

Rural Business Development Corporation

ANNUAL REPORT for the year ended 30 June 2005



Department of Agriculture
Government of Western Australia



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ABOUT THE CORPORATION

The role of the Corporation

The Corporation administers financial support schemes for the farm sector on behalf of the Australian and State governments, and delivers other services for the benefit of rural industry.

In 2004-2005 the schemes that required the majority of the Corporation's resources were:

- Exceptional Circumstances (EC) – The Corporation administered five EC declarations during 2004-2005. The declarations covered areas declared on 3 August 2001 (a portion of the south-eastern wheatbelt of Western Australia), 7 March 2002 (in the north-eastern and eastern edge of the wheatbelt), 2 July 2003 (a wide area of the southern rangelands pastoral region), 24 July 2003 (the central north, central eastern and central south eastern wheatbelt), and 7 April 2005 (the north east wheatbelt). Farmers in EC declared areas can apply for an Interest Rate Subsidy to alleviate the financial impacts of exceptionally adverse seasonal conditions. Eligible farmers can also apply for a certificate to enable them to make application to Centrelink for EC Relief Payments or Austudy/Youth Allowance;
- The Gascoyne Murchison Strategy was launched in April 1998 and funded through the Rural Partnership Program with funding from State Government, the Australian Government's Rural Adjustment Scheme and Natural Heritage Trust. It provided funding and support for pastoralists in the Gascoyne/Murchison region to improve productivity, sustainability and viability. Funding, in the form of non repayable grants, were allocated through a competitive process over six funding rounds, two in each of 1998, 1999 and 2000. Funded pastoral businesses were given three years, plus extensions, to complete the undertakings stated in the Agreements. All grants to pastoral businesses were acquitted at the end of April 2004 and all funding of Regional Based Alternatives projects were acquitted by the end of August 2004. An evaluation of the effectiveness of the scheme was conducted and is available at www.gms.wa.gov.au;
- The Dry Season 2004 Assistance Scheme was established in early 2005 to provide assistance to growers who had suffered as a result of the 2002-2004 run of dry seasons in the north eastern wheatbelt. The scheme provides direct grants of up to \$6,000 to affected farmers to meet drought preparedness or impact measures and to obtain professional advice;
- The 2005 Pastoral Dry Season Assistance Scheme was established in early 2005 to provide assistance to pastoralists who have experienced prolonged dry seasons (for some pastoralists, up to 5 years). The scheme enables pastoralists who have already received either an EC Interest Rate Subsidy or EC Relief Payment from the 2 July 2003 EC declared area to claim a reimbursement of their 2004-2005 Agricultural Protection Rates;
- The Farmer Training Assistance Scheme, as part of the FarmBis WA program funded by the Corporation but administered by the Department of Agriculture, was established to allow farmers to participate in eligible training activities and receive a grant up to 75% of the cost of the activity under FarmBis 2001-2004 which ceased on 30 December 2004;
- The new AAA FarmBis 2005-2008 commenced on 1 February 2005 and will end on 30 June 2008. The Corporation will be the accountable financial partner on behalf of the State of Western Australia for this FarmBis agreement with the Australian Government;
- The Marketing of Eggs Adjustment Assistance Scheme. As part of the transition to a deregulated egg industry in Western Australia, an adjustment package of \$8.75 million has been established by the State government for egg producers whose licences are to be cancelled as part of the industry deregulation.

The objective of the Corporation

To improve the long-term profitability and competitiveness of farmers, leading to an internationally competitive and sustainable farm sector.

The strategies of the Corporation

Supporting farm businesses through training, and in so doing, encouraging farmers to identify and implement strategies that enhance sustainable long-term profitability.

- *Grants are available under FarmBis to assist farmers in business capacity building, with special emphasis on managing their farm business in a very dry season with risk management for the future, to develop new skills and to attend training courses.*

Supporting farmers in developing farm business management skills and building the capacity of rural Western Australians to be self-determining.

- *Grants were available to assist farmers in business capacity building for farmers, with a special emphasis on managing in a very dry season and risk managing for the future.*

Supporting the farm sector during periods of financial difficulties arising from exceptional circumstances.

- *Interest subsidies of up to 80% of the interest and charges paid by farmers on eligible farm debt are available for exceptional circumstances upon the Australian Government's declaration of an event. In addition, Exceptional Circumstances Certificates are issued to enable recipients to make application for Centrelink payments.*

Supporting farm businesses by recognising that many of the entrenched rural adjustment problems are regionally concentrated and that there is a need for support to be targeted to the specific needs of farmers.

- *Under the Commonwealth's Rural Partnership Program, regionally focused programs were established for the Gascoyne-Murchison (closed August 2004) and South Coast regions (closed February 2002).*

RURAL BUSINESS DEVELOPMENT CORPORATION

STATEMENT OF COMPLIANCE

For the year ended 30 June 2005


Hon Kim Chance
Minister for Agriculture and Forestry

In accordance with Section 66 of the Finance Administration and Audit Act 1985, we hereby submit for your information and presentation to Parliament, the Annual Report of the Rural Business Development Corporation for the year ending 30 June 2005.

The Report has been prepared in accordance with the provisions of the Financial Administration and Audit Act 1985 and the Rural Business Development Corporation Act 2000.



Robert Sands
Chairman



Kerrine Blenkinsop
Director

Date 19/8/05

Date 19/8/05

CHAIRMAN'S OVERVIEW

The Rural Business Development Corporation (RBDC), through the administration of various grant programs, continued to play an important role during the past year supporting Western Australia agriculture. Some of the schemes administered are reactive in nature, however the board also has a responsibility to develop and administer proactive schemes.

The past year has seen continued emphasis by the RBDC on drought related matters. There has been a new Exceptional Circumstances (EC) declaration in April 2005 for the North Eastern Wheatbelt and an extension for a third year of EC support for the Pastoral area. In addition the RBDC established two further Dry Season Support Schemes during the year, for farmers in the North Eastern Wheatbelt area affected by continuing dry conditions and pastoralists, some of whom having their fifth consecutive year of dry conditions.

The past year has seen an improvement in season conditions in most of the agricultural areas of the State and it is anticipated that many farmers will have an average to above average season. There has been relief for some pastoral areas with good rains in recent months however many pastoralists are still experiencing dry conditions.

The new joint Commonwealth State FarmBis scheme commenced in January 2005 for a three year period to 30 June 2008. The new FarmBis will build on the success of earlier programs (1997-2004) in lifting the business management skills of primary producers and land managers. The adoption of a continuous learning culture, innovation and improved business management skills are key drivers in building the self reliance, competitiveness and capacity of the States primary producers to meet the challenge of global change. The new program has \$10 million of available funding. The State's 50% share is comprised of \$2 million from the RBDC reserves and \$3 million from the State Government.

A FarmBis State Planning Group (SPG) with industry representation has been appointed by both the Commonwealth and State Ministers. The SPG has responsibility for the strategic direction and outcomes of FarmBis. The RBDC, as the accountable body in Western Australia for the FarmBis Program, has a close working relationship with the SPG.

The Gascoyne Murchison Scheme (GMS) which was launched in 1998 concluded in August 2004. The scheme was established with a commitment to assist the regional community's vision for "a socially and economically viable community involved in a diverse range of industries". During the six year operation of the scheme a total of \$7.8 million of Commonwealth and RBDC (State) funding was utilised for a range of measures.

As part of the transition to a deregulated egg industry in Western Australia, an adjustment package of \$8.75 million has been established by the State government for egg producers whose licences are to be cancelled as part of the industry deregulation. The RBDC is administering this assistance measure to pay \$8.5 million to affected egg producers and \$0.25 million for producers to obtain business options advice, address other adjustment impacts and administration costs of the scheme.

The RBDC continued to take a proactive role in identifying whether there is a need for government involvement in issues affecting rural industry. As part of this process the RBDC organised two workshops during the year to investigate possible new initiatives for the RBDC to be involved in. From these workshops initiatives are being developed. We have conducted background research and have met with key stakeholders. The initiatives which are under development at the moment are:

- land aggregation and land use changes including forestry
- stamp duty and capital gains tax relief for farm land rationalisation
- farm skills training scheme
- watching brief on external equity finance for farm land
- investigation of labour shortage in agriculture and the need for a cultural change in human resource management by agricultural industries

As in past years, the customer satisfaction survey conducted as part of the Corporation's annual reporting on Performance Indicators continues to show a high level of satisfaction by the EC applicants on the way the RBDC administered their application for support. The survey involved 153 applicants out of the 255 applications for EC support. The survey showed that 92.5% of EC applicants were satisfied with the way the RBDC administered their application for support.

The Board has continued to utilise a mix of reserves held and new funds to operate assistance schemes and it has responsibility for the administration of both State and Commonwealth funds held in the RBDC Operating Account. The Commonwealth provided \$5.2 million of new funding during the year for the EC, FarmBis and GMS programs. State funds of \$8.75 million were received for the Marketing of Eggs Adjustment Assistance Scheme. Though the Corporation has a closing bank balance of \$13.8 million at 30 June, these funds are fully committed with the majority of these funds to be used for the Marketing of Eggs Adjustment and FarmBis schemes.

The RBDC Board met formally six times during the last twelve months. Directors also met with the Minister during the year. There were a number of other activities that involved Directors outside the formal meetings. Directors of the Board attended meetings and discussions on Review of Financial Statements, Internal Audit Meetings, Dry Season Updates, FarmBis and several out of session decisions via email on various issues. Directors were also involved in the grant appeals process when required.

I wish to acknowledge the valuable contributions of fellow Board Directors, and to thank the staff for their dedication and support in undertaking the responsibilities of the Corporation during the year. Ian Longson has continued as Acting Chief Executive Officer of the Corporation.

I would like to thank Bruce Thorpe for his valuable contribution to the Board during his three and a half year Directorship, and look forward to his continued involvement with the Board as the manager of the Farm Business Development Program. The Board welcomes Dexter Davies and Richard Joyce as the newest Directors on the Board and we look forward to their input as Directors. Both have a strong involvement with farming. Dexter was the Chairman of the Dry Season Advisory Committee, a member of the Drought Review Panel 2004, and has extensive experience in agricultural communities. Richard has a good background in accounting and business management.

The Board is looking forward to the 2005-2006 year where we hope to have less demands on the reactive schemes such as Exceptional Circumstances, and to be able to influence policy makers to support some proactive schemes and changes to legislation to encourage a more profitable and sustainable agricultural industry for the future.

