to cover grant payments to grant recipients and the costs of administration. Unspent funding less administration fees earned by QRIDA, will be returned to grantors after completion of the arrangements or upon grantor's request. As these arrangements do not contain sufficiently specific performance obligations, these grants are recognised upon receipt.

# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2021



### Note 3: Grants and other contributions (continued)

The following table represents the administered programs and their grantors:

Programs administered by QRIDA	Grantor
Farm Management Grant	Department of Agriculture and Fisheries
North Queensland Flood Schemes	Australian Government
Queensland Bus Driver Safety Scheme	Department of Transport and Main Roads
Disaster Recovery Funding Arrangements	Queensland Reconstruction Authority
Rural Economic Development Grants	Department of Agriculture and Fisheries
Household Waste Payment Scheme	Department of Environment and Science
Farming in Reef Catchments Rebate Scheme	Department of Environment and Science
Wheelchair Accessible Taxi Grant Scheme	Department of Transport and Main Roads
Small Business COVID-19 Adaption Grant Program	Department of Employment, Small Business and Training
COVID-19 International Tourism Adaption Grants Scheme	Department of State Development, Tourism and Innovation
COVID-19 Marine Tourism Rebate Scheme	Department of State Development, Tourism and Innovation
COVID-19 Taxi and Limousine Industry Assistance Scheme	Department of Transport and Main Roads

### Note 4: Fees

	2021 \$'000	2020 \$'000
Revenue from contracts with customers		
Sale of services	1,050	1,050
Other fees		
State Government	8,641	9,065
<b>Total</b>	<b>9,691</b>	<b>10,115</b>

#### Accounting policy – Revenue from contracts with customers

Revenue from contracts with customers is recognised when QRIDA transfers control over a service to the customer. QRIDA has contracted with a non-Government entity to provide loan application assessment services. The services are provided over several years and the customer simultaneously receives and consumes the benefits provided during that period. QRIDA invoices periodically for services provided during the period. Revenue is recognised when the performance obligation is satisfied. The adoption of AASB 15 *Revenue from Contracts with Customers* in 2019-20 did not change the timing of revenue recognition for this particular contract.

#### Accounting policy – Other fees

Other fee revenue is accounted for under AASB 1058 *Income of Not for Profit Entities* and recognised upfront when QRIDA first gains control of the asset (i.e. cash or receivable).

# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 5: Interest

	Note	2021 \$'000	2020 \$'000
Contractual interest on loans		17,098	18,413
Amortisation of discount on loans	12.4	73,912	21,065
Effective interest income on loans		91,010	39,478
Add: Interest earned on cash and investments		1,538	3,725
<b>Total</b>		<b>92,548</b>	<b>43,203</b>

### Accounting Policy

Interest revenue is recognised using the effective interest method.

**Interest on loans:** Interest revenue is calculated by applying the effective interest rate to the gross carrying amount of loans. Contractual interest is the interest earned based on the loan agreements. Amortisation of discount on loans is amortisation of the difference between fair value and book value of the loans when the loans are originated.

**Interest earned on cash and investments:** Interest revenue is from cash deposited with Queensland Treasury Corporation (QTC) and banks.

### Note 6: Employee expenses

	2021 \$'000	2020 \$'000
<b>Employee benefits</b>		
Wages and salaries	13,185	12,106
Annual leave expense	1,331	1,247
Employer superannuation contributions	1,727	1,514
Long service leave expense	259	324
Other employee benefits	164	155
<b>Employee related benefits</b>		
Workers' compensation premium	25	15
Payroll tax	816	738
Other employee related expenses	142	159
<b>Total</b>	<b>17,649</b>	<b>16,256</b>

	2021 No.	2020 No.
<b>Full-time equivalent employees</b>	149	168

### 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.

# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements



for the year ended 30 June 2021

### Note 6: Employee expenses (continued)

**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 *Employee Benefits* 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 0.03 per cent to 0.92 per cent (2020: 0.14 per cent to 0.44 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 2019 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 23**.

### Note 7: Supplies and services

	Note	2021 \$'000	2020 \$'000
Contractors		2,594	4,177
Computer expenses		1,222	1,648
Office accommodation		1,077	1,044
Advertising and promotion		199	377
Audit fees - Queensland Audit Office	7.1	152	73
Professional and legal expenses		227	101
Securities expenses		148	2,598
Motor vehicle and travel expenses		268	325
Lease expenses	7.2	20	19
Other		529	632
<b>Total</b>		<b>6,436</b>	<b>10,993</b>

#### 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.

# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 7: Supplies and services (continued)

**Office accommodation** – QRIDA is provided access to office accommodation by the Department of Energy and Public Works (DEPW), the Department of Resources (DR) and the Department of Agriculture and Fisheries (DAF) under government-wide frameworks. These arrangements are categorised as procurement of services rather than leases because DEPW, DR and DAF has substantive substitution rights over the assets. Payments are expensed as incurred and categorised within office accommodation line items.

**Motor vehicle expenses** – Motor vehicle expenses include motor vehicle lease expenses in the period in which they are incurred. QFLEET provides QRIDA with access to motor vehicles under government-wide frameworks. These arrangements are categorised as procurement of services rather than as leases because QFLEET has substantive substitution rights over the vehicles.

**Lease expenses** – Leases of low value assets which are not required (exempted) from being accounted for in accordance with AASB 16 *Leases*. The lease payments are recognised as expenses on actual amount basis over the lease term. An asset is considered low value where it is expected to cost less than \$10,000 when new. Refer to **Note 7.2** for breakdown of lease expenses and other lease disclosures.

#### 7.1 Audit Fees

Total audit fees quoted by the Queensland Audit Office relating to the 2020-21 financial statements are \$102,000 (2020: \$103,500).

