

# Queensland Rural and Industry Development Authority Financial Statements

for the financial year ended 30 June 2022

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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 2022

	Notes	2022 Actual \$'000	2022 Original Budget \$'000	Budget Variance* \$'000	2021 Actual \$'000
<b>Income from Continuing Operations</b>					
Grants and other contributions	3	628,102	36,202	591,900	181,629
Fees	4	13,008	7,705	5,303	9,691
Interest	5	103,957	76,690	27,267	94,034
Other revenue		664	-	664	8
<b>Total Revenue</b>		<b>745,731</b>	<b>120,597</b>	<b>625,134</b>	<b>285,362</b>
Gain on borrowings received at greater than fair value	14.1	157	312	(155)	205
Gain on reversal of impairment loss	12.2	1,658	-	1,658	9,184
<b>Total Income from Continuing Operations</b>		<b>747,546</b>	<b>120,909</b>	<b>626,637</b>	<b>294,751</b>
<b>Expenses from Continuing Operations</b>					
Employee expenses	6	18,594	17,947	648	17,649
Supplies and services	7	12,516	7,326	5,190	6,436
Grants and subsidies	8	557,012	91,872	465,140	154,558
Depreciation and amortisation		326	301	25	332
Loss on loans and loan commitments issued at greater than fair value	12.4 & 12.5	16,911	35,936	(19,025)	24,262
Impairment losses	12.2	-	533	(533)	-
Finance/borrowing costs	9	4,505	5,447	(942)	5,618
Other Expenses	10	39,298	-	39,298	15,758
<b>Total Expenses from Continuing Operations</b>		<b>649,162</b>	<b>159,361</b>	<b>489,801</b>	<b>224,613</b>
<b>Operating Result from Continuing Operations</b>		<b>98,384</b>	<b>(38,452)</b>	<b>136,836</b>	<b>70,138</b>
<b>Operating Result for the Year</b>		<b>98,384</b>	<b>(38,452)</b>	<b>136,836</b>	<b>70,138</b>
<b>Total Comprehensive Income</b>		<b>98,384</b>	<b>(38,452)</b>	<b>136,836</b>	<b>70,138</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 2022

	Notes	2022 Actual \$'000	2022 Original Budget \$'000	Budget Variance * \$'000	2021 Actual \$'000
<b>Current Assets</b>					
Cash and cash equivalents	11	284,212	113,102	171,110	275,404
Loans and advances	12	55,309	69,616	(14,307)	59,356
Receivables		2,907	689	2,218	499
<b>Total Current Assets</b>		<b>342,428</b>	<b>183,407</b>	<b>159,021</b>	<b>335,259</b>
<b>Non-Current Assets</b>					
Loans and advances	12	1,055,463	1,291,861	(236,398)	1,108,283
Property, plant and equipment		58	51	7	139
Intangible assets		1,485	1,191	294	1,606
<b>Total Non-Current Assets</b>		<b>1,057,006</b>	<b>1,293,103</b>	<b>(236,097)</b>	<b>1,110,028</b>
<b>Total Assets</b>		<b>1,399,434</b>	<b>1,476,509</b>	<b>(77,075)</b>	<b>1,445,287</b>
<b>Current Liabilities</b>					
Trade and other payables		2,718	439	2,279	406
Loan commitments	12.5	3,843	5,399	(1,556)	5,012
Interest-bearing borrowings	13	16,496	20,421	(3,925)	25,755
Non-interest-bearing borrowings	14	5,881	6,494	(613)	5,049
Accrued employee benefits		3,551	2,993	558	3,672
<b>Total Current Liabilities</b>		<b>32,489</b>	<b>35,746</b>	<b>(3,257)</b>	<b>39,894</b>
<b>Non-Current Liabilities</b>					
Interest-bearing borrowings	13	168,940	328,656	(159,716)	183,810
Non-interest-bearing borrowings	14	5,221	8,697	(3,476)	10,776
Accrued employee benefits		364	148	216	259
<b>Total Non-current Liabilities</b>		<b>174,525</b>	<b>337,501</b>	<b>(162,976)</b>	<b>194,845</b>
<b>Total Liabilities</b>		<b>207,014</b>	<b>373,247</b>	<b>(166,233)</b>	<b>234,739</b>
<b>Net Assets</b>		<b>1,192,420</b>	<b>1,103,262</b>	<b>89,158</b>	<b>1,210,548</b>
<b>Equity</b>					
Contributed equity		989,367	1,089,794	(100,427)	1,105,879
Accumulated surplus		203,053	13,468	189,585	104,669
<b>Total Equity</b>		<b>1,192,420</b>	<b>1,103,262</b>	<b>89,158</b>	<b>1,210,548</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 Changes in Equity

for the year ended 30 June 2022

	Accumulated Surplus	Contributed Equity	Total
	\$'000	\$'000	\$'000
<b>Balance as at 1 July 2020</b>	34,531	1,087,652	1,122,183
Operating result for the year	70,138	-	70,138
<b>Total comprehensive income for the year</b>	70,138	-	70,138
<b>Transactions with owners as owners:</b>			
Non-appropriated equity injection	-	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>
Operating result for the year	98,384	-	98,384
<b>Total comprehensive income for the year</b>	<b>98,384</b>	-	<b>98,384</b>
<b>Transactions with owners as owners:</b>			
Distributions to owners (Note 15)	-	(116,512)	(116,512)
<b>Balance as at 30 June 2022</b>	<b>203,053</b>	<b>989,367</b>	<b>1,192,420</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 2022