Robert Sands
Chairman

HIGHLIGHTS 2004-2005

The highlights for the Corporation in brief:

- ☑ The Corporation provides ongoing policy advice for the Exceptional Circumstances (EC) program to the Minister, the Department of Agriculture, and the Australian Government, and has participated in Industry Briefings over the past year.
- ☑ The Corporation was involved in one new successful EC declaration for the north eastern wheatbelt declared on 7 April 2005, and the extension into a third year for the area first declared EC on 2 July 2003 for the Southern Rangelands pastoral region.
- ☑ A survey of customers, who had been approved or declined applications for EC Interest Subsidy assistance, reported a 92.5% satisfaction rating with the Department staff handling their applications.
- ☑ In February 2001, the Corporation set a target administration cost of \$1,500 per EC application received. During the 2004-2005 financial year, the cost was \$1,303 per application. Since February 2001 to 30 June 2005, the average administration costs per application received is \$1,386, with the overall administration costs being only 5.9% of the total grants approved of \$28,921,348.
- ☑ The Dry Season 2004 Assistance Scheme was established in early 2005 to provide assistance to growers who had suffered as a result of the 2002-2004 run of dry seasons in the north eastern wheatbelt. The scheme provides direct grants of up to \$6,000 to affected farmers to meet drought preparedness or impact measures and to obtain professional advice. To 30 June 2005, it paid out a total of \$142,011 to 24 farmers.
- ☑ 2005 Pastoral Dry Season Assistance Scheme was established in early 2005 to provide assistance to pastoralists who have experienced continuing dry seasons. The scheme enables pastoralists who have already received either an EC Interest Rate Subsidy or EC Relief Payment from the 2 July 2003 EC declared area to claim a reimbursement of their 2004-2005 Agricultural Protection Rates. To 30 June 2005, it paid out a total of \$23,130 to 15 pastoralists.
- ☑ Between 1 July 2004 and 30 June 2005, 68 new Interim Income Support and Exceptional Circumstances (EC) certificates, 535 Continuation certificates and 31 Transfer to EC certificates were issued; a total of 634 certificates. From 2 February 2001 (when EC was declared for the south-eastern area) to 30 June 2005, 1,829 new, 4,550 continuation and 458 transfer certificates have been issued, a total of 6,837, enabling eligible farmers to apply to Centrelink for fortnightly payments.
- ☑ The Gascoyne Murchison Strategy (GMS) Agreement was revised and extended for a further two years to August 2004. The GMS has provided time extensions to pastoral businesses as required in an attempt to ensure on-ground works are fully completed. The final date for the completion of all work by pastoral businesses was 30 April 2004. Funding for Regional Based Alternatives (RBA) projects continued until the conclusion of the strategy on 28 August 2004. The Department of Agriculture will continue to apply diligence to the management of the RBA grants to ensure the accurate disbursement of grants, recording of information and timely reporting to relevant bodies. Grants advanced in 2004-2005 totalled \$754,559 million.
- ☑ The Farmer Training Assistance Scheme ceased on 31 December 2004 with the commencement of the RBDC administered FarmBis program on 1 January 2005. From July to December 2004 grants totalling \$1.3 million were approved to 2,870 participants. The new FarmBis program administered by the RBDC, with planned expenditure of \$10 million over 3 years to 30 June 2008, commenced in February 2005. Grants estimated to total \$0.36million were provided to 1,118 training participants from 1 February to 30 June 2005.

- ☑ Under the revised GMS Agreement, funds under the lease restructuring part of the Voluntary Lease Adjustment program were reallocated to provide funds to create new regional and industry scale diversification activities. The strategy commissioned 11 such activities which have been estimated will contribute some \$60 million of Gross Regional Product to the region if all the commissioned works mature. Significant additional State funds have also been committed to these works beyond those formally committed to in the GMS Agreement These works are considered to be one of the major highlights of the Strategy.
- ☑ As part of the transition to a deregulated egg industry in Western Australia, an adjustment package of \$8.75 million has been established by the State government for egg producers whose licences are to be cancelled as part of the industry deregulation. The RBDC is administering this assistance measure through the Marketing of Eggs Adjustment Assistance Scheme to pay \$8.5 million to affected egg producers and \$250,00 for producers to obtain business options advice, address other adjustment impacts and administration costs of the scheme.
- ☑ The last remaining loan from the Corporations past loan portfolio was finalised during the year.

CORPORATE PROFILE

Corporation Directors

The Rural Business Development Corporation (RBDC) Act requires that the Corporation consist of five Directors appointed by the Minister. The Board of the RBDC held six formal meetings during 2004-2005.

Existing Directors Robert Sands, Kerrine Blenkinsop and Maree Gooch were reappointed for a two year term expiring on 30 April 2007. Dexter Davies and Richard Joyce were appointed on 16 May 2005 as Directors for a two year term expiring on 30 April 2007. RBDC Directors during 2004-2005 were:

Chairman

Mr Robert Sands, a farm management consultant was appointed Chairman in August 2002. Mr Sands was initially appointed a Director in December 2000. Mr Sands attended six meetings of the Corporation in 2004-2005.

Directors

Mrs Kerrine Blenkinsop, a consultant was appointed in December 2000. Mrs Blenkinsop attended six meetings of the Corporation in 2004-2005.

Mrs Maree Gooch, a farmer was appointed in December 2003. Mrs Gooch attended six meetings of the Corporation in 2004-2005.

Mr Dexter Davies, a farmer was appointed in May 2005. Mr Davies attended one meeting of the Corporation in 2004-2005.

Mr Richard Joyce, a farmer was appointed in May 2005. Mr Joyce attended one meeting of the Corporation in 2004-2005.

Mr Bruce Thorpe, Director of the Farm Business Development Unit of the Department of Agriculture was appointed in August 2002. Mr Thorpe ceased as a Director in May 2005. Mr Thorpe attended five meetings of the Corporation in 2004-2005.

The Rural Business Development Act 2000 provides for a Director whose term of office expires by the passage of time, to continue in office until the Director is reappointed or his/her successor comes into office.

Corporate Structure and Staff

The Corporation has no staff. The Department of Agriculture under a Memorandum of Understanding agreement provides all services. Under this agreement, the Department provided the Corporation with the staff and other resources required for the Corporation to undertake its functions. The services provided to the Corporation are delivered through a Department unit titled Farm Business Development. This unit operated principally through the Department of Agriculture offices in South Perth. The unit also provides support for projects administered by the Department.

The Department of Agriculture, as the employer of staff, is responsible for the personal and skills development of its employees.

LEGISLATION

Enabling Legislation

Rural Business Development Corporation Act 2000

The Rural Business Development Corporation Act 2000 commenced on the 20 December 2000 and repealed the Rural Adjustment and Finance Corporation Act 1993. The Rural Business Development Corporation is established under Section 5 of The Rural Business Development Corporation Act 2000. The Corporation's functions are: -

- To administer approved assistance schemes and to ensure that such schemes administered by the Corporation are properly and fairly administered;
- To give directly the financial assistance to be given under approved assistance schemes administered by the Corporation;
- To provide moneys to a department of the Public Service, or to an agency or instrumentality of the Crown, for the purposes of the financial assistance to be given under an approved assistance scheme administered by the department, agency or instrumentality;
- To carry out research into, and develop policies on issues affecting persons likely to be given financial assistance under this Act;
- To review and give advice to the Minister on-
 - Proposed assistance schemes;
 - The implementation of approved assistance schemes; and
 - Economic and other conditions in the rural sector;
- To perform other functions given to the Corporation under this Act or another Act; and
- To perform any other functions that may be prescribed.

Responsible Minister

The Hon Kim Chance, MLC, Minister for Agriculture and Forestry.

Legislation Impacting on the Corporation's Activities

In the performance of its functions, the Rural Business Development Corporation complies with the following written laws:

- Financial Administration and Audit Act 1985
- Public Sector Management Act 1994
- Salaries and Allowances Act 1975
- Equal Opportunity Act 1984
- Occupational Health, Safety and Welfare Act 1984
- Workplace Agreement Act 1993
- Minimum Conditions of Employment Act 1993
- Industrial Relations Act 1979; and
- Disability Services Act 1993

In the financial administration of the agency, we have complied with the requirements of the Financial Administration and Audit Act 1985 and every other relevant written law, and exercised controls which provide reasonable assurance that the receipt, expenditure and investment of moneys, the acquisition and disposal of public property and incurring of liabilities have been in accordance with legislative provisions.

At the date of signing, we are not aware of any circumstances which would render the particulars included in this statement misleading or inaccurate.

Interest in Contracts by Corporation Members

Rob Sands, RBDC Chairman is a member of a company providing a consulting service to clients of the Corporation who may receive payment from the Corporation. Maree Gooch, an RBDC Director, and Richard Joyce, an RBDC Director, are members of farm business's that may be eligible to receive support under the FarmBis program.

Freedom of Information

The Corporation is required under the Freedom of Information Act to prepare and publish an Information Statement on its activities in regard to freedom of information issues.

This Statement is part of this Annual Report. The various components of the Information Statement are incorporated in the following sections:

Role, Objectives and Strategies of the Corporation - Page 1
Legislation - Page 9
Decision Making Functions (Members) – Legislation - Page 9
Formulation of Policy - Appendix 1
Documents held by the Corporation - Appendix 4

Clients may access files and documents outside the Freedom of Information Act guidelines, where the documentation or file refers particularly to a client's personal dealings with the Corporation. Client information may be available to other parties.

Documents, which have reference to third parties, may require editing before release is considered.

The Corporation's FOI Coordinator deals with all Freedom of Information (FOI) applications. No applications were received during 2004-2005.

Workers' Compensation

The Department of Agriculture, as the employer of staff, is responsible for workers compensation.

Official Corruption Act

No reports were made under this Act.

Internal Audit Function

The Internal Audit Committee was established by Directors and provides a monitoring mechanism for the review of the performance of the internal audit function and management audit reports.

The Department of Agriculture is contracted to perform the Corporation's internal audit function.

REPORT ON OPERATIONS

FINANCIAL OPERATIONS

The Rural Business Development Corporation funds its operations from its own Trust account known as the Rural Business Development Corporation Operating account. This one account contains both Commonwealth and State funding. This account is credited with interest earnings on cash balances held.

In 2004-2005 the Corporation continued to receive new Commonwealth funding for Rural Adjustment Scheme (RAS) Exceptional Circumstances (\$4.97 million), FarmBis (\$0.2 million) and Gascoyne Murchison Strategy (\$0.02 million). Funding of \$8.75 million was also received from the State Government for the Marketing of Eggs Adjustment Assistance Scheme. This will be advanced in early 2005-2006 to egg producers whose licences are to be cancelled as part of the industry deregulation.

Though the Corporation has a closing bank balance of \$13.8 million at 30 June, these funds are fully committed. Commitments are \$8.73 million funds held for loss of licence and other related expenditures under the Marketing of Eggs Adjustment Assistance Scheme, \$2 million for the new FarmBis Scheme, \$0.25 million for the Dry Season Assistance Schemes, administration \$0.1 million, proposed new scheme \$0.8 million, accruals \$0.37 million and \$1.5 million of working capital funds from the Australian Government for EC.

Total expenditures during 2004-2005 were \$7.5 million, a reduction of \$2.2 million from the previous year. The main reductions were due to less applications for Exceptional Circumstances Support (\$0.99 million) and Dry Season Schemes (\$0.57 million), cessation of Farmer Training Assistance Scheme (\$0.29 million), Gascoyne Murchison Scheme (\$0.36 million and Natural Resource Adjustment Scheme (\$0.1million), This was offset by commencement of new FarmBis scheme (\$0.3 million. Grants to farmers during 2004-2005 totalled \$6.78 million, or 90% of total expenditures.

AUSTRALIAN GOVERNMENT SCHEMES

EXCEPTIONAL CIRCUMSTANCES (EC)

The Corporation is the accountable authority in Western Australia for the Australian Government's Exceptional Circumstances program. It administers applications from farmers for the EC Interest Rate Subsidy assistance in line with policy guidelines issued by the Federal Minister for Agriculture, Fisheries and Forestry for areas declared EC. During the 2004-2005 financial year, there was one new EC declaration, declared on 7 April 2005 for the north eastern wheatbelt, and a one year extension was granted to the area declared on 2 July 2003 for the southern rangelands pastoral region. It also issues Certificates of Farm Location to farmers so that they can apply to Centrelink for the EC Relief Payments.

During the year, the Corporation administered applications from 5 separate declarations. These were the areas declared on 3 August 2001, 7 March 2002, 2 July 2003, 24 July 2003, and 7 April 2005. Each declaration enables farmers in the declared areas to apply for the EC Interest Rate Subsidy through the Corporation, and the EC Relief Payment, which is administered by Centrelink. During the year the Corporation administered the following EC "years". Year 2 for the 3 August 2001 declaration (closed 2 August 2003), Year 2 for the 7 March 2002 declaration (closed 6 March 2004), Year 1, 2, and 3 for the 2 July 2003 declaration, and the 7 April 2005 declared area.

The Australian Government guidelines allow for support to be provided to farmers in declared areas (and buffer zones where applicable) who would normally have prospects of long-term profitability, but because of the exceptional conditions, which in turn have detrimentally affected their income, has led their business into financial difficulty.

Since the current sequence of EC declarations started on 2 February 2001 up to 30 June 2005, 1,245 applications for the EC Interest Rate Subsidy have been received. Of these, 863 had been approved for a total commitment of \$29,144,917 (implying an average grant of \$33,772), 353 had been declined, and 29 were still in process.

In the period 1 July 2004 to 30 June 2005, 224 applications for the EC Interest Rate Subsidy were processed from the five EC declared areas. 151 were approved a total of \$5,655,083 (an average grant of \$37,451), and 73 were declined.