#### 7.2 Lease Expenses

	2021 \$'000	2020 \$'000
Expenses relating to leases of low value assets	20	19
<b>Total cash out flow for leases</b>	<b>20</b>	<b>19</b>

### Note 8: Grants and subsidies

	2021 \$'000	2020 \$'000
Small Business COVID-19 Adaption Grant Program	99,773	-
COVID-19 Taxi and Limousine Industry Assistance Scheme	18,723	-
North Queensland Flood Schemes	18,917	32,397
Disaster Recovery Funding Arrangements	4,515	53,422
COVID-19 International Tourism Adaption Grants Scheme	2,388	-
COVID-19 Marine Tourism Rebate Scheme	1,831	-
Rural Economic Development Grants	3,223	2,458
Affordable Energy Plan	1,642	7,308
Vessel Tracking Rebate Scheme	77	271
Household Waste Payment Scheme	518	563
Queensland Bus Driver Safety Scheme	21	480
Wheelchair Accessible Taxi Grant Scheme	2,689	539
Farm Management Grant	-	759
Other Schemes	240	73
<b>Total</b>	<b>154,558</b>	<b>98,270</b>

#### Accounting Policy

A grant is a payment or contribution made to an organisation or person which is not to be repaid or reciprocated where the recipients meet specific criteria. Accordingly, grant payments are expensed when payments are made.

# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2021



### Note 9: Finance/borrowing costs

	Note	2021 \$'000	2020 \$'000
Contractual interest on borrowings		3,633	5,348
Amortisation of discount on borrowings	9.1	1,985	1,752
<b>Total effective interest on borrowings</b>		<b>5,618</b>	<b>7,100</b>

#### 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.

#### 9.1 Amortisation of discount on borrowings

	Note	2021 \$'000	2020 \$'000
<b>Amortisation of discount on interest-bearing borrowings</b>	13.1		
Effective interest		1,652	1,842
Other unwinding of discount		(786)	(1,223)
<b>Amortisation of discount on non-interest-bearing borrowings</b>	14.1		
Effective interest		763	877
Other unwinding of discount		356	255
<b>Total Amortisation of discount on borrowings</b>		<b>1,985</b>	<b>1,752</b>

### Note 10: Other expenses

	2021 \$'000	2020 \$'000
Unspent funding returned	15,758	11,724
<b>Total</b>	<b>15,758</b>	<b>11,724</b>

#### Disclosure – unspent funding returned

Where QRIDA administers programs on behalf of other government agencies, unspent program funding is returned to program owners when programs are completed or upon request from program owners. The expenses are recognised when the value of returned funding is agreed by QRIDA and the counter agency.

# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2021

### Section 3 - Notes about our financial position

#### Note 11: Cash and cash equivalents

	2021 \$'000	2020 \$'000
Cash at Bank	10,248	30,274
Queensland Treasury Corporation (QTC) - at call	265,156	221,238
<b>Total</b>	<b>275,404</b>	<b>251,512</b>

#### 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.

#### Note 12: Loans and advances

	2021 \$'000	2020 \$'000
Gross carrying amount	1,531,281	1,573,087
Less: Allowance for expected credit losses	(96,369)	(105,803)
Discount on loans issued at greater than fair value	(267,273)	(309,699)
	<b>1,167,639</b>	<b>1,157,585</b>
Current	59,356	84,181
Non-Current	1,108,283	1,073,405
<b>Total</b>	<b>1,167,639</b>	<b>1,157,585</b>

#### Accounting Policy

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 16.1**. The difference between the amount lent and the fair value is recognised as a charge for discounted loans in profit or loss, as detailed in **Note 12.4**.

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 16.1**.

#### 12.1 Impairment of Loans and Advances

QRIDA applies a three-stage approach to measuring the Expected Credit Losses (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.

# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2021



### Note 12: Loans and advances (continued)

Stage	Measurement Basis
<b>Stage 1 – Performing</b>	12-month ECL: the portion of lifetime ECL associated with the probability of default events occurring within the next 12 months.
<b>Stage 2 – Under-performing</b>	Lifetime ECL (Not impaired): ECL associated with the probability of default events occurring throughout the life of the loan.
<b>Stage 3 – Non-performing</b>	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 loans during or at the end of the financial year (2020: 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 four 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 Loan Schemes (CCLS)** – loans to primary producers to enhance production in Queensland;
- 3) Solar and Battery loans** – interest-free loans to Queensland households and small businesses to purchase solar systems and battery storage; and
- 4) COVID-19 Jobs Support Loans** – loans to businesses and non-profit organisations that have been financially impacted by the COVID-19 pandemic. This portfolio commenced origination in March 2020 with the bulk of available scheme funding of \$1,000 million advanced by 30 June 2020.

#### Assessment of Significant Increase in Credit Risk (SICR)

SICR is assessed by comparing the risk of default occurring over the expected life of the loan at reporting date to the corresponding risk of default at origination.

The criteria for assessing SICR 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 (for PIPES/CCLS and Disaster Recovery portfolios) and the change in credit scores from a credit reference bureau (for COVID-19 Jobs Support portfolio);
- 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 senior credit managers to individually identify credit impaired loans.

For the Solar and Battery loan portfolio, QRIDA applies a simplified SICR approach that differs from the description above. 30 DPD is used as a primary indicator of SICR for these exposures.

#### Definition of Default

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

A loan is considered to be in default (or credit impaired) at the earlier of:

- the loan is considered insolvent, with loan recovery entirely dependent on either voluntary or forced sale of all assets;
- an event of default as defined in the Facility Agreement occurs; or
- the loan becomes more than 300 DPD\*.

\* Note that the DPD threshold is more than 90 DPD for the Solar/Battery and COVID-19 Jobs Support Loan portfolios.

A collective Stage 3 provision is also assessed for the COVID-19 Jobs Support Loans when a loan is assigned a significantly high risk level by the external credit reference bureau.

#### 12.2 Calculation 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.

ECL is calculated as a product of the following credit risk factors:

**Probability of Default (PD):** an estimate of the likelihood of default over a given time horizon. 12-month 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. The amount includes the principal loan balance plus accrued interest.

**Effective Interest Rate (EIR):** the time value of money is accommodated by using a weighted average EIR for each segment in the ECL model.