	Notes	2022 Actual \$'000	2022 Original Budget \$'000	Budget Variance* \$'000	2021 Actual \$'000
<b>Cash flows from operating activities</b>					
<i>Inflows:</i>					
Grants and other contributions		626,979	36,202	590,777	181,629
Fees		11,150	7,705	3,445	15,973
Interest received		35,581	40,676	(5,095)	18,460
GST input tax credits from ATO		3,603	-	3,603	253
GST collected from customers		13,564	-	13,564	1,265
Other		664	-	664	8
<i>Outflows:</i>					
Employee expenses		(18,613)	(17,947)	(667)	(17,479)
Supplies and services		(11,370)	(7,327)	(4,043)	(7,563)
Grants and subsidies		(557,012)	(91,872)	(465,140)	(154,558)
Finance/borrowing costs		(2,735)	(4,921)	2,186	(3,857)
Other expenses		(39,298)	-	(39,298)	(15,758)
GST paid to suppliers		(3,897)	-	(3,897)	(247)
GST remitted to ATO		(11,486)	-	(11,486)	(1,582)
<b>Net cash provided by operating activities</b>	CF-1	<b>47,130</b>	<b>(37,484)</b>	<b>84,614</b>	<b>16,544</b>
<b>Cash flows from investing activities</b>					
<i>Inflows:</i>					
Loans and advances redeemed		210,571	53,832	156,739	201,421
<i>Outflows:</i>					
Payments for property, plant and equipment		-	-	-	(10)
Payments for intangible assets		(101)	-	(101)	(194)
Loans and advances made		(101,791)	(175,000)	73,209	(159,620)
<b>Net cash used in investing activities</b>		<b>108,679</b>	<b>(121,168)</b>	<b>229,847</b>	<b>41,597</b>
<b>Cash flows from financing activities</b>					
<i>Inflows:</i>					
Interest-bearing and non-interest-bearing borrowings	CF-2	1,324	125,000	(123,676)	4,738
Equity injection		-	-	-	50,000
<i>Outflows:</i>					
Interest-bearing and non-interest-bearing borrowing redemptions	CF-2	(31,813)	(25,756)	(6,057)	(57,214)
Equity withdrawals		(116,512)	(19,499)	(97,013)	(31,773)
<b>Net cash used in financing activities</b>		<b>(147,000)</b>	<b>79,745</b>	<b>(226,745)</b>	<b>(34,249)</b>
Net increase (decrease) in cash and cash equivalents		8,808	(78,907)	87,715	23,892
<b>Cash and cash equivalents at beginning of financial year</b>		<b>275,404</b>	<b>192,009</b>	<b>83,395</b>	<b>251,512</b>
<b>Cash and cash equivalents at end of financial year</b>	11	<b>284,212</b>	<b>113,102</b>	<b>171,110</b>	<b>275,404</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 Cash Flows

for the year ended 30 June 2022

### Notes to the Statement of Cash Flows

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

	2022 \$'000	2021 \$'000
Operating surplus/(deficit)	98,384	70,138
<i>Non-cash items included in operating result:</i>		
Depreciation and amortisation expense	326	332
Impairment (gains)/losses	(1,658)	(9,184)
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in accrued interest income	179	(245)
(Increase)/decrease in unamortised discount on borrowings received at greater than fair value	1,748	1,780
(Increase)/decrease in GST input tax credits receivable	(327)	7
(Increase)/decrease in other receivables	(2,081)	6,319
Increase/(decrease) in accounts payable	201	(1,095)
Increase/(decrease) in interest payable	(134)	(223)
Increase/(decrease) in loan commitments	(1,168)	(8,710)
Increase/(decrease) in unamortised discount on loans issued at greater than fair value	(50,432)	(42,426)
Increase/(decrease) in accrued employee benefits	(17)	170
Increase/(decrease) in GST payable	2,110	(318)
<b>Net cash provided by operating activities</b>	<b>47,130</b>	<b>16,544</b>

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

	2022			2021		
	Closing Balance 2021	Cash Flows		Non-cash Changes		Closing Balance 2022
		Cash received	Cash repayments	Accrued interest & other transfer	Amortised cost changes	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Interest-bearing borrowings	209,565	-	(26,764)	1,280	1,356	185,436
Non-interest-bearing borrowings	15,825	1,324	(5,049)	(1,391)	392	11,102
<b>Total</b>	<b>225,390</b>	<b>1,324</b>	<b>(31,813)</b>	<b>(111)</b>	<b>1,748</b>	<b>196,538</b>
<hr/>						
	2021			2020		
	Closing Balance 2020	Cash Flows		Non-cash Changes		Closing Balance 2021
		Cash received	Cash repayments	Accrued interest & other transfer	Amortised cost changes	
	\$'000	\$'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>

# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2022

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# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2022

### 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 2021.

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 2020-21 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 2022

### Section 2 - Notes about our financial performance

#### Note 3: Grants and other contributions

	2022 \$'000	2021 \$'000
QRIDA Operational Funding	13,284	12,920
Grant Funding Administered		
COVID-19 Business Support Grants Scheme	335,000	-
Tourism & Hospitality Sector Hardship Grants Scheme	137,000	-
Disaster Recovery Funding Arrangements	98,300	-
North Queensland Flood Schemes	9,500	17,000
Wheelchair Accessible Taxi Grant Scheme	5,204	5,601
Horticulture Irrigation Pricing Rebate Scheme	5,000	-
Horticulture Netting Program - Trial Extension	5,000	-
Work in Paradise Incentive Scheme	4,000	-
Farm Management Grants & Drought Preparedness Grant Schemes	3,909	-
Zero Emission Vehicle Rebate Scheme	3,750	-
Rural Economic Development Grants	3,142	3,283
COVID-19 International Tourism Adaption Grants Scheme	-	3,750
COVID-19 Marine Tourism Rebate Scheme	2,000	1,970
Rural Agricultural Development (Sheep and Goats) Grants Scheme	1,890	-
Small Business COVID-19 Adaption Grant Program	-	114,209
COVID-19 Taxi and Limousine Industry Assistance Scheme	-	21,000
Household Waste Payment Scheme	-	1,265
Other Schemes	-	631
Services received below fair value	1,123	-
<b>Total</b>	<b>628,102</b>	<b>181,629</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 various 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 (refer **Note 10**). 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 2022

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

The following table represents the administered programs and their grantors:

Programs administered by QRIDA	Grantor
Farm Management Grants Scheme & Drought Preparedness Grants Scheme	Department of Agriculture and Fisheries
Horticulture Trial Netting Program	
Rural Agricultural Development (Sheep and Goats) Grants Scheme	
Rural Economic Development Grants	
North Queensland Flood Schemes	Australian Government
Disaster Recovery Funding Arrangements	Queensland Reconstruction Authority
Wheelchair Accessible Taxi Grant Scheme	Department of Transport and Main Roads
Zero Emission Vehicle Rebate Scheme	
COVID-19 Business Support Grants Scheme	Department of Employment, Small Business and Training
Tourism & Hospitality Sector Hardship Grants Scheme	Department of Tourism, Innovation and Sport
COVID-19 Marine Tourism Rebate Scheme	
Work in Paradise Incentive Scheme	
Horticulture Irrigation Pricing Rebate Scheme	Department of Regional Development, Manufacturing and Water

#### Disclosure - Services received below fair value

During 2021-22, QRIDA received services free of charge from other Queensland State Government entities in respect of seconded employees from these entities. The services are provided free of charge in order to assist QRIDA in managing a large volume of applications for the COVID-19 Business Support Grants Scheme and Tourism and Hospitality Sector Hardship Grants Scheme in a short period. An equal amount to services received below fair value revenue is recognised as Supplies and Services expense.