In addition to the Interest Rate Subsidy, eligible farmers can also make application for an Exceptional Circumstances Certificate to enable them to apply to Centrelink for Exceptional Circumstances Relief Payments, or Austudy/Youth Allowance. Each certificate is valid for six months, with continuation certificates issued automatically.

In 2004-2005, 68 new certificates, 535 continuation certificates and 31 transfer from interim certificates to EC certificates, a total of 634 certificates, were issued.

FARMBIS

A new joint Australian/State Government FarmBis scheme commenced in January 2005 for a three year period to June 2008. The new FarmBis will build on the success of earlier programs (1997–2004) in lifting the business management skills of primary producers and land managers. The adoption of a continuous learning culture, innovation and improved business management skills are key drivers in building the self reliance, competitiveness and capacity of Australia's primary producers to meet the challenge of global change. The new scheme will have a reimbursement of 50% for eligible training costs. From 1 February to 30 June 2005, a total of 63 different courses have been run and 679 (1,113 participants) applicants have been paid a total support of \$321,032.

AUSTRALIAN/STATE GOVERNMENT AGREEMENTS

GASCOYNE-MURCHISON STRATEGY

The Gascoyne-Murchison Strategy (GMS) was launched in April 1998 with a commitment to achieve the regional community's vision for "a socially and economically viable community involved in a diverse range of industries, based on use of the rangelands in an environmentally sustainable way". A total funding package of some \$45 million State and Commonwealth funds was committed through State/Commonwealth Agreements for implementation of the Strategy over 5 years. Following the Mid-Term Review the Strategy was extended by two years to August 2004.

The GMS is comprehensive and consists of four core programs:

- Industry and Business Development Grants which supports a range of measures to enhance productivity and sustainability,
- Voluntary Lease Adjustment,
- Research and Development, and
- Regional Environmental Management Program.

Rural Business Development Corporation funding of \$7.855 million is directed at primarily supporting the Industry and Business Development Grants as well as the Voluntary Lease Adjustment project and parts of the GMS administration functions.

Industry and Business Development Grants

Business Development Grants are the most likely avenue for pastoralists to access Gascoyne Murchison Strategy (GMS) funding. Measures delivered through this activity include:

- Funding for the implementation of business plans.
- Funding of Total Grazing Management (TGM) systems.
- Funding for the Cyclone Vance Water Recovery Scheme
- Funding for implementation of Regional Based Alternatives

At the conclusion of the funding for on-ground works for pastoral businesses and associated projects some \$5.2 million of Strategy funds, matched by around \$6.8 million in grower contributions, has been invested in projects to enhance the sustainable occupation of the region.

The Regional Based Alternatives Sub-committee of the GMS Board (RBA) has a focus of broadening and strengthening of the economic base of this region leading to sustainable industries and communities within the rangeland. During 2002-2003, eleven new projects were approved at a total of \$682,000 under the Regional Based Alternatives funding component of GMS. During 2003-2004 most of these projects have been expanded and a number of new projects funded with an additional contribution from the state of some \$850,000.

To date the RBA has been successful in commissioning studies and works in the area of:

- Mineral prospectively for the Gascoyne region;
- Water resource potential in the Wiluna region;
- An Outback Tourism Pathway for the Gascoyne Murchison region;
- Feasibility of aquaculture enterprises based on ornamental fish and use of artesian water;
- A strategic rangeland resources audit, called Outback Resource Atlas (ORA), encompassing all known state government information databases one to one system capable of identifying target areas for development given parameters set by an interested commercial investor.
- An investigation in the potential of developing inland water precincts at Mt Augustus, Meedo and Wooramel stations.
- The potential for horticulture development in the Rocky Pool area of the Gascoyne River.
- Investigation of the opportunities for commercial investment in industry development.
- Investigation of the economic and practical feasibility of developing a camel industry in Western Australia.
- Development of Tourism Precincts at Mt Augustus and Quobba Coast
- Testing the economic potential of adding value Rangeland goat products.
- Provision of On-Line tendering to help reduce production costs of pastoral businesses.
- Information Technology training for pastoral families.

STATE SCHEMES

FARMER TRAINING ASSISTANCE SCHEME

During 2001-2004 FarmBis targets were set based on financial investment for the program. The move has been away from production management to general business, especially in the subject area of quality assurance. People management, financial management and natural resource management are close to their targets. General business management is twice its target and marketing is going backwards.

FarmBis was accessed by over 50% of all eligible participants with a high repeat rate of 64%. Women's participation is only 25% with the highest level of participation in 35-54 age group. Each year sees approximately 600 new participants accessing the scheme.

	Participants by numbers	Funding Investment		
		FarmBis 1 1.7.99-30.6.01	FarmBis 2 1.7.01-31.12.04	TARGET
People Management	6%	5.00%	17%	20%
Financial Management	10%	4.25%	12%	10%
General Business Management	35%	29.50%	40%	20%
Marketing	5%	8.50%	3%	25%
Production Management	40%	48.30%	20%	20%
Natural Resource Management	4%	4.40%	8%	5%

Participation rates for FarmBis 1999-2001 and 2001-2004 for each category

MARKETING OF EGGS ADJUSTMENT ASSISTANCE SCHEME

As part of the transition to a deregulated egg industry in Western Australia, an adjustment package of \$8.75 million has been established by the State government for egg producers whose licences are to be cancelled as part of the industry deregulation. The RBDC is administering this assistance measure through the Marketing of Eggs Adjustment Assistance Scheme.

Payments totalling \$8.5 million will be made, in early 2005-2006, to egg producers whose licences are to be cancelled as part of industry deregulation. The additional \$250,000, of which \$21,767 was expended in 2004-2005, will be used for producers to obtain business options advice, address other adjustment impacts and administration. The Marketing of Eggs Legislation Expiry Regulations has been gazetted on 2 July 2005.

DRY SEASON 2004 ASSISTANCE SCHEME

The Dry Season 2004 Assistance Scheme was established in early 2005 to provide assistance to growers who had suffered as a result of the 2002-2004 run of dry seasons in the north eastern wheatbelt covering the northern Chapman Valley, eastern Mullewa, eastern Morawa, and northern Perenjori Shires. The scheme provides direct grants of up to \$6,000 to affected farmers to meet drought preparedness or impact measures and to obtain professional advice. To 30 June 2005, it paid out a total of \$142,011 to 24 farmers.

2005 PASTORAL DRY SEASON ASSISTANCE SCHEME

The 2005 Pastoral Dry Season Assistance Scheme was established in early 2005 to provide assistance to pastoralists who have experienced continuing dry seasons. The scheme enables pastoralists who have already received either an EC Interest Rate Subsidy or EC Relief Payment from the 2 July 2003 EC declared area to claim a reimbursement of their 2004-2005 Agricultural Protection Rates. To 30 June 2005, it paid out a total of \$23,130 to 15 pastoralists.

LOANS SCHEME

The Corporation ceased advancing loans in 1992. Since then, its loan portfolio had reduced to only one client at the commencement of 2004-2005. Following negotiations by the RBDC Board a payment totalling \$234,510 was received from the sale of remaining farmland. The balance of \$276,208 was written off during the year. There are now no remaining loans held by the RBDC.

RURAL LAND SALES LIAISON COMMITTEE

The Rural Land Sales Liaison Committee provides a process of ensuring that all suitable and available options have been explored by the lender and borrower in cases where financial difficulties are being experienced and where mutual agreed resolve does not exist.

During the 2004-2005 year there were no applications for consideration. There have however been two enquiries that resulted in telephone consultation with both the lender and the farmer by the Executive Officer. Neither case has proceeded.

DISCLOSURE UNDER ELECTORAL ACT 1907 SECTION 175ZE

In compliance with section 175ZE of the Electoral Act 1907, the Rural Business Development Corporation is required to report on expenditure incurred during the financial year in relation to advertising agencies, market research organisations, polling organisations, direct mail organisations and media advertising organisations.

No expenditure was incurred during 2004-2005 in relation to advertising agencies, market research organisations, polling organisations, direct mail organisations and media advertising organisations.

OUTCOMES, OUTPUTS & PERFORMANCE INFORMATION

OUTPUT - FARM BUSINESS DEVELOPMENT

Description:

To assist farmers to enhance their skills, leading to improved sustainable long-term profitability and better capacity to deal with risks inherent in farming.

	2003-2004	2004-2005	2004-2005
	Actual	Target	Actual
Quantity (I)			
Number of grants advanced	294	3,343	904
Number of applications for grants	250	3,330	962
Quality (ii)			
(ii)(a) Extent to which recipients were satisfied with the way schemes are administered	91.4%	90%	91.2%
(ii)(b) Extent to which recipients were satisfied with the way schemes are administered (FarmBis)	n/a	n/a	92.5%
Timeliness			
Average turnaround time to consider applications for support (days): Exceptional Circumstances	23	21	20
Cost (iii)			
Average amount of each grant advanced	\$24,087	\$1,010	\$6,777
Administrative expenditure per application approved or rejected	\$2,003	\$135	\$723
Total amount of Gascoyne Murchison Strategy administration	\$324,838	\$34,000	\$53,629
Total amount of grants paid to the Department of Agriculture	\$1,734,265	\$0	\$679,129

SIGNIFICANT VARIATIONS EXPLANATIONS

- (i) Quantity
New FarmBis scheme scheduled to commence in July 2004 was delayed till January 2005 resulting in less than anticipated applications and grants advanced during 2004-2005. Number of grants paid may be greater than applications received due to unprocessed applications carried over from the previous year.
- (ii) Quality
 - (ii)(a) Customer satisfaction survey conducted on 153 applicants for Exceptional Circumstances and Dry Season 2004 Assistance Scheme support, showed high level of satisfaction.
 - (ii)(b) Customer satisfaction survey conducted for FarmBis participants was sourced directly from evaluation sheets received with each application.
- (iii) Cost
 - Average amount of each grant advanced*
The average amount of each grant advanced reduced from \$24,087 in 2003-2004 to \$6,777 in 2004-2005 due to FarmBis reimbursements which have a large number of grant reimbursements at a low average value for each, compared to the average Exceptional Circumstances interest rate subsidy grant which is significantly higher.
 - Administrative expenditure per application approved or rejected*
The administrative expenditure per application approved or rejected has decreased from \$2,003 in 2003-2004 to \$723 in 2004-2005 due to reductions in resources allocated and a large number of FarmBis applications which require less complex assessment than Exceptional Circumstances interest rate subsidy. The 2004-2005 target of \$135 was based on FarmBis operating for the full year, however it commenced in January 2005.
 - Gascoyne Murchison Strategy Administration*
Shows the final administration costs for the scheme which ceased in August 2004.
 - Grants Paid to Department of Agriculture*
The Farmer Training Assistance Scheme was extended to 31 December 2004 due to the delay in the commencement of the new FarmBis Scheme.

RURAL BUSINESS DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

30 JUNE 2005

RURAL BUSINESS DEVELOPMENT CORPORATION
Statement of Financial Performance
for the year ended 30 June 2005

	Note	2005	2004
		\$	\$
COST OF SERVICES			
Expenses from ordinary activities			
Department of Agriculture contracted services	2	7,504,089	9,688,950
Board member fees	19	37,712	32,334
Other expenses from ordinary activities	5	26,288	(79,800)
Carrying amount of non-current assets disposed		-	25,734
Total costs of services		<u>7,568,089</u>	<u>9,667,218</u>
Revenue from ordinary activities			
<i>Revenue from operating activities</i>			
Commonwealth grants and subsidies	6	5,204,383	7,252,459
<i>Revenues from non-operating activities</i>			
Interest revenue	7	251,587	304,547
Other revenues from ordinary activities	8	1,826	2,184
Proceeds from disposal of non-current assets	3	-	25,734
Total revenue from ordinary activities		<u>5,457,796</u>	<u>7,584,924</u>
NET COST OF SERVICES		<u>2,110,293</u>	<u>2,082,294</u>
REVENUES FROM STATE GOVERNMENT	9		
Output Appropriations		8,931,000	158,000
Government grants		4,250	2,051,500
Total revenues from State Government		<u>8,935,250</u>	<u>2,209,500</u>
CHANGE IN NET ASSETS		<u>6,824,957</u>	<u>127,206</u>
TOTAL CHANGE IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH WA STATE GOVERNMENT AS OWNERS		<u>6,824,957</u>	<u>127,206</u>

The Statement of Financial Performance should be read in conjunction with the accompanying notes.