Credit losses for loans in Stage 1 and Stage 2 are assessed for impairment collectively, whilst those in Stage 3 are subject to either collective or individual assessment of expected credit losses.



# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 12: Loans and advances (continued)

#### 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 the forecast of the gross value of beef production and sugar production.

For the COVID-19 Jobs Support Loans portfolio, forward-looking multipliers have been applied that have been calculated based on the forecasts of Gross Domestic Product (GDP), GDP deflator as well as the unemployment rate.

#### Solar/Battery Loan Segment

QRIDA determines the ECL as the higher of the weighted average ECL of the PIPES/CCLS and Disaster Recovery loan segments compared to the industry ECL benchmark percentage. This determination was made as a result of limited availability of historical arrears, default and loss data for this segment.

#### Significant Judgements and Estimates

In estimating collectively assessed ECL, judgements and assumptions are made in relation to:

- the selection of a modelling methodology for each loan segment; and
- the selection of inputs and variables for those models.

Key judgements and estimates include:

- Determining when a SICR has occurred. In measuring ECL, judgement is involved in setting the trigger points to determine whether there has been a SICR since initial recognition of a loan which would result in the loan moving from Stage 1 to Stage 2;
- Estimation of forward looking macroeconomic information;
- Probability weightings for each economic scenario. The assigned probability weightings for each macroeconomic scenario (base case/upside/downside) are subject to a high degree of uncertainty; and
- Model overlays. An overlay is incorporated where it is determined that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the loan segments. An overlay has been applied in the model which increases the ECL for the COVID-19 Jobs Support Loans.

#### Estimation Uncertainty – ECL Allowance for COVID-19 Jobs Support Loans

The uncertainty of the impact of COVID-19 contributes to significant estimation uncertainty in relation to the measurement of QRIDA's ECL allowance for this loan segment and has a significant risk of resulting in a material adjustment to the carrying amount of \$699.76 million (2020: \$652.14 million) within the next financial year.

The assumptions applied which significantly contribute to the estimation uncertainty include:

1. **Estimate of LGD:** This variable has a material impact on the calculation of the ECL. QRIDA has applied an LGD of 95% of the Exposure at Default. If the average LGD of 77% was applied (being the highest average actual LGD for the 4 major Australian banks), this would decrease the ECL allowance from \$94.76 million to \$77.41 million, all other variables remaining constant. The quality of security taken by the major banks is considered to be of a much higher quality, hence QRIDA's application of a higher LGD rate.
2. **Estimate of proportion of exposures with SICR:** It is inherently difficult to measure the quantum of exposures that have experienced a SICR and which therefore require computation of a lifetime ECL. If the credit scoring for each loan was improved by the equivalent of one notch in the S&P Rating system at 30 June 2021, this would result in a decrease to the ECL allowance from \$94.76 million to \$55.87 million, all other variables remaining constant.

The loan terms and conditions prescribe a repayment-free period of one year from draw down, followed by 2 years of interest-only repayments. The interest repayment cycle only commenced for the portfolio on 30 April 2021, with principal repayments only required to commence in April 2023. Whilst there is more evidence available to estimate SICR than there was at 30 June 2020, uncertainty still remains until principal repayments commence during the 2022-23 financial year.

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

Overall the total ECL allowance decreased by \$9.43 million (2020: \$103.74 million increase) compared to the opening loss allowance. This is primarily due to the reversal of the impairment loss recognised on the portfolio of COVID-19 Jobs Support Loans in the prior year.

# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements



for the year ended 30 June 2021

### Note 12: Loans and advances (continued)

#### 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. Loans written off during 2020-21 totalled \$250,000 (2020:\$96,083).

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;
- for debts written off under the CCLS, the Australian Government may provide a corresponding reduction in the outstanding amount of the Australian loan which is then owed by QRIDA to the Commonwealth; and
- for debts written off under the COVID-19 Jobs Support Loans scheme, the Queensland Government will provide a corresponding reduction in the non-appropriated equity to be returned.

#### 12.3 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"> <li>• 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.</li> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• Ageing analysis</li> <li>• Risk of loss in event of default</li> <li>• Risk of default</li> <li>• Concentrations of credit risk in relation to loans</li> </ul>	<ul style="list-style-type: none"> <li>• The method of managing credit risk exposure is by way of credit assessment procedures, annual loan reviews, reporting of arrears to the Board as well as monitoring undertaken by an external credit reference bureau.</li> <li>• 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.</li> </ul>

# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 12: Loans and advances (continued)

#### 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 2021 \$'000	Stage 1 2020 \$'000	Stage 2 2021 \$'000	Stage 2 2020 \$'000	Stage 3 2021 \$'000	Stage 3 2020 \$'000	Total 2021 \$'000	Total 2020 \$'000
<b>PIPES/CCLS &amp; Disaster Recovery</b>								
Low Risk of Default	64,161	66,935	-	9	-	-	64,161	66,944
Medium Risk of Default	503,602	536,108	3,360	5,060	1,069	3,964	508,031	545,132
High Risk of Default	-	-	5,908	3,635	5,075	3,547	10,983	7,182
Very High Risk of Default	-	-	-	-	972	1,580	972	1,580
<b>Solar/Battery</b>	20,991	24,178	104	133	76	60	21,172	24,371
<b>Total</b>	<b>588,754</b>	<b>627,221</b>	<b>9,372</b>	<b>8,837</b>	<b>7,192</b>	<b>9,151</b>	<b>605,318</b>	<b>645,209</b>

The table below shows the credit quality and the maximum exposure to credit risk based on an assessment of risk by an independent provider of credit data at the time of loan application. The amounts presented are gross of impairment allowances and the discount on loans issued at greater than fair value:

	Stage 1 2021 \$'000	Stage 1 2020 \$'000	Stage 2 2021 \$'000	Stage 2 2020 \$'000	Stage 3 2021 \$'000	Stage 3 2020 \$'000	Total 2021 \$'000	Total 2020 \$'000
<b>COVID-19 Jobs Support</b>								
Minimal/Very Low Risk	168,889	193,123	27,857	-	-	-	196,746	193,123
Low Risk	240,367	292,656	45,797	-	-	-	286,164	292,656
Average Risk	240,407	328,260	81,831	-	-	-	322,239	328,260
Moderate Risk	36,373	21,051	33,948	58,583	9,140	-	79,462	79,634
High/Very High/Severe Risk	-	-	-	34,205	37,685	-	37,685	34,205
Individually identified credit impaired	-	-	-	-	3,668	-	3,668	-
<b>Total</b>	<b>686,036</b>	<b>835,090</b>	<b>189,433</b>	<b>92,788</b>	<b>50,493</b>	<b>-</b>	<b>925,962</b>	<b>927,878</b>

	Stage 1 2021 \$'000	Stage 1 2020 \$'000	Stage 2 2021 \$'000	Stage 2 2020 \$'000	Stage 3 2021 \$'000	Stage 3 2020 \$'000	Total 2021 \$'000	Total 2020 \$'000
<b>Total – All segments</b>	<b>1,274,790</b>	<b>1,462,311</b>	<b>198,806</b>	<b>101,625</b>	<b>57,685</b>	<b>9,151</b>	<b>1,531,281</b>	<b>1,573,087</b>

# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2021



### Note 12: Loans and advances (continued)

#### Concentration of Exposure

The following table represents the maximum exposure to credit risk based on geographical area and industry for the Disaster Recovery and PIPES/CCLS loan segments:

	Maximum credit risk exposure			
	% of total loans		\$'000	
	2021	2020	2021	2020
<b>Geographical area</b>				
Queensland				
Cape York and the Gulf	0.31%	0.30%	1,811	1,884
Central North	6.60%	8.84%	38,538	54,865
Charleville - Longreach	4.24%	5.73%	24,782	35,581
Eastern Darling Downs	11.20%	11.43%	65,400	70,955
Northern Coastal - Mackay to Cairns	19.19%	17.43%	112,087	108,204
Southern Coastal - Curtis to Moreton	29.98%	27.73%	175,126	172,131
West and South West	3.86%	3.83%	22,562	23,773
Western Downs and Central Highlands	24.58%	24.51%	143,603	152,219
Northern Territory	0.04%	0.20%	237	1,226
<b>Total*</b>	<b>100.00%</b>	<b>100.00%</b>	<b>584,147</b>	<b>620,838</b>
<b>Industry</b>				
Aquaculture & Fishing	1.58%	1.50%	9,228	9,312
Beef Cattle	52.88%	52.80%	308,894	327,790
Dairy Cattle	2.46%	2.44%	14,353	15,144
Grain & Livestock	8.32%	9.26%	48,629	57,482
Other Crops	7.61%	7.21%	44,447	44,790
Other Livestock	2.40%	1.87%	14,024	11,593
Sheep Farming	2.38%	3.92%	13,906	24,349
Small Crops & Fruit	5.02%	4.44%	29,349	27,563
Sugar Cane Growing	16.08%	15.18%	93,930	94,268
Small Business	1.26%	1.38%	7,385	8,547
<b>Total*</b>	<b>100.00%</b>	<b>100.00%</b>	<b>584,147</b>	<b>620,838</b>
Solar/Battery Loans			21,172	24,371
<b>Grand Total</b>			<b>605,318</b>	<b>645,209</b>

\* Excludes Solar/Battery loans and COVID-19 Jobs Support Loans

# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 12: Loans and advances (continued)

The following table represents the maximum exposure to credit risk based on geographical area and industry for the COVID-19 Jobs Support Loans segment:

	Maximum credit risk exposure			
	% of total loans		\$'000	
	2021	2020	2021	2020
<b>Geographical area</b>				
Queensland				
Cape York and the Gulf	0.27%	0.30%	2,508	2,795
Central North	0.70%	0.78%	6,485	7,248
Charleville - Longreach	0.15%	0.15%	1,395	1,368
Eastern Darling Downs	3.37%	3.46%	31,171	32,074
Northern Coastal - Mackay to Cairns	13.03%	13.23%	120,629	122,741
Southern Coastal - Curtis to Moreton	81.06%	80.67%	750,572	748,503
West and South West	0.33%	0.41%	3,028	3,832
Western Downs and Central Highlands	1.10%	1.00%	10,176	9,317
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>925,962</b>	<b>927,878</b>
<b>Industry</b>				
Accommodation and Food Services	11.82%	11.88%	109,469	110,198
Administrative and Support Services	4.07%	4.02%	37,686	37,287
Agriculture, Forestry and Fishing	1.76%	1.69%	16,260	15,709
Arts and Recreation Services	2.64%	2.73%	24,480	25,299
Construction	15.67%	15.15%	145,116	140,594
Education and Training	2.40%	2.47%	22,241	22,914
Electricity, Gas, Water and Waste Services	0.58%	0.65%	5,335	6,026
Financial and Insurance Services	2.26%	2.32%	20,946	21,539
Health Care and Social Assistance	8.34%	8.38%	77,193	77,778
Information Media and Telecommunications	1.34%	1.33%	12,391	12,307
Manufacturing	9.61%	9.52%	89,029	88,355
Mining	0.56%	0.64%	5,145	5,959
Other Services	5.78%	5.56%	53,557	51,577
Professional, Scientific and Technical Services	11.97%	12.19%	110,836	113,091
Public Administration and Safety	0.50%	0.55%	4,647	5,080
Rental, Hiring and Real Estate Services	5.04%	5.15%	46,623	47,820
Retail Trade	8.80%	8.89%	81,504	82,504
Transport, Postal and Warehousing	2.50%	2.42%	23,106	22,474
Wholesale Trade	4.36%	4.46%	40,400	41,367
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>925,962</b>	<b>927,878</b>

### Collateral and Other Credit Enhancements

For the Disaster Recovery and PIPES/CCLS loan segments, 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.

For the COVID-19 Jobs Support Loan segment, only those loans over \$100,000 are required to be secured by a General Security Agreement.

# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements



for the year ended 30 June 2021

### Note 12: Loans and advances (continued)

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.

Stage 3 Loans and Advances as at 30 June 2021					
\$'000					
	Segments	Maximum Exposure to Credit Risk	Total Collateral *	Net Exposure	Associated ECL
<b>Loans with Sufficient Collateral</b>	Disaster Recovery	658	5,181	-	-
	PIPES & CCLS	5,267	8,892	-	-
<b>Loans with Insufficient Collateral</b>	Disaster Recovery	621	-	621	590
	PIPES & CCLS	569	-	569	561
	Solar/Battery	76	-	76	2
	COVID-19 Jobs Support **	50,493	2,525	47,968	41,270
<b>Total</b>		<b>57,685</b>	<b>16,598</b>	<b>49,235</b>	<b>42,422</b>

Stage 3 Loans and Advances as at 30 June 2020					
\$'000					
	Segments	Maximum Exposure to Credit Risk	Total Collateral *	Net Exposure	Associated ECL
<b>Loans with Sufficient Collateral</b>	Disaster Recovery	884	5,788	-	-
	PIPES & CCLS	5,891	7,573	-	-
<b>Loans with Insufficient Collateral</b>	Disaster Recovery	614	330	284	494
	PIPES & CCLS	1,702	798	904	1,352
	Solar/Battery	60	-	60	1
<b>Total</b>		<b>9,151</b>	<b>14,489</b>	<b>1,248</b>	<b>1,847</b>

\* QRIDA's Net Security Value

\*\* The value of the collateral for each loan is not easily determined. Therefore 5% of gross exposure (which has been applied in the ECL model) has been used.

#### 12.4 Movement in Discount on Loans Issued at Greater Than Fair Value

	Note	2021 \$'000	2020 \$'000
Balance at 1 July		309,699	112,877
<b>Loss on loans issued at greater than fair value:</b>		<b>31,486</b>	<b>217,886</b>
PIPES & CCLS		18,145	34,605
Disaster Recovery		135	1,834
Solar/Battery		-	6,034
COVID-19 Jobs Support		13,205	175,413
<b>Amortisation of discount on loans:</b>	5	<b>(73,912)</b>	<b>(21,065)</b>
PIPES & CCLS		(16,934)	(15,262)
Disaster Recovery		(983)	(1,068)
Solar/Battery		(1,916)	(1,629)
COVID-19 Jobs Support		(54,079)	(3,105)
<b>Balance at 30 June</b>		<b>267,273</b>	<b>309,699</b>

# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 12: Loans and advances (continued)

#### 12.5 Movement of Loan Commitments

At reporting date, QRIDA has undrawn financial loan commitments of \$25.63 million (2020: \$71.64 million). Loan commitments are loans that have been approved and are awaiting client drawdown. The discount on loan commitment at greater than fair value is \$5.01 million (2020: \$13.72 million) as if the loans were drawn at reporting date. The discount is disclosed as a current liability in the Statement of Financial Position.

#### Accounting Policy

The value of the loan commitments (i.e. the discount) is the difference between the fair value and nominal value of estimated loan commitments being advanced in the future. The fair value is the present value of estimated future cash receipts, as if the loans are advanced on reporting date, discounted using the prevailing market rate(s) of interest for a similar instrument with a similar credit risk.

The reduction in the loan commitment liability of \$8.71 million (2020: increase of \$13.72 million) is mainly due to the commitments to advance monies under the COVID-19 Jobs Support Loan scheme being reclassified as Loan and Advances when the funds were drawn down during 2020-21.

### Note 13: Interest-bearing borrowings

	2021 \$'000	2020 \$'000
<b>Current</b>		
Queensland Treasury Corporation*	2,798	6,821
Queensland Government**	12,795	13,419
Northern Territory Government	23	1,225
Australian Government	10,139	39,161
	<b>25,755</b>	<b>60,626</b>
<b>Non-Current</b>		
Queensland Treasury Corporation*	154,339	156,910
Queensland Government**	25,981	32,965
Northern Territory Government	214	3
Australian Government	3,276	3,727
	<b>183,810</b>	<b>193,605</b>
<b>Total</b>	<b>209,565</b>	<b>254,231</b>

\*The loan facility was approved under the Queensland Government's State Borrowing Program (SBP). The approved limit for 2020-21 was \$80.00 million. As at 30 June 2021, the amount undrawn under the facility was \$78.00 million (2020: \$69.60 million). Approval has been received under the 2021-22 SBP to a limit of \$80.00 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 28**.

Interest rates on interest-bearing borrowings range from 0.45 per cent to 1.81 per cent (2020: 0.82 per cent to 2.36 per cent).

# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2021



### Note 13: Interest-bearing borrowings (continued)

#### 13.1 Movement in discount on interest-bearing borrowings

	Note	2021 \$'000	2020 \$'000
<b>Balance at 1 July</b>		3,489	4,108
Amortisation of discount in borrowings:			
Effective interest	9.1	(1,652)	(1,842)
Other unwinding of discount	9.1	786	1,223
<b>Balance at 30 June</b>		<b>2,624</b>	<b>3,489</b>

#### 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 16**. 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 16**.

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**).

### Note 14: Non-interest-bearing borrowings

	2021 \$'000	2020 \$'000
<b>Current</b>		
Queensland Government**	5,049	4,960
<b>Non-current</b>		
Queensland Government**	10,776	17,118
<b>Total</b>	<b>15,825</b>	<b>22,078</b>

\*\* 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	2021 \$'000	2020 \$'000
<b>Balance at 1 July</b>		2,072	2,224
Gain on borrowings received at greater than fair value		205	981
Amortisation of discount on borrowings:			
Effective interest	9.1	(763)	(877)
Other unwinding of discount	9.1	(356)	(255)
<b>Balance at 30 June</b>		<b>1,157</b>	<b>2,072</b>



# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 15: Equity

QRIDA recognises contributed equity where the contribution meets the principles under Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

During 2019-20, QRIDA received \$950 million funds from Queensland Treasury through DAF. During 2020-21, an extra \$50 million funds were received. The funds are program funding for COVID-19 Jobs Support Loans. The transfer is non-reciprocal because QRIDA only provides scheme administration services to DAF.