### Note 4: Fees

	2022 \$'000	2021 \$'000
Revenue from contracts with customers		
Sale of services	-	1,050
Other fees		
State Government	13,008	8,641
<b>Total</b>	<b>13,008</b>	<b>9,691</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 contracted with a non-Government entity to provide loan application assessment services. The services were provided over several years and the customer simultaneously received and consumed the benefits provided during that period. Revenue is recognised when the performance obligation is satisfied. No revenue was recognised during the current financial year as the contract ceased on 30 June 2021.

#### 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). This fee revenue is charged to cover the costs of administering and managing various loan and grant programs on behalf of the State Government.

# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2022

### Note 5: Interest

	Note	2022 \$'000	2021 \$'000
Contractual interest on loans		34,231	17,098
Amortisation of discount on loans	12.4	68,511	75,398
Interest earned on cash and investments		1,215	1,538
<b>Total</b>		<b>103,957</b>	<b>94,034</b>

#### Accounting Policy

Interest revenue is recognised using the effective interest method.

**Contractual interest on loans** is the interest earned based on the loan agreements.

**Amortisation of discount on loans** is the movement in the balance of Unamortised discount on loans between the beginning and end of the financial year. The Unamortised discount on loans is the difference between the book value and the amortised cost for the loan portfolio.

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

### Note 6: Employee expenses

	2022 \$'000	2021 \$'000
<b>Employee benefits</b>		
Wages and salaries	13,890	13,185
Annual leave expense	1,416	1,331
Employer superannuation contributions	1,787	1,727
Long service leave expense	335	259
Other employee benefits	143	164
<b>Employee related benefits</b>		
Workers' compensation premium	26	25
Payroll tax	855	816
Other employee related expenses	142	142
<b>Total</b>	<b>18,594</b>	<b>17,649</b>

	2022 No.	2021 No.
<b>Full-time equivalent employees as at 30 June</b>	160*	149

\* Full-time equivalent data as at 30 June 2022 based on payroll for fortnight ending 1 July 2022

#### 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 2022

### 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 2.01 per cent to 3.17 per cent (2021: 0.03 per cent to 0.92 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	2022 \$'000	2021 \$'000
Contractors		7,652	2,594
Computer expenses		1,672	1,222
Office accommodation		1,091	1,077
Advertising and promotion		354	199
Audit fees - Queensland Audit Office	7.1	124	152
Professional and legal expenses		339	227
Securities expenses		433	148
Motor vehicle and travel expenses		252	268
Lease expenses		20	20
Other		579	529
<b>Total</b>		<b>12,516</b>	<b>6,436</b>

# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2022

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

#### 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.

**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 an 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.

#### 7.1 Audit Fees

Total audit fees quoted by the Queensland Audit Office relating to the 2021-22 financial statements are \$113,000 (2021: \$102,000).

### Note 8: Grants and subsidies

	2022 \$'000	2021 \$'000
COVID-19 Business Support Grants Scheme	321,579	-
Tourism & Hospitality Sector Hardship Grants Scheme	132,985	-
Disaster Recovery Funding Arrangements	70,760	4,515
North Queensland Flood Schemes	16,389	18,917
Work in Paradise Incentive Scheme	4,125	-
Wheelchair Accessible Taxi Grant Scheme	4,456	2,689
COVID-19 Marine Tourism Rebate Scheme	1,757	1,831
Affordable Energy Plan	1,247	1,642
Rural Economic Development Grants Scheme	1,233	3,223
Horticulture Irrigation Pricing Rebate Scheme	1,041	-
Small Business COVID-19 Adaption Grant Program	705	99,773
Household Waste Payment Scheme	381	518
COVID-19 Taxi and Limousine Industry Assistance Scheme	105	18,723
Farm Management Grants & Drought Preparedness Grants Schemes	223	-
Vessel Tracking Rebate Scheme	24	77
Other Schemes	1	2,649
<b>Total</b>	<b>557,012</b>	<b>154,558</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 2022

### Note 9: Finance/borrowing costs

	Note	2022 \$'000	2021 \$'000
Contractual interest on borrowings		2,600	3,633
Amortisation of discount on borrowings	9.1	1,905	1,985
<b>Total effective interest on borrowings</b>		<b>4,505</b>	<b>5,618</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	2022 \$'000	2021 \$'000
<b>Amortisation of discount on interest-bearing borrowings</b>	13.1		
Effective interest		1,034	1,652
Other unwinding of discount		321	(786)
<b>Amortisation of discount on non-interest-bearing borrowings</b>	14.1		
Effective interest		553	763
Other unwinding of discount		(3)	356
<b>Total Amortisation of discount on borrowings</b>		<b>1,905</b>	<b>1,985</b>

### Note 10: Other expenses

	2022 \$'000	2021 \$'000
Unspent funding returned	39,298	15,758
<b>Total</b>	<b>39,298</b>	<b>15,758</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. Of the funding that has been returned, \$1.36 million (2021: \$Nil) was for service fees unearned.

# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2022

### Section 3 - Notes about our financial position

#### Note 11: Cash and cash equivalents

	2022 \$'000	2021 \$'000
Cash at Bank	49,347	10,248
Queensland Treasury Corporation (QTC) - at call	234,865	265,156
<b>Total</b>	<b>284,212</b>	<b>275,404</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

	2022 \$'000	2021 \$'000
Gross carrying amount	1,419,882	1,531,281
Less: Allowance for expected credit losses	(92,270)	(96,369)
Unamortised discount on loans issued at greater than fair value	(216,840)	(267,273)
	<b>1,110,772</b>	<b>1,167,639</b>
Current	55,309	59,356
Non-Current	1,055,463	1,108,283
<b>Total</b>	<b>1,110,772</b>	<b>1,167,639</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 2022

### 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 (2021: 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 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 of 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 2022

### 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 \$654.52 million (2021: \$699.76 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 71% was applied (being the highest average actual LGD for the 4 major Australian banks), this would decrease the ECL allowance from \$91.47 million to \$70.57 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, this would result in a decrease to the ECL allowance from \$91.47 million to \$57.32 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 2021, 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 \$4.10 million (2021: \$9.43 million) compared to the opening loss allowance. This is primarily due to the reversal of the impairment loss previously recognised on COVID-19 Jobs Support Loans that have subsequently been fully repaid during the 2021-22 year.

# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2022

### 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 2021-22 totalled \$2.44 million (2021 : \$250,000).

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 2022

### 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 2022 \$'000	Stage 1 2021 \$'000	Stage 2 2022 \$'000	Stage 2 2021 \$'000	Stage 3 2022 \$'000	Stage 3 2021 \$'000	Total 2022 \$'000	Total 2021 \$'000
<b>PIPES/CCLS &amp; Disaster Recovery</b>								
Low Risk of Default	46,673	64,161	-	-	-	-	46,673	64,161
Medium Risk of Default	500,382	503,602	1,925	3,360	23	1,069	502,330	508,031
High Risk of Default	-	-	5,371	5,908	1,915	5,075	7,286	10,983
Very High Risk of Default	-	-	-	-	600	972	600	972
<b>Solar/Battery</b>	17,726	20,991	86	104	108	76	17,920	21,172
<b>Total</b>	<b>564,781</b>	<b>588,754</b>	<b>7,382</b>	<b>9,372</b>	<b>2,646</b>	<b>7,192</b>	<b>574,809</b>	<b>605,318</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 reporting date. The amounts presented are gross of impairment allowances and the discount on loans issued at greater than fair value:

	Stage 1 2022 \$'000	Stage 1 2021 \$'000	Stage 2 2022 \$'000	Stage 2 2021 \$'000	Stage 3 2022 \$'000	Stage 3 2021 \$'000	Total 2022 \$'000	Total 2021 \$'000
<b>COVID-19 Jobs Support</b>								
Minimal/Very Low Risk	130,808	168,889	24,968	27,857	-	-	155,775	196,746
Low Risk	227,505	240,367	50,892	45,797	-	-	278,396	286,164
Average Risk	224,632	240,407	69,561	81,831	317	-	294,510	322,239
Moderate Risk	38,122	36,373	24,499	33,948	9,996	9,140	72,616	79,462
High/Very High/Severe Risk	-	-	-	-	33,188	37,685	33,188	37,685
Individually identified credit impaired	-	-	-	-	10,587	3,668	10,587	3,668
<b>Total</b>	<b>621,066</b>	<b>686,036</b>	<b>169,919</b>	<b>189,433</b>	<b>54,088</b>	<b>50,493</b>	<b>845,073</b>	<b>925,962</b>

	Stage 1 2022 \$'000	Stage 1 2021 \$'000	Stage 2 2022 \$'000	Stage 2 2021 \$'000	Stage 3 2022 \$'000	Stage 3 2021 \$'000	Total 2022 \$'000	Total 2021 \$'000
<b>Total – All segments</b>	<b>1,185,847</b>	<b>1,274,790</b>	<b>177,301</b>	<b>198,806</b>	<b>56,734</b>	<b>57,685</b>	<b>1,419,882</b>	<b>1,531,281</b>

# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2022

### 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	
	2022	2021	2022	2021
<b>Geographical area</b>				
Queensland				
Cape York and the Gulf	0.26%	0.31%	1,429	1,811
Central North	6.27%	6.60%	34,943	38,538
Charleville - Longreach	3.82%	4.24%	21,252	24,782
Eastern Darling Downs	11.47%	11.20%	63,877	65,400
Northern Coastal - Mackay to Cairns	20.29%	19.19%	112,970	112,087
Southern Coastal - Curtis to Moreton	30.93%	29.98%	172,239	175,126
West and South West	4.67%	3.86%	25,989	22,562
Western Downs and Central Highlands	22.26%	24.58%	123,955	143,603
Northern Territory	0.04%	0.04%	236	237
<b>Total*</b>	<b>100.00%</b>	<b>100.00%</b>	<b>556,889</b>	<b>584,147</b>
<b>Industry</b>				
Aquaculture & Fishing	1.68%	1.58%	9,378	9,228
Beef Cattle	51.58%	52.88%	287,224	308,894
Dairy Cattle	2.31%	2.46%	12,883	14,353
Grain & Livestock	9.30%	8.32%	51,786	48,629
Other Crops	7.10%	7.61%	39,513	44,447
Other Livestock	2.41%	2.40%	13,430	14,024
Sheep Farming	2.69%	2.38%	14,953	13,906
Small Crops & Fruit	4.89%	5.02%	27,257	29,349
Sugar Cane Growing	16.63%	16.08%	92,589	93,930
Small Business	1.41%	1.26%	7,875	7,385
<b>Total*</b>	<b>100.00%</b>	<b>100.00%</b>	<b>556,889</b>	<b>584,147</b>
Solar/Battery Loans			17,920	21,172
<b>Grand Total</b>			<b>574,809</b>	<b>605,318</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 2022