RURAL BUSINESS DEVELOPMENT CORPORATION
Statement of Financial Position
as at 30 June 2005

	Note	2005	2004
		\$	
Current Assets			
Cash assets	10	13,807,279	6,494,825
Receivables	11	18,806	26,691
Interest due on loans	12	-	185,104
Loans	13	-	75,114
Total Current Assets		<u>13,826,085</u>	<u>6,781,734</u>
Non-Current Assets			
Equipment, furniture and fittings	14	-	-
Total Non-Current Assets		-	-
Total Assets		<u>13,826,085</u>	<u>6,781,734</u>
Current Liabilities			
Payables	15	382,386	162,992
Total Current Liabilities		<u>382,386</u>	<u>162,992</u>
Total Liabilities		<u>382,386</u>	<u>162,992</u>
NET ASSETS		<u>13,443,699</u>	<u>6,618,742</u>
EQUITY			
Accumulated surplus	16	13,443,699	6,618,742
TOTAL EQUITY		<u>13,443,699</u>	<u>6,618,742</u>

The Statement of Financial Position should be read in conjunction with the accompanying notes.

RURAL BUSINESS DEVELOPMENT CORPORATION
Statement of Cash Flows
for the year ended 30 June 2005

	Note	2005	2004
		\$	\$
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriations		8,931,000	158,000
Government grants		<u>4,250</u>	<u>2,149,500</u>
Net cash provided by State Government		<u>8,935,250</u>	<u>2,307,500</u>
Utilised as follows:			
CASH FLOWS (TO)/FROM OPERATING ACTIVITIES			
Payments			
Memorandum of understanding service costs		(7,285,275)	(9,903,777)
Supplies and services		<u>(37,712)</u>	<u>(30,231)</u>
		<u>(7,322,987)</u>	<u>(9,934,008)</u>
Receipts			
Interest received		444,578	311,423
Other receipts		<u>5,206,207</u>	<u>7,254,649</u>
		<u>5,650,785</u>	<u>7,566,072</u>
Net cash provided by/(used in) operating activities	17	(1,672,202)	(2,367,936)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the sale of non-current assets	14(i)	-	25,734
Loan repayments from farmers		<u>49,406</u>	<u>-</u>
Net cash provided by/(used in) investing activities		<u>49,406</u>	<u>25,734</u>
Net (decrease)/increase in cash held		7,312,454	(34,702)
Cash assets at the beginning of the financial year		<u>6,494,825</u>	<u>6,529,527</u>
CASH ASSETS AT THE END OF THE FINANCIAL YEAR	17	<u><u>13,807,279</u></u>	<u><u>6,494,825</u></u>

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

RURAL BUSINESS DEVELOPMENT CORPORATION
Notes to the Financial Statements
as at 30 June 2005

1 Significant accounting policies

The following accounting policies have been adopted in the preparation of the financial statements. Unless otherwise stated these policies are consistent with those adopted in the previous year.

General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Statement of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group (UIG) Consensus Views as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary the application, disclosure format and wording. The Financial Administration and Audit Act and Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards, Statement of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group (UIG) Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector together with the need for greater disclosure and also to satisfy accountability requirements.

If any such modification has a material or significant financial effect upon the reported results, details of that modification and where practicable, the resulting financial effects are disclosed in individual notes to these financial statements.

Basis of Accounting

The statements have been prepared on the accrual basis of accounting using the historical cost convention, except for certain assets and liabilities which, as noted, are measured at valuation.

(a) Grants and Other Contributions Revenue

Grants, donations, gifts and other non-reciprocal contributions are recognised as revenue when the Rural Business Development Corporation (the Corporation) obtains control over the assets comprising the contributions. Control is normally obtained upon their receipt.

Contributions are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

(b) Depreciation of Non-current Assets

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their future economic benefits. Depreciation is calculated on the straight line method using rates which are reviewed annually.

Useful lives for each class of depreciable asset are:

	Years
Office Equipment	5 -10
Furniture & Fittings	10
Computer Equipment	4

As at 1 July 2003, the Corporation's assets were transferred to the Department of Agriculture. The continuing use of assets by RBDC is now provided by the Department to RBDC under a Memorandum of Association between the two entities which is reviewed annually.

(c) Employee Entitlements

The Corporation has no employees. All services are provided by the Department of Agriculture under a service agreement. Board Members become non-contributory members of the West State Superannuation Scheme, an accumulation fund complying with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992.

(d) Revenue Recognition

The Corporation's policy is to recognise as income interest raised on loans. Where interest is raised on non-performing loans it is included as part of the provision for doubtful debts.

Revenue from the sale of goods and disposal of other assets and the rendering of services, is recognised when the Corporation has passed control of the goods or other assets or delivery of the service to the customer.

(e) Service Appropriations

Service Appropriations are recognised as revenues in the period in which the Corporation gains control of the appropriated funds. The Corporation gains control of appropriated funds at the time those funds are deposited into the Corporation's bank account or credited to the holding account held at the Department of Treasury and Finance.

RURAL BUSINESS DEVELOPMENT CORPORATION
Notes to the Financial Statements
as at 30 June 2005

(f) Receivables

Receivables are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

Collectability of receivables are reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised where some doubts as to collection exists and in any event where the debt is more than 60 days.

(g) Payables

Payables, including accruals not yet billed, are recognised when the Corporation becomes obliged to make future payments as a result of a purchase of assets or services. Payables are generally settled within 30 days.

(h) Goods and Services Tax

In accordance with the GST grouping provisions the right to receive GST and the obligation to pay GST rests with the Department of Agriculture in regard to all GST transactions incurred by members of the group. As a result separate GST transactions are not recognised within the individual authority's financial statements as they are brought to account in the Department of Agriculture's financial statements.

(i) Loan Principals Outstanding

The collectability of loan debtors is reviewed on an ongoing basis. A provision for doubtful debts is raised annually by determining the estimated shortfall based on the relevant land security.

(j) Interest bearing liabilities

Bank loans and other loans are recorded at an amount equal to the net proceeds received. Interest expense is recognised on an accrual basis.

(k) Resources Received Free of Charge or for Nominal Value

Resources received free of charge or for nominal value which can be reliably measured are recognised as revenues and as assets or expenses as appropriate at fair value. (refer to note 11)

(l) Comparative Figures

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures presented in the current financial year.

RURAL BUSINESS DEVELOPMENT CORPORATION
Notes to the Financial Statements
as at 30 June 2005

2 Department of Agriculture contracted services

The Corporation has a memorandum of understanding with Department of Agriculture which is reviewed annually. The objective of this arrangement is to establish the types and standards of services to be provided, the basis for determining the level and the costs of the services and the responsibilities of the Corporation and the Department.

	<u>2005</u>	<u>2004</u>
	\$	\$
The costs of the above mentioned services are disclosed below:		
Communications	2,160	4,956
Repairs and maintenance	525	144
Services & contracts	157,713	193,031
Supplies consumed	1,519	1,817
Grants and subsidies		
Grants		
Natural Resource Adjustment Scheme	-	99,485
Dry Season 2004 Assistance Scheme	142,011	-
2005 Pastoral Dry Season Assistance Scheme	23,130	-
FarmBis Scheme	321,032	-
Gascoyne Murchison Strategy	754,559	1,116,444
Research Grants	10,000	-
	<u>1,250,732</u>	<u>1,215,929</u>
Subsidies - interest		
Rural adjustment - Exceptional Circumstances	4,862,703	5,837,623
Schemes Administered by Department of Agriculture		
Dry Season 2002 Assistance Scheme	-	735,582
Farmer Training Assistance Scheme	679,129	998,683
	<u>679,129</u>	<u>1,734,265</u>
Total Grants and subsidies	<u>6,792,564</u>	<u>8,787,817</u>
Department of Agriculture contractors and service overheads		
Department of Agriculture contractors	276,316	362,953
Contractor related expenses (mileage, transfer costs, training)	9,564	40,175
Service agreement overheads	105,501	201,610
	<u>391,381</u>	<u>604,738</u>
Other Expenses		
Consultancy charges from business units	78,929	53,113
Rural counselling grants	26,000	28,000
Other	53,298	15,334
	<u>158,227</u>	<u>96,447</u>
Total Department of Agriculture Contracted Service Costs	<u>7,504,089</u>	<u>9,688,950</u>

RURAL BUSINESS DEVELOPMENT CORPORATION
Notes to the Financial Statements
as at 30 June 2005

3 Net profit/(losses) on disposal of non-current assets	2005	2004
	\$	\$
<u>Gain on the disposal of Non-Current Assets</u>		
- Office Equipment	-	-
Gross proceeds from the disposal of fixed assets	-	25,734
<u>Loss on the disposal of Non-Current Assets</u>		
- Furniture & Fittings	-	-
- Office Equipment	-	-
Gross proceeds from the disposal of fixed assets	-	-
Net Gain/(Loss)	-	-
4 Provision for doubtful debts		
Balance at the beginning of the year	250,500	330,300
Amounts written off during the year	(276,208)	-
	(25,708)	330,300
(Decrease)/increase in provision	25,708	(79,800)
Balance at the end of the year	-	250,500
Disclosed as follows:		
Interest due on loan - provision for doubtful debts (refer note 12)	-	-
Loan principal outstanding - provision for doubtful debts (refer note 13)	-	250,500
	-	250,500
5 Other expenses from ordinary activities		
Assets contribution made	580	-
Resources received free of charge (refer note 9 (ii))	-	-
Bad Debts	25,708	-
Decrease in provision for Doubtful Debts	-	(79,800)
	26,288	(79,800)
6 Commonwealth grants and subsidies		
The Commonwealth provides financial assistance to the State under the States and Northern Territory Grants (Rural Adjustment) Act 1992. Under various agreements the Commonwealth has provided financial assistance for Exceptional Circumstances support, Farmbis, Gascoyne Murchison Structural Adjustment and South Coast Adjustment.		
Funds provided:		
Rural Adjustment Scheme (RAS) Exceptional Circumstances	4,968,091	6,054,897
Farmbis	211,099	-
Gascoyne Murchison Regional Strategy	20,397	1,186,174
RAS Exceptional Circumstances- Centrelink Certificates Fee	4,796	11,388
	5,204,383	7,252,459
7 Interest revenue		
<u>Interest earned from cash at bank</u>		
Interest earnings were credited to the following trust accounts:		
Rural Business Development Corporation Operating Account	251,587	304,547
Total interest earned	251,587	304,547

RURAL BUSINESS DEVELOPMENT CORPORATION
Notes to the Financial Statements
as at 30 June 2005

	<u>2005</u> \$	<u>2004</u> \$
8 Other revenue from ordinary activities		
Refund previous years expenditure	1,826	2,174
Other	-	10
	<u>1,826</u>	<u>2,184</u>
9 Revenues from State Government		
Appropriation revenue received during the year		
Service appropriations (I)	8,931,000	158,000
	<u>8,931,000</u>	<u>158,000</u>
Resources received free of charge (II)	-	-
Determined on the basis of the following estimates provided by agencies		
Government grants		
The grants are represented by the cost to the State of the following items:		
State funding from the Consolidated Fund for the Exceptional Circumstances interest rate subsidy scheme was provided by the Department of Agriculture.	-	1,382,691
State funding from the Consolidated Fund for the Dry Season 2002 Assistance Scheme from the Department of Agriculture.	-	668,809
State funding from the Department of Fisheries for Farmbis Scheme	4,250	-
	<u>4,250</u>	<u>2,051,500</u>
	<u>8,935,250</u>	<u>2,209,500</u>
(I) Output appropriations are accrual amounts reflecting the full cost of outputs delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.		
<i>The RBDC received \$8.75 million for the Marketing of Eggs Adjustment Scheme. Payments totalling \$8.5 million will be made, in early 2005-06, to egg producers whose licences are to be cancelled as part of industry deregulation. The additional \$250,000, of which \$21,767 was expended in 2004-05, will be used for producers to obtain business options advice, address other adjustment impacts and administration. The Marketing of Eggs Legislation Expiry Regulations was gazetted on the 2nd July 2005. (refer also Note 10 - Cash Assets)</i>		
(II) Where assets or services have been received free of charge or for nominal consideration, the Authority recognises revenues equivalent to the fair value of the assets and/or the fair value of those services that can be reliably determined and which would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable.		
10 Cash Assets		
Rural Business Development Corporation General Operating Funds	5,709,046	6,494,825
Marketing of Eggs Adjustment Assistance Scheme Funds	8,728,233	-
	<u>13,807,279</u>	<u>6,494,825</u>
11 Receivables		
Interest earned on funds held at the Commonwealth Bank:		
Rural Business Development Corporation Operating Account	18,806	26,691
Other Debtors	-	-
	<u>18,806</u>	<u>26,691</u>