QRIDA is required to return all unspent scheme funding, interest on scheme funding which QRIDA has earned as a result of investment and principal and interest which QRIDA has received from loan recipients less 0.5 per cent administration margin retained by QRIDA. QRIDA returns the funds back to DAF through a reduction of equity.

The transfer has been approved by Queensland Treasury to be received as a non-appropriated equity injection at the time of transfer.

# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2021



### Section 4 - Notes about risks and other accounting uncertainties

#### Note 16: 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).

##### 16.1 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 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 of 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 265 basis points to 650 basis points (2020: from 265 basis points to 650 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.

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

	2021		2020	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
<b>Financial assets</b>				
<b>Financial assets at amortised cost</b>				
Loans and advances	1,167,639	1,309,477	1,157,585	1,319,964

	2021		2020	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
<b>Financial Liabilities</b>				
<b>Financial liabilities at amortised cost</b>				
Australian Government Borrowings	13,415	13,415	42,888	42,888
Northern Territory Government Borrowings	237	237	1,228	1,228
Queensland Government Borrowings	54,601	56,872	68,462	72,061
Queensland Treasury Corporation Borrowings	157,137	159,514	163,731	167,862
<b>Total</b>	<b>225,390</b>	<b>230,038</b>	<b>276,309</b>	<b>284,039</b>

# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 17: Financial risk disclosures

#### 17.1 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	2021 \$'000	2020 \$'000
<b>Financial Assets</b>			
Cash and cash equivalents	11	275,404	251,512
Loans and advances	12	1,167,639	1,157,585
Receivables		499	6,849
<b>Total</b>		<b>1,443,542</b>	<b>1,415,947</b>
<b>Financial Liabilities</b>			
Financial liabilities measured at amortised cost:			
Payables		406	1,819
Interest-bearing borrowings	13	209,565	254,231
Non-interest-bearing borrowings	14	15,825	22,078
<b>Total</b>		<b>225,796</b>	<b>278,128</b>

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

#### 17.2 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 2021



### Note 17: Financial risk disclosures (continued)

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

Risk Exposure	Definition	Exposure	Measurement Method	Risk Management Strategies
Credit risk	Refer to <b>Note 12</b>	Refer to <b>Note 12</b>	Refer to <b>Note 12</b>	Refer to <b>Note 12</b>
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	2021	Contractual Maturity Payable in			2020	Contractual Maturity Payable in		
	Total	< 1 Yr	1 -5 Yrs	> 5 Yrs	Total	< 1 Yr	1 -5 Yrs	> 5 Yrs
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Payables	406	406	-	-	1,819	1,819	-	-
Australian Government borrowings	13,415	10,139	2,125	1,151	42,888	39,161	869	2,858
Northern Territory Government borrowings	237	23	214	-	1,228	1,225	3	-
Queensland Government borrowings	58,887	18,030	31,036	9,821	75,131	18,791	45,575	10,766
Queensland Treasury Corporation borrowings	206,747	4,824	19,038	182,885	236,636	9,603	22,158	204,874
<b>Total</b>	<b>279,692</b>	<b>33,422</b>	<b>52,413</b>	<b>193,857</b>	<b>357,702</b>	<b>70,599</b>	<b>68,604</b>	<b>218,498</b>

# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 17: 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 +/-0.25 (2020 +/- 0.25) 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 \$3.22 million (2020: \$3.15 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 5.54:1 (2020) to 6.89:1 (2021).

#### Financial instruments

	Carrying amount	2021 interest rate risk			
		-0.25%		+0.25%	
		Profit	Equity	Profit	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	275,404	(689)	(689)	689	689
Loans and advances	1,167,639	(3,054)	(3,054)	3,054	3,054
Australian Government borrowings	13,415	34	34	(34)	(34)
Northern Territory Government borrowings	237	1	1	(1)	(1)
Queensland Government borrowings*	38,776	97	97	(97)	(97)
Queensland Treasury Corporation borrowings	157,137	393	393	(393)	(393)
<b>Overall effect on profit and equity</b>		<b>(3,218)</b>	<b>(3,218)</b>	<b>3,218</b>	<b>3,218</b>

#### Financial instruments

	Carrying amount	2020 interest rate risk			
		-0.25%		+0.25%	
		Profit	Equity	Profit	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	251,512	(629)	(629)	629	629
Loans and advances	1,157,585	(3,154)	(3,154)	3,154	3,154
Australian Government borrowings	42,888	107	107	(107)	(107)
Northern Territory Government borrowings	1,228	3	3	(3)	(3)
Queensland Government borrowings*	46,384	116	116	(116)	(116)
Queensland Treasury Corporation borrowings	163,731	409	409	(409)	(409)
<b>Overall effect on profit and equity</b>		<b>(3,147)</b>	<b>(3,147)</b>	<b>3,147</b>	<b>3,147</b>

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

### Note 18: Contingencies

QRIDA did not have any contingent assets or liabilities as at 30 June 2021 (2020: Nil).

### Note 19: Commitments

At the reporting date, QRIDA had no commitments for capital expenditure (2020: Nil).

Loan commitments are reported at **Note 12.5**.

# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2021



### **Note 20: Events occurring after the balance date**

During August 2021, parts of Queensland entered short-term lockdowns in order to curb the spread of the new Delta variant of the COVID-19 virus.

The COVID-19 Jobs Support Loan clients in the lockdown areas may be financially impacted. The 30 June 2021 balance of the ECL allowance for QRIDA's loans already factor in future uncertainty associated with the COVID-19 pandemic, which is considered sufficient to capture the impact of these lockdowns up to the date of this report.

The Queensland Government and Australian Government have announced various financial support programs to help businesses that were impacted during the lockdowns. Therefore, it is expected that any additional financial impact on the ECL allowance would be immaterial.