### 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	
	2022	2021	2022	2021
<b>Geographical area</b>				
Queensland				
Cape York and the Gulf	0.30%	0.27%	2,508	2,508
Central North	0.68%	0.70%	5,776	6,485
Charleville - Longreach	0.17%	0.15%	1,395	1,395
Eastern Darling Downs	3.30%	3.37%	27,910	31,171
Northern Coastal - Mackay to Cairns	13.18%	13.03%	111,391	120,629
Southern Coastal - Curtis to Moreton	80.95%	81.06%	684,092	750,572
West and South West	0.31%	0.33%	2,626	3,028
Western Downs and Central Highlands	1.11%	1.10%	9,376	10,176
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>845,073</b>	<b>925,962</b>
<b>Industry</b>				
Accommodation and Food Services	12.16%	11.82%	102,747	109,469
Administrative and Support Services	4.37%	4.07%	36,920	37,686
Agriculture, Forestry and Fishing	1.44%	1.76%	12,154	16,260
Arts and Recreation Services	2.29%	2.64%	19,330	24,480
Construction	16.75%	15.67%	141,582	145,116
Education and Training	2.24%	2.40%	18,894	22,241
Electricity, Gas, Water and Waste Services	0.50%	0.58%	4,255	5,335
Financial and Insurance Services	2.19%	2.26%	18,470	20,946
Health Care and Social Assistance	7.99%	8.34%	67,558	77,193
Information Media and Telecommunications	1.01%	1.34%	8,555	12,391
Manufacturing	9.09%	9.61%	76,788	89,029
Mining	0.52%	0.56%	4,397	5,145
Other Services	6.23%	5.78%	52,606	53,557
Professional, Scientific and Technical Services	12.19%	11.97%	103,020	110,836
Public Administration and Safety	0.40%	0.50%	3,418	4,647
Rental, Hiring and Real Estate Services	4.91%	5.04%	41,497	46,623
Retail Trade	8.78%	8.80%	74,224	81,504
Transport, Postal and Warehousing	2.62%	2.50%	22,164	23,106
Wholesale Trade	4.32%	4.36%	36,494	40,400
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>845,073</b>	<b>925,962</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 2022

### 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 2022					
\$'000					
	Segments	Maximum Exposure to Credit Risk	Total Collateral *	Net Exposure	Associated ECL
<b>Loans with Sufficient Collateral</b>	Disaster Recovery	162	3,650	-	-
	PIPES & CCLS	1,896	5,519	-	-
<b>Loans with Insufficient Collateral</b>	Disaster Recovery	423	-	423	383
	PIPES & CCLS	57	-	57	54
	Solar/Battery	108	-	108	108
	COVID-19 Jobs Support **	54,088	2,704	51,383	45,212
<b>Total</b>		<b>56,734</b>	<b>11,874</b>	<b>51,971</b>	<b>45,757</b>

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>

\* 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.

# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2022

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

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

	Note	2022 \$'000	2021 \$'000
Balance at 1 July		(267,273)	(309,699)
<b>Loss on loans issued at greater than fair value:</b>		<b>(18,078)</b>	<b>(32,972)</b>
PIPES & CCLS		(17,347)	(19,534)
Disaster Recovery		(731)	(233)
Solar/Battery		-	-
COVID-19 Jobs Support		-	(13,205)
<b>Amortisation of discount on loans:</b>	5	<b>68,511</b>	<b>75,398</b>
PIPES & CCLS		33,308	18,322
Disaster Recovery		1,044	1,081
Solar/Battery		1,810	1,916
COVID-19 Jobs Support		32,349	54,079
<b>Balance at 30 June</b>		<b>(216,840)</b>	<b>(267,273)</b>

#### 12.5 Movement of Loan Commitments

At reporting date, QRIDA has undrawn financial loan commitments of \$23.53 million (2021: \$25.63 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 \$3.84 million (2021: \$5.01 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 \$1.17 million (2021: decrease of \$8.71 million) is mainly due to the higher fair value of committed loans when the loan interest rates increased.

### Note 13: Interest-bearing borrowings

	2022 \$'000	2021 \$'000
<b>Current</b>		
Queensland Treasury Corporation*	2,787	2,798
Queensland Government**	13,408	12,795
Northern Territory Government	24	23
Australian Government	277	10,139
	<b>16,496</b>	<b>25,755</b>
<b>Non-Current</b>		
Queensland Treasury Corporation*	151,713	154,339
Queensland Government**	15,320	25,981
Northern Territory Government	212	214
Australian Government	1,695	3,276
	<b>168,940</b>	<b>183,810</b>
<b>Total</b>	<b>185,436</b>	<b>209,565</b>

# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2022

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

\* The loan facility was approved under the Queensland Government's State Borrowing Program (SBP). The approved limit for 2021-2022 was \$95.00 million. As at 30 June 2022, the amount undrawn under the facility was \$95.00 million (2021: \$78.00 million). Approval has been received under the 2022-2023 SBP to a limit of \$130.00 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 0.8 per cent to 2.27 per cent (2021: 0.45 per cent to 2.27 per cent).

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

	Note	2022 \$'000	2021 \$'000
<b>Balance at 1 July</b>		2,624	3,489
Amortisation of discount in borrowings:			
Effective interest	9.1	(1,034)	(1,652)
Other unwinding of discount	9.1	(321)	786
<b>Balance at 30 June</b>		<b>1,269</b>	<b>2,624</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**).



# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2022

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

	2022 \$'000	2021 \$'000
<b>Current</b>		
Queensland Government**	5,881	5,049
<b>Non-current</b>		
Queensland Government**	5,221	10,776
<b>Total</b>	<b>11,102</b>	<b>15,825</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	2022 \$'000	2021 \$'000
<b>Balance at 1 July</b>		1,157	2,072
Gain on borrowings received at greater than fair value		157	205
Amortisation of discount on borrowings:			
Effective interest	9.1	(553)	(763)
Other unwinding of discount	9.1	3	(356)
<b>Balance at 30 June</b>		<b>764</b>	<b>1,157</b>

### 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 of funds from Queensland Treasury through DAF. During 2020-21, an extra \$50 million of 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.

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

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.

During the current financial year, QRIDA has returned \$116.51 million (2021:\$50 million) of funds to DAF.

# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2022

### 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:

<b>Level 1</b>	Represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;
<b>Level 2</b>	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
<b>Level 3</b>	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 (2021: 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

	2022		2021	
	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	1,110,772	1,145,690	1,167,639	1,309,477

	2022		2021	
	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	1,972	1,972	13,415	13,415
Northern Territory Government Borrowings	236	236	237	237
Queensland Government Borrowings	39,830	40,175	54,601	56,872
Queensland Treasury Corporation Borrowings	154,500	148,639	157,137	159,514
<b>Total</b>	<b>196,538</b>	<b>191,023</b>	<b>225,390</b>	<b>230,038</b>

# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2022

### 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	2022 \$'000	2021 \$'000
<b>Financial Assets</b>			
Cash and cash equivalents	11	284,212	275,404
Loans and advances - at amortised cost	12	1,110,772	1,167,639
Receivables - at amortised cost		2,907	499
<b>Total</b>		<b>1,397,891</b>	<b>1,443,542</b>
<b>Financial Liabilities</b>			
Financial liabilities measured at amortised cost:			
Payables		2,718	406
Interest-bearing borrowings	13	185,436	209,565
Non-interest-bearing borrowings	14	11,102	15,825
<b>Total</b>		<b>199,256</b>	<b>225,796</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 2022

### 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	2022	Contractual Maturity Payable in			2021	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	2,718	2,718	-	-	406	406	-	-
Australian Government borrowings	1,972	276	1,047	648	13,415	10,139	2,125	1,151
Northern Territory Government borrowings	236	24	87	125	237	23	214	-
Queensland Government borrowings	41,863	19,289	14,717	7,857	58,887	18,030	31,036	9,821
Queensland Treasury Corporation borrowings	197,551	4,599	18,338	174,614	206,747	4,824	19,038	182,885
<b>Total</b>	<b>244,340</b>	<b>26,906</b>	<b>34,189</b>	<b>183,244</b>	<b>279,692</b>	<b>33,422</b>	<b>52,413</b>	<b>193,857</b>

# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2022

### 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 +/- (2021 +/- 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 \$12.56 million (2021: \$3.22 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 6.89:1 (2021) to 7.52:1 (2022).

#### Financial instruments

	Carrying amount \$'000	2022 interest rate risk			
		-1.00%		+1.00%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Cash and cash equivalents	284,212	(2,842)	(2,842)	2,842	2,842
Loans and advances	1,110,772	(11,573)	(11,573)	11,573	11,573
Australian Government borrowings	1,972	20	20	(20)	(20)
Northern Territory Government borrowings	236	2	2	(2)	(2)
Queensland Government borrowings*	28,728	287	287	(287)	(287)
Queensland Treasury Corporation borrowings	154,500	1,545	1,545	(1,545)	(1,545)
<b>Overall effect on profit and equity</b>		<b>(12,561)</b>	<b>(12,561)</b>	<b>12,561</b>	<b>12,561</b>

#### Financial instruments

	Carrying amount \$'000	2021 interest rate risk			
		-0.25%		+0.25%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'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>

\* 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 2022 (2021: Nil).

### Note 19: Commitments

At the reporting date, QRIDA had no commitments for capital expenditure (2021: 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 2022

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

The Reserve Bank of Australia increased the cash rate by 50 basis points on 6th July 2022 and an additional 50 basis points on 2nd August 2022. The increases don't directly impact the information provided in the QRIDA's financial statements. However, the value of QRIDA's financial assets, specifically QRIDA's loan and advances, would be affected in the longer term.

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

### **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 2022

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

#### Note 22: Budgetary reporting disclosures

This section discloses QRIDA's original published budgeted figures for 2021-22 compared to actual results, with explanations of major variances.

##### 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 increase of \$591.90 million is mainly due to COVID-19 Business Support Grants Scheme of \$335.00 million, Tourism and Hospitality Sector Hardship Grants Scheme of \$137 million, Disaster Recovery Funding Arrangements of \$98.30 million, which were initiated after the 2021-22 budget was finalised.
<b>Fees</b>	The increase of \$5.30 million is mainly due to administration fees of \$5.44 million for COVID-19 Business Support Grants which was initiated after the 2021-22 budget was finalised.
<b>Interest</b>	The increase of \$27.27 million is mainly due to higher unwinding and amortisation of concessional loan discounts due to increasing interest rates.
<b>Gain on reversal of impairment loss</b>	The increase of \$1.66 million is mainly due to decreased provision of doubtful debts.
<b>Supplies and services</b>	The increase of \$5.19 million is mainly due to higher than budgeted contractors costs for delivery of COVID-19 Business Support Grants.
<b>Grants and subsidies</b>	The increase of \$465.14 million is mainly due to higher than budgeted grant payment on DRFA of \$70.76 million, COVID-19 Business Support Grant Scheme of \$321.58 million, Tourism and Hospitality Sector Hardship Program \$110.99 million, Major Tourism and Experience grants of \$22.00 million, offset by lower than anticipated grant payments of \$58.78 million on North and North Queensland Restocking, Replanting and On-farm Infrastructure Grant.
<b>Loss on loans and loan commitments issued at greater than fair value</b>	The decrease of \$19.03 million is mainly due to higher than expected interest rates in 2021-22 and lower than budget loan advanced.
<b>Other expenses</b>	The increase of \$39.30 million is mainly due to return of program funding for COVID-19 Business Support Grants of \$13.51 million, COVID-19 Small Business Assistance Grants of \$13.85 million and Large Customer Adjustment Program of \$6.03 million.

##### Explanation of major variances - Statement of Financial Position

<b>Cash and cash equivalents</b>	The increase of \$171.11 million is largely due to the program funding being held for the North Queensland Restocking, Replanting and On-farm Infrastructure Grant Scheme of \$47.81 million, South East Queensland Rainfall and Flooding, 22 February - 5 April 2022 event of \$30.38 million, PIPES of \$41.64 million and North Queensland Monsoon assistance schemes of \$21.47 million and COVID-19 Job Support Loans of \$25.04 million.
<b>Loans and advances - Current</b>	The decrease of \$14.31 million is mainly due to higher than expected early repayment of loans.
<b>Loans and advances - Non Current</b>	The decrease of \$236.40 million is mainly due to higher than expected early loan repayments of \$156.74 million and lower than budgeted opening balance of \$75.91 million on loans and advances due to early repayment in 2020-21.
<b>Interest-bearing borrowings - Current</b>	The decrease of \$3.93 million is mainly due to lower than budgeted borrowing for PIPES due to higher than expected early repayments.
<b>Interest-bearing borrowings - Non Current</b>	The decrease of \$159.72 million is mainly due to lower than budgeted borrowing of \$109.00 million for PIPES due to lower than budgeted opening balance of \$45.39 million on loans and advances due to early repayment in 2020-21.
<b>Contributed equity</b>	The decrease of \$100.43 million is due to higher than budgeted equity withdraw for early repayments on COVID-19 Jobs Support Loans.
<b>Accumulated surplus</b>	The increase of \$189.59 million is mainly due to higher than budgeted accumulated surplus of \$52.75 million as at 30 June 2021 and higher than budgeted financial performance result of \$136.84 million for 2021-22.

# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2022

### Note 22: Budgetary reporting disclosures (continued)

#### Explanation of major variances - Statement of Cash Flows

<b>Grants and other contributions</b>	The increase of \$590.78 million is mainly due to COVID-19 Business Support Grants Scheme of \$335.00 million, Tourism and Hospitality Sector Hardship Grants Scheme of \$137 million, Disaster Recovery Funding Arrangements of \$98.30 million, which were initiated after the 2021-22 budget was finalised.
<b>Fees</b>	The increase of \$3.45 million is mainly due to administration fees of \$5.44 million for COVID-19 Business Support Grants which was initiated after the 2021-22 budget was finalised and offset by \$2.20 million of accrued fee for service revenues.
<b>Interest received</b>	The decrease of \$5.10 million is due to lower than budgeted interest rates in 2021-22.
<b>GST collected from customers</b>	The increase of \$13.56 million is mainly due to the GST on grants received for DRFA disaster events which were initiated after the 2021-22 budget was finalised.
<b>Supplies and services</b>	The increase of \$4.04 million is mainly due to higher than budget contractors costs for delivery of COVID-19 Business Support Grants.
<b>Grants and subsidies</b>	The increase of \$465.14 million is mainly due to higher than budgeted grant payment on DRFA of \$70.76 million, COVID-19 Business Support Grant Scheme of \$321.58 million, Tourism and Hospitality Sector Hardship Program \$110.99 million, Major Tourism and Experience grants of \$22.00 million, offset by lower than anticipated grant payments of \$58.78 million on North and North Queensland Restocking, Replanting and On-farm Infrastructure Grant.
<b>Other expenses</b>	The increase of \$39.30 million is mainly due to unexpected return of program fundings for COVID-19 Business Support Grants of \$13.51 million, COVID-19 Small Business Assistance Grants of \$13.85 million and Large Customer Adjustment Program of \$6.03 million.
<b>GST remitted to ATO</b>	The increase of \$11.49 million is mainly due to the GST on grants received for DRFA disaster events which were initiated after the 2021-22 budget was finalised.
<b>Loans and advances redeemed</b>	The increase of \$156.74 million is mainly due to higher than expected early loan repayments for PIPES \$66.17 million and COVID-19 Jobs Support Loans \$79.16 million.
<b>Loans and advances made</b>	The decrease of \$73.21 million is mainly due to lower than budgeted loans advanced for PIPES \$23.21 million and DAF drought loans \$50.00 million.
<b>Interest-bearing and non-interest-bearing borrowings</b>	The decrease of \$123.68 million is mainly due to lower than budgeted borrowing of \$70.00 million for PIPES not required due to higher than expected early repayments and \$50.00 million for DAF drought loans not required due to no loans issued at 30 June 2022.
<b>Interest-bearing and non-interest-bearing borrowings redemptions</b>	The increase of \$6.03 million is mainly due to higher than budgeted funds being repaid from Commonwealth Concessional Loans. The funds were returned back to Commonwealth Government.
<b>Equity withdrawals</b>	The increase of \$97.01 million is due to higher than budgeted equity withdrawal for early repayments on COVID-19 Jobs Support Loans.



# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2022

### 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 2021-22 and 2020-21.

Position	Position Responsibility
Chief Executive Officer	Responsible for leading and managing the affairs of QRIDA including strategically positioning QRIDA to achieve organisational and financial goals and implement Board policy.
Chief Lending Officer	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.
Chief Operating Officer	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.
Chief Engagement Officer	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, 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 2022

### 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 2021 - 30 June 2022

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	286	30	8	29	-	352
Chief Lending Officer - Former (1 July 2021 - 14 April 2022)	183	-	5	19	-	207
Chief Lending Officer - Current (15 April 2022 - Current)	46	-	1	4	-	52
Chief Operating Officer	172	25	5	21	-	223
Chief Engagement Officer	205	7	6	22	-	239

#### 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 (1 July 2020 - 29 January 2021)	119	23	3	21	-	166
Chief Lending Officer (19 April 2021 - 30 June 2021)	40	-	1	4	-	45
Chief Operating Officer	164	22	4	21	-	211
Chief Engagement Officer	182	16	5	20	-	223

### Note 24: Board disclosures

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	
Belinda Turner	18/04/2019	Current	Chair of Audit and Risk Management Committee
Scott Spencer	27/08/2020	Current	
Zoe Kenneally	27/08/2020	Current	Reappointed
Drew Ellem	25/10/2019	Current	Representative of Queensland Treasury
Elton Miller	3/12/2015	01/11/2021	Representative of DAF
Paul Walmsley	11/11/2021	Current	Representative of DAF

# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2022

### Note 24: Board disclosures (continued)

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

Board Member	Short Term Employment Benefits (Directors' Fees)		Post-Employment Benefits (Superannuation)		Total Benefits	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
John Corbett	44	44	4	4	48	48
Elizabeth Alexander	12	10	1	1	13	11
Belinda Turner	14	14	1	1	15	15
Scott Spencer	12	10	1	1	13	11
Zoe Kenneally	14	11	1	1	15	12

### 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 \$13,284,000 (\$12,920,000 for 2020-21).

QRIDA has borrowings of \$154,500,270 (\$157,136,611 for 2020-21) from QTC. **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 \$235,918 (\$244,482 for 2020-21).

QRIDA leases Brisbane and Townsville office accommodation from the Department of Energy and Public Works. The lease expenses were \$728,203 (\$699,782 for 2020-21).

The Corporate Administration Agency (CAA) provides QRIDA human resource services and information management and business systems services. The expenses of these services were \$108,470 (2020-21 \$126,928).