RURAL BUSINESS DEVELOPMENT CORPORATION
Notes to the Financial Statements
as at 30 June 2005

	<u>2005</u> \$	<u>2004</u> \$
12 Interest due on loans		
Current		
Rural Adjustment	-	185,04
Total current	-	185,104
less provision for doubtful debts (refer note 4)	-	-
Net current	-	185,104
13 Loans		
Rural Adjustment	-	325,614
Total	-	325,614
Current portion		325,614
less provision for doubtful debts (refer note 4)	-	(250,500)
	-	75,114
14 Equipment, furniture and fittings		
Office Equipment		
At cost	-	-
Accumulated depreciation	-	-
Total office equipment	-	-
Computer Equipment		
At cost	-	-
Accumulated depreciation	-	-
Total IT equipment	-	-
Equipment, furniture and fittings		
At cost	-	-
Accumulated depreciation	-	-
Total equipment, furniture and fittings	-	-

Note (i) :As at the 1st July 2003 the Corporation's assets were transferred at their written down value from RBDC to the Department of Agriculture (DAWA). The continuing use of the assets by RBDC is now provided by DAWA to RBDC under the Memorandum of Understanding (MOU) between the two entities which is reviewed annually.

RURAL BUSINESS DEVELOPMENT CORPORATION
Notes to the Financial Statements
as at 30 June 2005

14 Equipment, furniture and fittings (continued)

Property, plant, equipment and vehicles reconciliations

Reconciliations of the carrying amounts of property, plant, equipment and vehicles at the beginning and end of the current and previous financial year are set out below.

30th June 2005	Office	Computer	Furniture	
Carrying amount	Equipment	Equipment	&Fittings	TOTAL
01-Jul-04	-	-	-	-
Additions	-	-	-	-
Disposals (See Note 14 (i) above)	-	-	-	-
Retirements	-	-	-	-
Depreciation	-	-	-	-
Carrying amount at 30-Jun-05	-	-	-	-

30th June 2004	Office	Computer	Furniture	
Carrying amount	Equipment	Equipment	&Fittings	TOTAL
01-Jul-03	12,550	13,184	-	25,734
Additions	-	-	-	-
Disposals	(12,550)	(13,184)	-	(25,734)
Retirements	-	-	-	-
Depreciation	-	-	-	-
Carrying amount at 30-Jun-04	-	-	-	-

	2005	2004
	\$	\$
15 Payables		
Trade and Accrued Payables		
- Grants various schemes	341,187	46,622
- Dry Season funding due to the Department of Agriculture	-	98,000
- Administration expenses	41,199	18,370
	<u>382,386</u>	<u>162,992</u>

16 Accumulated surplus

Equity		
Opening balance	6,571,783	6,444,577
Change in net assets	6,824,957	127,206
Closing Balance	<u>13,396,740</u>	<u>6,571,783</u>
Others		
Opening Balance	46,959	46,959
Net Movement	-	-
Closing Balance	<u>46,959</u>	<u>46,959</u>
Balance at the end of the year	<u>13,443,699</u>	<u>6,618,742</u>

(See also Note 20 Commitments for expenditure)

RURAL BUSINESS DEVELOPMENT CORPORATION
Notes to the Financial Statements
as at 30 June 2005

	<u>2005</u> \$	<u>2004</u> \$
17 Notes to the Statement of Cash Flows		
(a) Reconciliation of cash		
For the purposes of the Statement of Cash Flows, cash includes cash at bank, amounts in suspense and restricted cash, net of outstanding overdrafts. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash	13,807,279	6,494,825
(b) Non-cash financing and investing activities		
During the financial year, there were no assets/liabilities transferred/assumed from other government agencies not reflected in the Statement of Cash Flows		
(c) Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities		
Net cost of services (Statement of Financial Performance)	(2,110,293)	(2,082,294)
Non-cash items:		
Doubtful debt	-	(79,800)
Bad Debts	25,708	-
(Gain)/loss on disposal of fixed assets and write offs	-	(25,734)
(Increase)/decrease in assets:		
Receivables	7,886	-
Interest receivable on loans	185,103	28,570
Interest receivable on investments	-	(1,538)
Loans	-	(75,114)
Increase/(decrease) Liabilities:		
Payables	219,393	(132,027)
	<u>(1,672,202)</u>	<u>(2,367,936)</u>
18 Remuneration of Auditor		
Remuneration to the Auditor General for the financial year is as follows:		
Auditing the accounts, financial statements and performance indicators	29,500	25,300
19 Remuneration of Members of the Accountable Authority and Senior Officers		
<u>Remuneration of Members of the Accountable Authority</u>		
The number of members of the Accountable Authority whose total of fees, salaries, superannuation and other benefits received or due and receivable for the financial year, falls within the following bands are:		
\$		
0 - 10,000	4	3
10,001 - 20,000	1	1
The total remuneration of the members of the Accountable Authority is:	<u>37,712</u>	<u>32,334</u>
The superannuation included here represents the superannuation expense incurred by the Corporation in respect of members of the Accountable Authority. No members of the Accountable Authority are members of the Pension Scheme.		
The Accountable Authority has no employees. All services are provided by Department of Agriculture under a service agreement. No payments were made by the Accountable Authority to Senior Officers.		

RURAL BUSINESS DEVELOPMENT CORPORATION
Notes to the Financial Statements
as at 30 June 2005

20 Financial Instruments

(a) Interest rate risk exposure

The following table summarises the Corporation's exposure to interest rate risk as at the reporting date.

	Weighted average effective interest rate	Variable interest rate	Fixed interest rate maturities 1 year or less	Fixed interest rate maturities 1 to 5 years	Fixed interest rate maturities Over 5 years	Non interest bearing	Total
		\$	\$	\$	\$	\$	\$
30 June 2005							
Assets							
Cash assets	5.44%	13,807,279	-	-	-	-	13,807,279
Receivables		-	-	-	-	18,806	18,806
Loan principal		-	-	-	-	-	-
Interest due	0.00%	-	-	-	-	-	-
Total financial assets		13,807,279	-	-	-	18,806	13,826,085
Liabilities							
Payables		-	-	-	-	41,199	41,199
Accrued expenses		-	-	-	-	341,187	341,187
Total financial liabilities		-	-	-	-	382,386	382,386
30 June 2004							
Financial assets	5.11%	6,494,825	185,104	-	-	26,691	6,706,620
Financial liabilities	0.00%	-	-	-	-	162,992	162,992

Interest rate risk exposure

All financial assets are unsecured except for outstanding loan principals and interest due to loans which are secured by mortgages and/or bills of sale.

(b) Net Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially different from their net fair values, determined in accordance with the accounting policies disclosed in note 1 to the financial statements.

RURAL BUSINESS DEVELOPMENT CORPORATION
Notes to the Financial Statements
as at 30 June 2005

	<u>2005</u> \$	<u>2004</u> \$
21 Commitments for expenditure		
(a) Capital expenditure commitments		
There are no capital commitments at reporting date, not otherwise provided for or disclosed in the financial statements.	-	-
(b) Subsidy and grant commitments		
These commitments represent support approved to farmers but not payable until determined conditions are met.		
Interest Subsidy		
Exceptional Circumstances- Not later than one year	<u>808,317</u>	<u>234,794</u>
Grants		
Dry Season 2004 Assistance Scheme – Not later than one year	40,532	-
2005 Pastoral Dry Season Assistance Scheme – Not later than one year	1,516	-
Gascoyne Murchison Strategy – Not later than one year	-	808,189
Marketing of Eggs Adjustment Assistance Scheme – Not later than one year	<u>8,500,000</u>	-
	<u>8,542,048</u>	<u>808,189</u>
Total	<u>9,350,365</u>	<u>1,042,983</u>
23 Contingent liabilities and contingent assets		
There are no contingent liabilities and assets at reporting date, not otherwise provided for or disclosed in the financial statements.		
23 Events Occurring After Reporting Date		
There are no events in particular that occurred after reporting date which would materially affect the financial statements or disclosures.		
24 Related bodies		
There are no related bodies with the Rural Business Development Corporation.		
25 Affiliated bodies		
There are no affiliated bodies with Rural Business Development Corporation.		
26 Supplementary Information		
Write-Offs		
Current loan assets written off ^(a)	<u>276,208</u>	<u>-</u>
^(a) A loan to the value of \$276,208 was written-off during the year under the authority of the Minister		

RURAL BUSINESS DEVELOPMENT CORPORATION
Notes to the Financial Statements
as at 30 June 2005

27 Budget versus 2005 actual and 2005 actual versus 2004 actual

	Budget 2005	Actual 2005	Variance Between 2005 Budget & 2005 Actual	Note	Actual 2004	Variance Between 2005 Actual & 2004 Actual	Note
	\$	\$	\$		\$	\$	
COST OF SERVICES							
Operating expenses							
Department of Agriculture contracted services	3,801,000	7,504,089	3,703,089	27.1	9,688,950	2,184,861	27.07
Fees, salaries and related costs - board members	34,000	37,712	3,712		32,334	(5,378)	27.08
Other	23,000	26,288	3,288		(79,800)	(106,088)	27.09
Cost of disposal of non- current assets	-	-	-		25,734	25,734	27.10
Total cost of services	3,858,000	7,568,089	3,710,089		9,667,218	2,099,129	
Operating revenue							
Commonwealth Revenue - operating grants and subsidies	1,932,000	5,204,383	3,272,383	27.2	7,252,459	2,048,076	27.11
Interest	200,000	251,587	51,587	27.3	304,547	52,960	27.12
Other	-	1,826	1,826	27.4	2,184	358	
Proceeds from disposal of non-current assets	-	-	-		25,734	25,734	27.13
Total operating revenue	2,132,000	5,457,796	3,325,796		7,584,924	2,127,128	
Net cost of services	1,726,000	2,110,293	384,292		2,082,294	(27,999)	
REVENUES FROM STATE GOVERNMENT							
Government appropriations	181,000	8,931,000	8,750,000	27.5	158,000	8,773,000	27.14
Government Grants	-	4,250	4,250	27.6	2,051,500	2,047,250	27.15
Total revenues from State Government	181,000	8,935,250	8,754,250		2,209,500	(6,725,750)	
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS	(1,545,000)	6,824,957	8,369,958		127,206	(6,697,751)	

RURAL BUSINESS DEVELOPMENT CORPORATION
Notes to the Financial Statements
as at 30 June 2005

27 Budget versus 2005 actual and 2005 actual versus 2004 actual

Variation between estimates and actual result for 2004/05

Significant variations are considered to be those greater than 20% of budget or \$20,000.

Explanation of significant variations are given below.