No other information in QRIDA's financial statements has been identified as being materially affected as a result of these lockdowns.

### **Note 21: Future impact of accounting standards not yet effective**

All 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 2021

### Section 5 - Notes about our performance compared to budget

#### Note 22: Budgetary reporting disclosures

This section discloses QRIDA's original published budgeted figures for 2020-21 compared to actual results, with explanations of major variances, in respect of QRIDA's Statement of Comprehensive Income. As the 2020-21 Queensland Service Delivery Statement does not include a budgeted balance sheet or a budgeted statement of cash flows, Queensland Treasury has approved that no explanations of variances for balance sheet and cashflow are required.

#### 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

<b>Grants and other contributions</b>	The decrease of \$162.50 million is mainly due to less than anticipated take up for the North Queensland Restocking, Replanting & On-farm Infrastructure Grants of \$179.80 million; offset by North Queensland Telecommunications and Energy Improvement Grants of \$15.00 million and North Queensland Resilient Kids Grant Scheme of \$2.00 million which were initiated after the 2020-21 budget was finalised.
<b>Interest</b>	The increase of \$11.12 million is mainly due to higher than budgeted amortisation of discount on loans of \$15.69 million due to higher early loan repayments; offset by lower Interest on loans of \$3.96 million due to overall interest rates decreasing during the year.
<b>Gain on reversal of impairment loss</b>	The increase of \$9.18 million is mainly due to the reversal of the ECL allowance on the COVID-19 Jobs Support Loans. This is mainly due to higher than expected principal repayments on that loan portfolio and revision of COVID-19 Jobs Support Loans ECL model.
<b>Supplies and services</b>	The decrease of \$1.96 million is mainly due to \$1.42 million savings on contractors expenses due to planned contractor workload being completed by QRIDA employees and \$0.56 million of savings on travel expenses due to reduced travel activities during COVID -19 pandemic.
<b>Grants and subsidies</b>	The decrease of \$194.04 million is mainly due to less than expected take up on North Queensland Restocking, Replanting & On-farm Infrastructure Grants of \$160.88 million, Small Business COVID-19 Adaption Grant of \$13.73 million, Affordable Energy Plan of \$10.45 million and Wheelchair Accessible Taxi Grant Scheme of \$4.31 million.
<b>Other expenses</b>	The increase of \$3.22 million is mainly due to additional program funding being returned to program owners for Affordable Energy Plan of \$1.66 million and COVID-19 International Tourism Adaption Grants of \$1.37 million due to lower than expected take up of the programs.

# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2021



### Section 6 - Other information

#### Note 23: Key management personnel (KMP) disclosures

##### 23.1 Details of Key Management Personnel

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 and Minister for Rural Communities (12 November 2020 – 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 2020-21 and 2019-20.

Position	Position Responsibility
<b>Chief Executive Officer</b>	Responsible for leading and managing the affairs of QRIDA including strategically positioning QRIDA to achieve organisational and financial goals and implement Board policy.
<b>Chief Lending Officer (formerly General Manager, Program Strategy and Delivery)</b>	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.
<b>Chief Operating Officer (formerly General Manager, Corporate Capability and Programs)</b>	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.
<b>Chief Engagement Officer (formerly General Manager, Business Development and Engagement)</b>	Develops and implements business development strategies, leads the scoping and planning for new programs, delivers strategic communications, and manages client and stakeholder partnerships.

##### 23.2 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 2021

### Note 23: 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 2020 - 30 June 2021

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	268	28	7	26	-	330
Chief Lending Officer - Former (1 July 2020 - 29 January 2021)	119	23	3	21	-	166
Chief Lending Officer - Current (19 April 2021 - Current)	40	-	1	4	-	45
Chief Operating Officer	164	22	4	21	-	211
Chief Engagement Officer	182	16	5	20	-	223

#### 1 July 2019 - 30 June 2020

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	284	28	8	26	-	346
Chief Lending Officer	158	24	4	20	-	206
Chief Operating Officer	154	21	4	20	-	200
Chief Engagement Officer	164	19	4	19	-	206

### Note 24: Board members' fees

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

	2021 \$'000	2020 \$'000
Board members' remuneration	96	101
Number of Board members receiving remuneration in the following ranges		
\$1 to \$9,999	-	-
\$10,000 to \$19,999	4	4
\$20,000 to \$29,999	-	-
\$30,000 to \$49,999	1	1
\$50,000 to \$59,999	-	-

# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2021



### Note 24: Board members' fees (continued)

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	18/04/2019	Current	Chair of the Board and Chair of the Debt Management Committee
Elizabeth Alexander	27/08/2020	Current	
Elton Miller	3/12/2015	Current	Representative of DAF
Belinda Turner	18/04/2019	Current	Chair of the Audit and Risk Management Committee
Scott Spencer	27/08/2020	Current	
Zoe Kenneally	27/08/2020	Current	Rejoined
Drew Ellem	25/10/2019	Current	Representative of Queensland Treasury

### Note 25: 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 DAF. The revenue received was \$12,920,000 (\$12,914,000 for 2019-20).

QRIDA has borrowings of \$157,136,611 (\$163,731,105 for 2019-20) 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 \$244,482 (\$238,648 for 2019-20).

QRIDA leases Brisbane and Townsville office accommodation from Queensland Government Accommodation Office, a business unit owned by Queensland Government. The lease expenses were \$699,782 (\$653,794 for 2019-20).

The Corporate Administration Agency (CAA) provides QRIDA human resource services and information management and business systems services. The expenses of these services were \$126,928 (2019-20 \$120,949).

QRIDA provided services to other Queensland Government entities for administering financial assistance programs. The counter government entities provided program funding (refer **Note 3**) and paid fees to QRIDA to cover administration costs. The service fees earned are in the following table.