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	
		2022 \$	2021 \$
Queensland Government	NDRRA and DRFA	2,012,845	127,953
Department of Environment and Science	Farming in Reef Catchments Rebate Scheme	50,000	150,000
	Household Waste Payment Scheme	50,000	50,000
	Carbon Farming Advice Rebate Scheme	57,400	10,850
Department of Transport and Main Roads	COVID-19 Taxi and Limousine Industry Assistance Scheme	-	2,160,000
	Wheelchair Assistance Taxi Grant Scheme	50,000	50,000
	Zero Emission Vehicle Rebate Scheme	40,000	-
Department of Employment, Small Business and Training	Small Business COVID-19 Adaption Grant - Round 2	19,014	2,350,598
	COVID-19 Business Support Grants Scheme	5,444,582	-
Department of Tourism, Innovation and Sport	Tourism & Hospitality Sector Hardship Grants Scheme	1,182,071	-
	Work in Paradise Incentive Scheme	874,365	50,000
	Tourism Business Professional Advice Rebate Scheme	50,000	45,000
Department of Regional Development, Manufacturing and Water	Horticulture Irrigation Pricing Rebate Scheme	108,950	-
Department of Agriculture and Fisheries	COVID-19 Jobs Support Loans Scheme	-	1,997,040
	Rural Economic Development Grants	158,000	117,000
	Drought Loans	1,087,000	-
	Rural Agricultural Development Grants (Sheep and Goats)	110,000	-
	Horticulture Netting Scheme	135,125	-
	Back to Work in Agriculture	491,412	47,734
	Farm Management Grants & Drought Preparedness Grants	91,000	-

# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2022

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

#### Accounting standards applied for the first time

No new accounting standards or interpretations that apply to QRIDA for the first time in 2021-22 had any material impact on the financial statements.

The IASB's IFRS Interpretations Committee (IFRIC) published an agenda decision in April 2021 outlining how a customer should account for the costs of configuring or customising a supplier's software in a Software-as-a-Service (SaaS) or cloud computing environment.

QRIDA reviewed previous costs that were capitalised as intangibles to determine whether the accounting treatment was correct in light of this agenda decision. As there were no previously capitalised cloud computing or SaaS configuration costs, there was no change to accounting policy in 2021-22 as a result of the IFRIC decision.

#### Accounting Standards Early Adopted

No Australian Accounting Standards have been early adopted for 2021-22.

### 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	2022 \$'000	2021 \$'000
<b>Revenues</b>		
Contractual interest on loans	1,226	1,450
Interest earned on cash and investments	13	10
<b>Total</b>	<b>1,239</b>	<b>1,460</b>

  

Assets held by QRIDA on behalf of Principals	2022 \$'000	2021 \$'000
<b>Current assets</b>		
Cash and cash equivalents	1,307	5,752
Loans and advances	7,011	26,671
<b>Non-current assets</b>		
Loans and advances	52,938	68,374
<b>Total Assets</b>	<b>61,256</b>	<b>100,797</b>

### Note 29: Climate risk disclosure

The State of Queensland as the ultimate parent of QRIDA has published a wide range of information and resources on climate change (accessible via <https://www.qld.gov.au/environment/climate/climate-change>) including the following whole-of-Government publications in relation to climate risk, strategy and action:

- **Climate Adaptation Strategy** <https://www.qld.gov.au/environment/climate/climate-change/adapting/strategy>
- **Climate Transition Strategy** <https://www.qld.gov.au/environment/climate/climate-change/transition/queensland-climate-transition-strategy>
- **Climate Action Plan 2030** <https://www.des.qld.gov.au/climateaction>
- **Queensland Sustainability Report** <https://www.treasury.qld.gov.au/programs-and-policies/esg/>

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 and Climate Action Plan 2030.

# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2022

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

During 2021-22, QRIDA has administered a number of COVID-19 related financial assistance schemes on behalf of other Queensland Government entities. These schemes include COVID-19 Business Support Grants Scheme, Tourism and Hospitality Hardship Grants Scheme, COVID-19 Marine Tourism Rebate Scheme (Round 2), Small Business Adaptation Grant Scheme, Back to Work in Agriculture Scheme and COVID-19 Jobs Support Loans Scheme.

The following significant transactions were recognised by QRIDA during the 2021-22 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:

	2022 \$'000	2021 \$'000
Employee expenses	3,699	3,286
Supplies and services	6,382	1,489
Grants and subsidies		
COVID-19 Business Support Grants Scheme	321,579	-
Tourism and Hospitality Hardship Grants Scheme	132,985	-
COVID-19 Marine Tourism Rebate Scheme	1,757	1,831
Small Business COVID-19 Adaption Grant Program	705	99,773
COVID-19 International Tourism Adaption Grants Scheme	(10)	2,388
COVID-19 Taxi and Limousine Industry Assistance Scheme	105	18,723
Tourism Business Professional Advice Rebate	8	-
Loss on loans issued at greater than fair value*	-	3,566
Other expenses (return of funding)	30,960	-
	498,170	131,056

\* 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:

	2022 \$'000	2021 \$'000
Grants and other contributions		
COVID-19 Business Support Grants Scheme	336,073	-
Tourism and Hospitality Hardship Grants Scheme	137,050	-
COVID-19 Marine Tourism Rebate Scheme	2,000	1,970
Small Business COVID-19 Adaption Grant Program	-	114,209
COVID-19 International Tourism Adaption Grants Scheme	-	3,750
COVID-19 Taxi and Limousine Industry Assistance Scheme	-	21,000
Gain on reversal of impairment loss	1,529	8,417
Fees	6,837	6,629
Interest	54,627	56,816
	538,115	212,791
Impact on Total Comprehensive Income	(39,945)	(81,735)

# Queensland Rural and Industry Development Authority

## Notes to the Financial Statements

for the year ended 30 June 2022

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

#### Statement of Financial Position

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

	2022 \$'000	2021 \$'000
Cash and cash equivalents	29,842	61,411
Loans and Advances:		
Gross Carrying Amount	845,073	925,962
Less Allowance for Expected Credit Loss	(91,471)	(94,767)
Less Discount on loans issued at greater than fair value	(99,085)	(131,434)
	684,360	761,172

There were no significant liabilities arising from COVID-19 related schemes.

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

	2022 \$'000	2021 \$'000
Non-appropriated equity injection	-	50,000
Non-appropriated equity withdrawal	(116,512)	(31,773)

# Queensland Rural and Industry Development Authority Management Certificate

for the year ended 30 June 2022

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 2022 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: 23 August 2022