1. Department of Agriculture Contracted Services (\$3,703,089)
(2005 Budget - \$3,801,000, 2005 Actual - \$7,504,089, Variance \$3,703,089)

The higher than anticipated expenditure relates to the following items:

- Exceptional Circumstances - more applications were submitted due to higher than anticipated average grant for Southern Rangelands declaration area and a new unbudgeted EC declaration being made in April 2005. \$3,242,703
- Gascoyne Murchison – cessation of scheme in August 2004 resulted in higher level of expenditure due to completion of projects not claimed in the previous year \$337,559
- FarmBis, Dry Season 2004 Assistance and 2005 Pastoral Dry Season schemes commenced during the year. A budget allocation of \$1.3million had been made for Future Rural Support Schemes (\$813,827)
- Farmer Training Assistance Scheme – extension of closing date of scheme to 31 December 2004 not budgeted for. \$679,129
- Research Grants – grant expenditure not budgeted for. \$10,000

Administration expenditure was higher than anticipated mainly due to greater staffing costs due to new schemes for FarmBis, Dry Season 2004 and 2005 Pastoral Dry Season and the increased number of applications for Exceptional Circumstances Interest Rate Subsidy Support.

\$247,525
\$3,703,089

2. Commonwealth Grants and Subsidies \$3,272,383
(2005 Budget - \$1,932,000, 2005 Actual - \$5,204,383, Variance \$3,272,383)

The increased Commonwealth revenue being received was due to:

- Exceptional Circumstances Interest Rate subsidy applications were greater than anticipated due to a new unbudgeted EC declaration, an increase in the average grant for Southern Rangelands and an increase in the year 2 subsidy to 80% \$3,236,091
- Unbudgeted revenue for New FarmBis scheme which commenced on 1 January 2005 \$211,099
- Gascoyne Murchison final payment due from Commonwealth was lower than anticipated due to higher levels of funds on hand as at 1 July 2004. (\$179,603)
- Exceptional Circumstances Certificate Fee revenue not budgeted. \$4,796

\$3,272,383

3. Interest \$51,587
(2005 Budget - \$200,000, 2005 Actual \$251,587, Variance \$51,587)

Higher than anticipated cash balances held in trust accounts resulted in higher than budgeted interest earnings.

4. Other revenue \$1,826
(2005 Budget - \$0, 2005 Actual \$1,826, Variance \$1,826)

Other miscellaneous revenues received not budgeted for.

RURAL BUSINESS DEVELOPMENT CORPORATION
Notes to the Financial Statements
as at 30 June 2005

27 Budget versus 2005 actual and 2005 actual versus 2004 actual (cont...)		
5. Government Appropriations		\$8,750,000
(2005 Budget \$181,000, 2005 Actual \$8,931,000, Variance \$8,750,000)		
Funding for the new Marketing of Eggs Adjustment Scheme which was not budgeted for.	\$8,750,000	
6. Government Grants		\$4,250
(2005 Budget \$0, 2005 Actual \$4,250, Variance \$4,250)		
Funding from Department of Fisheries for new FarmBis scheme not budgeted for.		
<u>Variation between actual result for 2005 and 2004</u>		
7. Department of Agriculture Contracted Services		\$2,184,861
(2005 Actual \$7,491,489, 2004 Actual \$9,688,950, Variance \$2,197,461)		
The reduction in expenditure mainly relates to a decrease in the number of grants and subsidies paid. There was also a reduction in the Department of Agriculture contractors engaged and a similar reduction in service agreement overheads. (refer to note 2 - Notes to Financial Statements).		
8. Fees, salaries and related costs - Board Members		(\$5,378)
(2005 Actual \$37,712, 2004 Actual \$32,334, Variance (\$5,378))		
This increase in expenditure is due to the appointment of two new board members who are eligible to receive fees. Two previous Board members were not eligible to receive fees as they were government employees		
9. Other Expenses		(\$106,088)
(2005 Actual \$26,288, 2004 Actual \$79,800, Variance \$106,088)		
Variation relates mainly to a loan written off during 2004-05:		
- Bad Debts	(\$25,708)	
- Provision for Doubtful Debts (2003-04 review)	(\$79,800)	
10. Cost of disposal of Non-Current Assets		\$25,734
(2005 Actual \$0, 2004 Actual \$25,734, Variance \$25,734)		
All non-current assets were transferred to the Department of Agriculture during the previous year.	\$25,734	
11. Commonwealth Revenue - Operating Grants and Subsidies		(\$2,048,076)
(2005 Actual \$5,204,383, 2004 Actual \$7,252,459, Variance (\$2,048,076))		
Variation comprised of:		
- Reduced payments of Exceptional Circumstances Interest Rate Subsidy Support	\$1,086,806	
New FarmBis scheme	(\$211,099)	
- Reduced payments of grants under Gascoyne Murchison strategy	\$1,165,777	
- Reduced Exceptional Circumstances Certificates issued	\$6,592	
	<u>\$2,048,076</u>	

RURAL BUSINESS DEVELOPMENT CORPORATION
Notes to the Financial Statements
as at 30 June 2005

27 Variation between actual result for 2005 and 2004 (cont...)

12. Interest Revenue (\$52,960)

(2005 Actual \$251,588, 2004 Actual \$304,548, Variance (\$52,960))

Reduced monthly cash balances held in bank accounts during the year resulted in a reduction in interest earnings.

13. Proceeds from disposal of non-current assets (\$25,734)

(2005 Actual \$0, 2004 Actual \$25,734, Variance (\$25,734))

All non-current assets were transferred to the Department of Agriculture during the previous financial year.

14. Government Appropriations \$8,773,000

(2005 Actual \$8,931,000, 2004 Actual \$158,000, Variance \$8,773,000)

Funding for new Marketing of Eggs Adjustment Assistance Scheme which was not budgeted for.

15. Government Grants (\$2,047,250)

(2005 Actual \$4,250, 2004 Actual \$2,051,500, Variance \$2,047,250)

Variation comprised:

- Ceased State Consolidated Funding for Dry Season 2002 Assistance Scheme	\$668,809
- Ceased State Consolidated funding for Exceptional Circumstances	\$1,382,691
- New funding received from Department of Fisheries for FarmBis Scheme	(\$4,250)

28 Impact of Adopting Australian Equivalents to International Financial Reporting Standards

The Rural Business Development Corporation is adopting international accounting standards in compliance with AASB 1 First-Time Adoption of Australian Equivalents to International Financial Reporting Standards (IFRS).

AASB 1 requires an opening balance sheet as at 1 July 2004 and the restatement of financial statements for the reporting period to June 2005 on the IFRS basis. These financial statements will be presented as comparatives in the first annual financial report prepared on an IFRS basis for the period ending 30 June 2006.

AASB 1047 Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards requires financial reports to disclose:

Transition Management

The Department of Agriculture which covers the RBDC established a project team chaired by the Director Finance which reports quarterly to the Audit & Governance Committee. The Department, which includes the RBDC also engaged the consulting services of Pricewaterhouse Coopers to provide technical advice.

The Project Team:

- identified the key differences in accounting policies, disclosures and presentation and the consequential impacts and risks to the RBDC;
- assessed the changes required to financial management information systems and processes;
- identified the necessary staff skills and training requirements
- prepared a plan to convert accounting policies, financial management information systems and processes so that the RBDC can account and report on the IFRS basis.

The project team has analysed most of the Australian equivalents to IFRS and has identified a number of accounting policy changes that will be required. In some cases choices of accounting policies are available, including elective exemptions under Pending Accounting Standard AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards.

The Impact of adopting AIFRS including key differences in accounting policies are:

Currently no major changes have been identified that will impact on the RBDC's annual financial statements after the adoption of International Financial Reporting Standards as from 1 July 2004.

Reconciliation of total equity as presented under previous AGAAP to that under AIFRS:

	30 June 2005 (\$'000)	1 July 2004 (\$'000)
Total equity under previous AGAAP	13,444	6,619
Adjustments to accumulated surplus/(deficiency):	-	-
Reduce accumulated depreciation for non-current assets available for sale (I)	-	-
Write-down to non-current assets available for sale (II)	-	-
Restoration costs recognised in cost of building (III)	-	-
De-recognition of deferred research and development costs (IV)	-	-
Total equity under AIFRS	13,444	6,619

(I) AASB 5 requires non-current assets available for sale to be disclosed as a separate class of asset on the balance sheet. Assets classified as non-current assets available for sale are not depreciated and are measured at the lower of carrying amount (prior) to reclassification and fair value less selling costs.

(II) Write-down of non-current assets available for sale at reporting date from cost to fair value less costs to sell;

(III) Where the construction or commissioning of an asset results in an obligation (ie. Provision recognised under AASB 137) for the entity to dismantle or remove the asset and restore the site, the costs are termed restoration or decommissioning costs and AASB 116 requires that the initial estimate of such costs are included in the cost of the asset and depreciated over the useful life of the asset. The Department of Agriculture has a provision for restoration costs at 30 June 2004 of \$NIL. The provision was initially recognised on 30 June 2003 on the commissioning of a new building. The adjustment to the opening AIFRS balance at 1 July 2004 reflects the amount of the restoration provision at 1 July 2004 discounted back to 30 June 2003 less depreciation from 30 June 2003 to 1 July 2004. The adjustment to 30 June 2005 is reduced by the depreciation for the year ended 30 June 2005.

(IV) AASB 138 requires that all research costs must be expensed and imposes stricter recognition for the capitalisation of development costs. As a consequence, deferred research and development costs previously capitalised must be derecognised.

Reconciliation of surplus/(deficit) for the period as presented under previous AGAAP to that under AIFRS

	30 June 2005 (\$'000)
Surplus/(deficit) for the period under previous AGAAP	6,825
De-recognition of depreciation expense for non-current assets available for sale (V)	
Write-down to non-current assets available for sale (VI)	
Net gain on disposal of non-current assets (VII)	
Recognition of depreciation expense for restoration costs capitalised (VIII)	
Surplus/(deficit) for the period under AIFRS	6,825

(V) Derecognition of depreciation expense for assets classified as non-current assets available for sale at any time during 2004-05;

(VI) Write-down of assets classified as non-current available for sale from cost to fair value less costs to sell;

(VII) The gain is greater from the sale of non-current assets as these assets are written down from cost to fair value less costs to sell prior to sale;

(VIII) The adjustment reflects depreciation expense on restoration costs capitalised in the initial cost of the building.

RURAL BUSINESS DEVELOPMENT CORPORATION

CERTIFICATION OF FINANCIAL STATEMENTS

For the year ended 30 June 2005

The accompanying financial statements of the Rural Business Development Corporation have been prepared in compliance with the provisions of the Financial Administration and Audit Act 1985 from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2005 and the financial position as at 30 June 2005.

As at the date of signing we are not aware of any circumstances which would render any particulars included in the financial statements misleading or inaccurate.

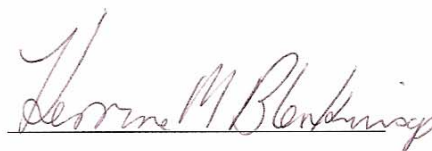
Robert Sands
Chairman



Date

19/8/05

Kerrine Blenkinsop
Director



Date

19/8/05

Joe Murgia
Principal Accounting Officer



Date

19-8-05

OPINION OF THE AUDITOR GENERAL



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

RURAL BUSINESS DEVELOPMENT CORPORATION FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

Audit Opinion

In my opinion,

- (i) the controls exercised by the Rural Business Development Corporation provide reasonable assurance that the receipt, expenditure and investment of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Corporation at 30 June 2005 and its financial performance and cash flows for the year ended on that date.

Scope

The Board's Role

The Board is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing the financial statements, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law.

The financial statements consist of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and the Notes to the Financial Statements.

Summary of my Role

As required by the Act, I have independently audited the accounts and financial statements to express an opinion on the controls and financial statements. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the financial statements is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements.

A handwritten signature in black ink, appearing to read 'D D R Pearson'.