Related Party	Program	Service Fee	
		2021 \$	2020 \$
Queensland Government	NDRRA and DRFA	127,953	1,159,394
Department of Environment and Science	Farming in Reef Catchments Rebate Scheme	150,000	240,000
	Household Waste Payment Scheme	50,000	330,000
Department of Transport and Main Roads	COVID-19 Taxi and Limousine Industry Assistance Scheme	2,160,000	-
Department of Employment, Small Business and Training	Small Business COVID-19 Adaption Grant - Round 2	2,350,598	-
DAF	COVID-19 Jobs Support Loans Scheme	1,997,040	5,829,909

### Note 26: First year application of new Accounting Standards or change in Accounting Policies

#### Accounting standards applied for the first time

AASB 1059 *Service Concession Arrangements: Grantors* will apply for the first time in 2020-21 (if applicable).

The adopting of this new standard has no effect on QRIDA as it has not entered into any concession arrangements.

#### Accounting Standards Early Adopted

No Australian Accounting Standards have been early adopted for 2020-21.

# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 27: 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 28: 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

	2021 \$'000	2020 \$'000
<b>Revenues</b>		
Contractual interest on loans	1,450	2,465
Interest earned on cash and investments	10	12
<b>Total</b>	<b>1,460</b>	<b>2,477</b>

#### Assets held by QRIDA on behalf of Principals

	2021 \$'000	2020 \$'000
<b>Current assets</b>		
Cash and cash equivalents	5,752	1,783
Loans and advances	26,467	11,805
<b>Non-current assets</b>		
Loans and advances	68,578	94,054
<b>Total Assets</b>	<b>100,797</b>	<b>107,641</b>

### Note 29: Climate risk disclosure

QRIDA has not identified any material climate related risks relevant to the financial report at the reporting date, however constantly monitors the emergence of such risks under the Queensland Government's Climate Transition Strategy.

# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2021



### Note 30: Significant financial impacts from COVID-19 pandemic

During 2020-21, QRIDA has administered a number of COVID-19 related financial assistance schemes on behalf of other Queensland Government entities. These schemes are Small Business COVID-19 Adaption Grant Program, COVID-19 International Tourism Adaption Grants Scheme, COVID-19 Marine Tourism Rebate Scheme, COVID-19 Taxi and Limousine Industry Assistance Scheme and COVID-19 Jobs Support Loans Scheme.

The following significant transactions were recognised by QRIDA during the 2020-21 financial year in response to the COVID-19 pandemic:

#### Statement of Comprehensive Income

Significant expense items in relation to administration of COVID-19 related schemes:

	2021 \$'000	2020 \$'000
Employee expenses	3,286	1,500
Supplies and services	1,489	4,330
Grants and subsidies		
Small Business COVID-19 Adaption Grant Program	99,773	-
COVID-19 International Tourism Adaption Grants Scheme	2,388	-
COVID-19 Marine Tourism Rebate Scheme	1,831	-
COVID-19 Taxi and Limousine Industry Assistance Scheme	18,723	-
Loss on loans issued at greater than fair value*	3,566	175,413
Loss on loan commitments issued at greater than fair value	-	9,640
Impairment losses	-	103,434
	131,056	294,317

\* The initial fair value of the COVID-19 loans has been estimated by discounting future cash receipts based on an estimated market interest rate. This market interest rate is estimated using the same methodology applied when estimating the rate for other Loans and Advances, i.e. 90-day BBSY plus a risk premium that takes account of loan term and security.

Significant revenue items in relation to administration of COVID-19 related schemes:

	2021 \$'000	2020 \$'000
Grants and other contributions		
Small Business COVID-19 Adaption Grant - Round 2	114,209	-
COVID-19 International Tourism Adaption Grants Scheme	3,750	-
COVID-19 Marine Tourism Rebate Scheme	1,970	-
COVID-19 Taxi and Limousine Industry Assistance Scheme	21,000	-
Gain on reversal of impairment loss	8,417	-
Fees	6,629	5,830
Interest	56,816	3,105
	212,791	8,935
Impact on Total Comprehensive Income	(81,735)	285,382

# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 30: Significant financial impacts from COVID-19 pandemic(continued)

#### Statement of Financial Position

Significant changes in assets arising from COVID-19 related schemes:

	2021 \$'000	2020 \$'000
Cash and cash equivalents	61,411	22,165
Receivables	-	6,142
Loans and Advances:		
Gross Carrying Amount	925,962	927,878
Less Allowance for Expected Credit Loss	(94,767)	(103,434)
Less Discount on loans issued at greater than fair value	(131,434)	(172,307)
	761,172	680,444

Significant changes in liabilities arising from COVID-19 Jobs Support Loans Scheme:

	2021 \$'000	2020 \$'000
Loan Commitments	-	9,640

Significant equity transactions arising from COVID-19 Jobs Support Loans Scheme:

	2021 \$'000	2020 \$'000
Non-appropriated equity injection	50,000	950,000
Non-appropriated equity withdrawal	(31,773)	-

#### Impairment of Loans and Advances

Since March 2020 various relief measures were offered to all clients with Disaster Recovery and PIPES/CCLS loans to assist with the impact of COVID-19 on the ability to repay loan obligations. These measures were in the form of:

- a temporary moratorium on loan repayments of up to 6 months;
- the option of converting principal and interest repayments to interest-only for up to 6 months; and
- the option of varying the frequency of repayments.

Where a temporary payment moratorium was granted, this was not reflected in the DPD reporting and in the resulting assessment of SICR and calculation of the ECL.

By 30 June 2021 the clients who availed themselves of this offer are repaying their loan obligations in accordance with loan terms and conditions.

# Queensland Rural and Industry Development Authority Management Certificate

for the year ended 30 June 2021



These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (Qld) (the Act), section 39 of the *Financial and Performance Management Standard 2019* 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 2021 and of the financial position of QRIDA at the end of that year; and

We acknowledge responsibility under s.7 and s.11 of the *Financial and Performance Management Standard 2019* 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

B TURNER

*Chair – Audit and Risk Management Committee*

ORIGINAL SIGNED

C MACMILLAN

*Chief Executive Officer*

ORIGINAL SIGNED

P WYLLIE

*Chief Financial Officer*

Dated: 24 August 2021