D D R PEARSON
AUDITOR GENERAL
16 September 2005

APPENDICES

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APPENDIX 1

POLICY GUIDELINES AUSTRALIAN & STATE GOVERNMENT SCHEMES

POLICY GUIDELINES - AUSTRALIAN GOVERNMENT SCHEMES

1.1 RURAL ADJUSTMENT ACT 1992

POLICY GUIDELINES APPLYING TO INTEREST SUBSIDIES FOR FARMERS IN WESTERN AUSTRALIA UNDER THE EXCEPTIONAL CIRCUMSTANCES PROVISIONS OF THE RURAL ADJUSTMENT SCHEME (DROUGHT CONDITIONS IN ZONES 'C' AND 'D' OF THE CLAIM FOR EXCEPTIONAL CIRCUMSTANCES SUPPORT)

I, WARREN ERROL TRUSS, Minister for Agriculture Fisheries & Forestry, pursuant to clause 10 of the Agreement between the Commonwealth and the States and Territories ("the Agreement") hereby determine the following policy guidelines ("these guidelines") as to interest subsidies to farmers in areas of Western Australia specified in Schedule 1 of these guidelines for such of the strategies set out in subclause 5(2) of the Agreement.

INTEREST SUBSIDIES

(1) Purpose of Support

Pursuant to sub-clause 5(2) of the Agreement, the purpose of the support is to

- (a) assist farmers in areas of Western Australia specified in Schedule 1 during the period 3 August 2001 to 2 August 2002, who would otherwise have prospects of long-term profitability and sustainability, but for exceptional conditions arising from drought during 2000 and 2001 which has detrimentally affected the farmer's income, leading to financial difficulty
- (b) assist farmers in areas of Western Australia specified in Schedule 1 during the period 3 August 2002 to 2 August 2003 to recover from the effects adverse seasonal conditions arising from drought during 2000 and 2001 which have detrimentally affected the farmer's income, leading to financial difficulty.

The support will facilitate one or more of the following strategies:

- improvements in productivity, including for recovery purposes
- the provision of carry-on finance
- debt restructuring.

(2) Application of Support

In respect of grants made by the State RAS Authority using assistance provided by the Commonwealth and the State for the purpose of subsidies for interest payable on, and associated costs of, borrowings supplied by a commercial institution, vendor or by private arrangements, where loans are provided on commercial terms at arms length and at a competitive interest rate, for the purpose specified in clause (1) above, the Commonwealth shall bear 90 per cent and the State 10 per cent of the interest subsidies which will not exceed 50 per cent. Support by way of interest subsidies under this clause is subject to the following requirements -

- (a) the interest subsidy granted to a farmer in the 2001-2002, 2002-2003 and 2003-2004 financial years should be no greater than a maximum of 50 per cent of the interest payable on, and associated costs of borrowings being subsidised
- (b) the period for which a subsidy is provided shall be determined in each case by the State RAS Authority, and will only be available for a maximum period of twelve months in respect of each application. A maximum of only two tranches of interest rate subsidy support are available to eligible farmers - one in the declaration year (applications for this must be received no later

- than 2 August 2002) and one in the recovery year (applications for this must be received no later than 2 August 2003). Eligibility must be assessed in each year. The provision of support in the first year does not guarantee support in the recovery year. Farmers not receiving support in the declaration year may be eligible in the recovery year
- (c) payment of interest subsidy may be made to the lender or the farmer
 - (d) farmers currently receiving other support under the Rural Adjustment Act 1992, may also be eligible for this support
 - (e) in determining the amount of subsidy to be made available to each applicant, the State RAS Authority shall take into account the level of assistance which has been made already under RAS; accordingly the total amount of interest subsidy payable for all categories of RAS support may not exceed \$100,000 per applicant in any twelve month period, or a cumulative total of support of \$300,000 over the previous five years.

(3) Assessment Criteria

In assessing the eligibility of a farm enterprise for an interest subsidy the State RAS Authority shall be satisfied that:

- (a) the farm enterprise is in financial difficulty due to exceptional conditions, referred to in Clause 1(a). In considering whether a farm enterprise is in financial difficulty, the State RAS Authority shall consider the total amount of interest payable per annum, the estimated farm surplus over the medium term, and the applicant's equity in the farm business in relation to the amount of current and future indebtedness, together with both farm and off-farm assets and income
- (b) the provision of support under these guidelines is necessary to achieve the strategies as outlined in Clause 1 of these guidelines
- (c) without support under these guidelines the farm unit would not have the capacity to achieve or maintain sustainable long-term profitability
- (d) in assessing the likelihood of the farm enterprise being profitable in the long-term, the following factors shall be taken into account by the State RAS Authority
 - (i) the farm is able to demonstrate that it has operated without normal RAS support in at least two of the past five years
 - (ii) the expected future capacity of the farm to operate profitably (without Government support) as measured by its ability to meet, from estimated surpluses, its future financial commitments relating to
 - (A) the farm operating costs
 - (B) living costs of the farm family
 - (C) servicing of the farm debts
 - (D) future capital requirements for plant and improvements; and
 - (E) investment requirements to return the farm to profitability
 - (iii) the long-term economic trends which impact on the farm enterprise
 - (iv) the demonstrated technical, financial and business management performance of the applicant
 - (v) the provision of financial support for the farm enterprise by commercial lenders through the exceptional circumstance and beyond; and
- (e) the applicant has disposed of
 - (i) all non-essential farm assets, and
 - (ii) off-farm assets, such that the net value of off-farm assets is not in excess of the Newstart Allowance Assets Test for homeowners (partnered), \$200,500 as at 1 July 2001

on commercial terms and applied the proceeds to the farm business (except where this would result in extreme hardship to the applicant). Investments in bona fide insurance and superannuation funds are exempt from the off-farm assets test
- (f) under normal circumstances, the applicant contributes at least 75 per cent of his/her labour to the farm enterprise, at least 50 per cent of income is derived from farming, and has been a farmer for at least two years
- (g) the applicant's property was affected by exceptional circumstances as defined in Clause 1(a) of these guidelines
- (h) loans supplied by a commercial institution, vendor or by private arrangements, are provided on commercial terms at arms length and the interest rate charged by the lender is competitive with that which is generally applicable to the type of loan(s) being subsidised.

(4) Level of Support

- (a) The level of support to be provided to a farmer under these guidelines shall be determined by the extent of support needed for the strategies as outlined in Clause 1 and consistent with subclauses 2(a) of these guidelines
- (b) the level of support shall be determined from budgets for the farm enterprise which make due allowance for financial demands on the enterprise appropriate to the exceptional circumstance (including an assessment of the living expenses for the farm household at the relevant Newstart Allowance rate).

(5) Terms and Conditions to Attach to Support

- (a) The State RAS Authority shall secure agreement from the farmer that the farmer shall use the support provided under these guidelines for the purposes as outlined in Clause 1 of these guidelines;
- (b) the period of support in respect of any application shall be limited to a maximum period of twelve months, in accordance with Clause 2(b);
- (c) the State RAS Authority may terminate support under the Scheme where the farmer does not rectify breaches to the terms and conditions of that support;
- (d) with the agreement of the Commonwealth, the State RAS Authority may attach other terms and conditions to the support considered necessary for the particular case; and
- (e) the farmer and the financier shall agree to the terms and conditions of support before the payment of RAS support.

(6) Outcomes Expected from Support

The outcomes expected from the support under these guidelines for the farm enterprise are

- (a)
 - (i) a program has been undertaken or maintained to increase farm productivity which will lead to improved sustainable long-term profitability and financial self-reliance; and/or
 - (ii) increased farm productivity; and/or
 - (iii) the restructuring of debt has been implemented; and/or
- (b) the financial demands on the farm business are reduced; and/or
- (c) a farm enterprise which can be demonstrated by the farmer to the satisfaction of the State RAS Authority to be productive, profitable, sustainable and financially viable (without Government support) in the long-term is maintained in the farm sector; and/or
- (d) the farm enterprise is assisted to recover from the exceptional circumstance.

(7) Variation or Revocation

The Minister reserves the power to revoke or vary these guidelines at any time.

Dated this twenty-third day of August 2001.

Signed
WARREN ERROL TRUSS
Minister for Agriculture Fisheries & Forestry

SCHEDULE 1

REGIONS OF WESTERN AUSTRALIA AFFECTED BY EXCEPTIONAL CIRCUMSTANCES:

Zone C – HYDEN/KONDININ

From the northwest corner of the Kondinin Shire boundary, travel east along the shire boundary to Lahoars Rd. Continue east along Billercay East Rd to Lovering Rd. Turn left and travel east along Lovering Rd until Forbes Rd. Turn right and travel south along Forbes Rd until Murray Rock Rd. Turn left and travel east on Murray Rock Rd to the Vermin Barrier Fence. Turn right and follow the Vermin Barrier Fence until the existing EC boundary at the northeast corner of the Kulin Shire. Turn right heading west and then south along the existing boundary to Jilakin Flat Rock Rd. Head west along Jilakin Flat Rocks Rd to the Kulin Lake Grace Rd. Travel along the Kulin Lake Grace Rd to the town of Kulin. Continue northwest through Kulin on the Corrigin Kulin Rd to Doyles Road. Turn left into

Doyles Road and travel west to the Kulin Shire boundary. Follow the Kulin Shire boundary north until the northwest corner of the Kondinin Shire Boundary. This is back to the start point for this zone.

Zone D – NYABING/KUKERIN

From the intercept of northern Dumbleyung Shire Boundary and Tincurrin Rd, travel east along the northern Dumbleyung Shire Boundary to the existing EC boundary at Tarin Rock Rd. Follow the EC boundary south to the Kent-Gnowangerup Shire boundary at Chester Pass Rd. Travel west along the southern Kent Shire boundary to Mindarabin Rd. Turn right and head north along Mindarabin Rd, and then turn left into South Quartermaine Rd. Travel north west along South Quartermaine Rd and then left into Batt Rd. Head west along Batt Rd and turn left and continue west into Whyatt to Moornaming Rd. Turn right and head north along Moornaming Rd continuing across the Katanning Nyabing Rd to and along Moornaming North Rd to the Datatine Rd. Turn left into Datatine Rd and continue through to the town of Dumbleyung. From Dumbleyung, travel north along the Dumbleyung Lake Grace Rd to Tincurrin Rd. Travel north along Tincurrin Rd until Dongolocking Rd. Turn left and travel west along Dongolocking Rd until Tincurrin (west) Rd. Turn right and travel north along Tincurrin (west) Rd to the northern Dumbleyung Shire Boundary. This is back to the start point for this zone.



1.2 RURAL ADJUSTMENT ACT 1992

POLICY GUIDELINES APPLYING TO INTEREST SUBSIDIES FOR FARMERS IN WESTERN AUSTRALIA UNDER THE EXCEPTIONAL CIRCUMSTANCES PROVISIONS OF THE RURAL ADJUSTMENT SCHEME (DROUGHT CONDITIONS IN AREAS OF THE NORTHERN WHEATBELT)

I, WARREN ERROL TRUSS, Minister for Agriculture Fisheries & Forestry, pursuant to clause 10 of the Agreement between the Commonwealth and the States and Territories ("the Agreement") hereby determine the following policy guidelines ("these guidelines") as to interest subsidies to farmers in areas of Western Australia specified in Schedule 1 of these guidelines for such of the strategies set out in subclause 5(2) of the Agreement.

INTEREST SUBSIDIES

(1) Purpose of Support

Pursuant to sub-clause 5(2) of the Agreement, the purpose of the support is to

- (a) assist farmers in areas of Western Australia specified in Schedule 1 during the period 7 March 2002 to 6 March 2003, who would otherwise have prospects of long-term profitability and sustainability, but for exceptional conditions arising from drought during 2000 and 2001 which has detrimentally affected the farmer's income, leading to financial difficulty
- (b) assist farmers in areas of Western Australia specified in Schedule 1 during the period 7 March 2003 to 6 March 2004 to recover from the effects adverse seasonal conditions arising from drought during 2000 and 2001 which have detrimentally affected the farmer's income, leading to financial difficulty.

The support will facilitate one or more of the following strategies:

- improvements in productivity, including for recovery purposes
- the provision of carry-on finance
- debt restructuring.

(2) Application of Support

In respect of grants made by the State RAS Authority using assistance provided by the Commonwealth and the State for the purpose of subsidies for interest payable on, and associated costs of, borrowings supplied by a commercial institution, vendor or by private arrangements, where loans are provided on commercial terms at arms length and at a competitive interest rate, for the purpose specified in clause (1) above, the Commonwealth shall bear 90 per cent and the State 10 per

cent of the interest subsidies which will not exceed 50 per cent. Support by way of interest subsidies under this clause is subject to the following requirements -

- (a) the interest subsidy granted to a farmer in the 2001-2002, 2002-2003 and 2003-2004 financial years should be no greater than a maximum of 50 per cent of the interest payable on, and associated costs of borrowings being subsidised
- (b) the period for which a subsidy is provided shall be determined in each case by the State RAS Authority, and will only be available for a maximum period of twelve months in respect of each application. A maximum of only two tranches of interest rate subsidy support are available to eligible farmers - one in the declaration year (applications for this must be received no later than 6 March 2003) and one in the recovery year (applications for this must be received no later than 6 March 2004). Eligibility must be assessed in each year. The provision of support in the first year does not guarantee support in the recovery year. Farmers not receiving support in the declaration year may be eligible in the recovery year
- (c) payment of interest subsidy may be made to the lender or the farmer
- (d) farmers currently receiving other support under the *Rural Adjustment Act 1992*, may also be eligible for this support
- (e) in determining the amount of subsidy to be made available to each applicant, the State RAS Authority shall take into account the level of assistance which has been made already under RAS; accordingly the total amount of interest subsidy payable for all categories of RAS support may not exceed \$100,000 per applicant in any twelve month period, or a cumulative total of support of \$300,000 over the previous five years.

(3) Assessment Criteria

In assessing the eligibility of a farm enterprise for an interest subsidy the State RAS Authority shall be satisfied that:

- (a) the farm enterprise is in financial difficulty due to exceptional conditions, referred to in Clause 1(a). In considering whether a farm enterprise is in financial difficulty, the State RAS Authority shall consider the total amount of interest payable per annum, the estimated farm surplus over the medium term, and the applicant's equity in the farm business in relation to the amount of current and future indebtedness, together with both farm and off-farm assets and income
- (b) the provision of support under these guidelines is necessary to achieve the strategies as outlined in Clause 1 of these guidelines
- (c) without support under these guidelines the farm unit would not have the capacity to achieve or maintain sustainable long-term profitability
- (d) in assessing the likelihood of the farm enterprise being profitable in the long-term, the following factors shall be taken into account by the State RAS Authority
 - (i) the farm is able to demonstrate that it has operated without normal RAS support in at least two of the past five years
 - (ii) the expected future capacity of the farm to operate profitably (without Government support) as measured by its ability to meet, from estimated surpluses, its future financial commitments relating to
 - (A) the farm operating costs
 - (B) living costs of the farm family
 - (C) servicing of the farm debts
 - (D) future capital requirements for plant and improvements; and
 - (E) investment requirements to return the farm to profitability
 - (iii) the long-term economic trends which impact on the farm enterprise
 - (iv) the demonstrated technical, financial and business management performance of the applicant
 - (v) the provision of financial support for the farm enterprise by commercial lenders through the exceptional circumstance and beyond; and
- (e) the applicant has disposed of
 - (i) all non-essential farm assets, and
 - (ii) off-farm assets, such that the net value of off-farm assets is not in excess of the Newstart Allowance Assets Test for homeowners (partnered), \$200,500 as at January 2002on commercial terms and applied the proceeds to the farm business (except where this would result in extreme hardship to the applicant). Investments in bona fide insurance and superannuation funds are exempt from the off-farm assets test

- (f) under normal circumstances, the applicant contributes at least 75 per cent of his/her labour to the farm enterprise, at least 50 per cent of income is derived from farming, and has been a farmer for at least two years
- (g) the applicant's property was affected by exceptional circumstances as defined in Clause 1(a) of these guidelines
- (h) loans supplied by a commercial institution, vendor or by private arrangements, are provided on commercial terms at arms length and the interest rate charged by the lender is competitive with that which is generally applicable to the type of loan(s) being subsidised.

(4) Level of Support

- (a) The level of support to be provided to a farmer under these guidelines shall be determined by the extent of support needed for the strategies as outlined in Clause 1 and consistent with subclauses 2(a) of these guidelines
- (b) the level of support shall be determined from budgets for the farm enterprise which make due allowance for financial demands on the enterprise appropriate to the exceptional circumstance (including an assessment of the living expenses for the farm household at the relevant Newstart Allowance rate).

(5) Terms and Conditions to Attach to Support

- (a) The State RAS Authority shall secure agreement from the farmer that the farmer shall use the support provided under these guidelines for the purposes as outlined in Clause 1 of these guidelines;
- (b) the period of support in respect of any application shall be limited to a maximum period of twelve months, in accordance with Clause 2(b);
- (c) the State RAS Authority may terminate support under the Scheme where the farmer does not rectify breaches to the terms and conditions of that support;
- (d) with the agreement of the Commonwealth, the State RAS Authority may attach other terms and conditions to the support considered necessary for the particular case; and
- (e) the farmer and the financier shall agree to the terms and conditions of support before the payment of RAS support.

(6) Outcomes Expected from Support

The outcomes expected from the support under these guidelines for the farm enterprise are

- (a)
 - (i) a program has been undertaken or maintained to increase farm productivity which will lead to improved sustainable long-term profitability and financial self-reliance; and/or
 - (ii) increased farm productivity; and/or
 - (iii) the restructuring of debt has been implemented; and/or
- (b) the financial demands on the farm business are reduced; and/or
- (c) a farm enterprise which can be demonstrated by the farmer to the satisfaction of the State RAS Authority to be productive, profitable, sustainable and financially viable (without Government support) in the long-term is maintained in the farm sector; and/or
- (d) the farm enterprise is assisted to recover from the exceptional circumstance.

(7) Variation or Revocation

The Minister reserves the power to revoke or vary these guidelines at any time.

Dated this thirteenth day of March 2002.

Signed
 WARREN ERROL TRUSS
 Minister for Agriculture Fisheries & Forestry

SCHEDULE 1

DESCRIPTION OF NORTHERN WHEATBELT REGION OF WESTERN AUSTRALIA DECLARED FOR EXCEPTIONAL CIRCUMSTANCES

NORTHERN WHEATBELT

Shire of Chapman Valley - From the extent of the agricultural region on the Northampton/Chapman Valley shire boundary, proceed south west along the boundary to Balla Whelarra Rd. Turn south along Whelarra Rd to the Chapman Valley Rd. Turn east and travel along the Chapman Valley Rd to Yuna. From Yuna, travel south along the Yuna Tenindewa to the Chapman Valley/Mullewa shire boundary.

Shire of Mullewa - East and north of the following. From the western shire boundary continue south on the Yuna Tenindewa Rd to the Geraldton Mt Magnet Rd. Travel east on the Geraldton Mt Magnet Rd to Mullewa. Turn south at Mullewa and travel south east along the Mullewa Wubin Rd to the Mullewa/Morawa shire boundary.

Shire of Morawa - The portion of the shire east of the Mullewa Wubin Rd.

Shire of Perenjori - The portion of the shire east of the Mullewa Wubin Rd.

Shire of Dalwallinu - East and north of the following. Starting on the northern shire boundary at the Mullewa Wubin Rd, continue south along the Mullewa Wubin Rd to Wubin. From Wubin travel east on Wubin East Rd to Rabbit Proof Fence Rd. Travel south along the Rabbit Proof Fence Rd to the Dalwallinu Kalannie Rd. Turn east and travel along the Dalwallinu Kalannie Rd to Kalannie. From Kalannie, travel east on the Kalannie Kulja Rd to the eastern Dalwallinu shire boundary.

Shire of Koorda - East and north of the following. From the Dalwallinu/Koorda shire boundary, travel along the Kalannie Kulja Rd to the Bonnie Rock Burakin Rd. Turn east and travel along the Bonnie Rock Burakin Rd to the Koorda Mollerin Rd. Turn south and travel to Koorda. From Koorda, turn east and travel along the Koorda Southern Cross Rd to the Koorda/Mt Marshall shire boundary.

Shire of Mt Marshall - East and north of the following. From the Koorda/Mt Marshall shire boundary, travel along the Koorda Southern Cross Rd to the Bencubbin Kellerberrin Rd. Turn south and travel along the Bencubbin Kellerberrin Rd to the Mt Marshall/Trayning shire boundary.

Shire of Mukinbudin - The entire shire.

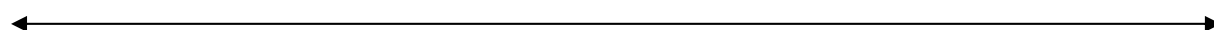
Shire of Nungarin - The area north and east of the following. From the Mukinbudin/Nungarin shire boundary on Stock Rd, travel south on Chandler North West Rd to the Chandler Merredin Rd. Follow the Chandler Merredin Rd south to the Nungarin/Merredin shire boundary.

Shire of Westonia - The area north of the following. From the Merredin/Westonia shire boundary, travel east along Capit Rd to Warralakin Rd. Turn north and travel along the Warralakin Rd to Logan Rd. Turn east and travel along Logan Rd across Mexfield Rd into Strahan Rd. Continue east on Strahan Rd to the Warrachuppin Rd. Turn north into Warrachuppin Rd and travel to George Rd. Turn east into George Rd and travel to the Westonia/Yilgarn shire boundary.

Shire of Yilgarn - East and north of the following. From the Westonia/Yilgarn shire boundary, continue to travel east along George Rd to Tricoli North Rd and along to the Bodallin North Rd. Turn south along the Bodallin North Rd and continue to Stand Pipe Rd. Turn east into Stand Pipe Rd and continue to Noongar North Rd. Travel south along Noongar North Rd to Noongar (rail siding), and continue south along Noongar South Rd to Nulla Nulla South Rd. Turn south into Nulla Nulla South Rd and continue to Kent Rd. Turn east into Kent Rd and travel to the Moorine South Rd. Travel east and north along Moorine South Rd to Frog Rock rd. Turn east into Frog Rock Rd and travel east, continuing into Marvel Loch Rd to the Forrestonia Southern Cross Rd. West and south of the following. Travel north along the Forrestonia Southern Cross Rd to Southern Cross. From Southern Cross travel north west along the Koorda Southern Cross Rd to the Westonia/Yilgarn shire boundary.

DESCRIPTION OF AREA ADJACENT TO THE EC DECLARED NORTHERN WHEATBELT REGION

- A buffer zone of about five kilometres will apply to the majority of the northern EC region as described above. However, a buffer of about fifteen kilometres applies to the Shires of Chapman Valley, Mullewa, and Morawa in the north, and the Shire of Yilgarn in the south of the EC region described above.
- Properties wholly or partly within about five kilometres (or fifteen kilometres, where applicable) of the declared EC region as described above, where in the opinion of the RBDC, the farm enterprise has suffered a downturn in income caused by the EC event.
- For farmers whose properties do not lie wholly or partly within the applicable buffer zone, but the nearest part of the farm lies within several hundred metres of the applicable buffer zone, and where, in the opinion of the RBDC, the farm enterprise has suffered a downturn in income caused by the EC event, the RBDC can exercise judgement in providing support to those properties.



1.3 RURAL ADJUSTMENT ACT 1992

POLICY GUIDELINES APPLYING TO INTEREST RATE SUBSIDIES FOR PASTORALISTS IN WESTERN AUSTRALIA UNDER THE EXCEPTIONAL CIRCUMSTANCES PROVISIONS OF THE RURAL ADJUSTMENT SCHEME (RAS) FOR THE SOUTHERN RANGELANDS REGION

I, WARREN ERROL TRUSS, Minister for Agriculture, Fisheries and Forestry, pursuant to clause 10 of the Agreement between the Commonwealth and the States and Territories ("the Agreement") hereby determine the following policy guidelines ("these Guidelines") as to interest rate subsidies to pastoralists in areas of Western Australia specified in Schedule 1 or Schedule 1A of these guidelines for such of the strategies set out in subclause 5(2) of the Agreement.

INTEREST RATE SUBSIDIES

(1) Purpose of Support

Pursuant to sub-clause 5(2) of the Agreement, the purpose of the support is to

- (a) assist pastoralists in areas of Western Australia specified in Schedule 1 or Schedule 1A during the period 02 July 2003 to 01 July 2004, who would otherwise have prospects of long-term profitability and sustainability, but for exceptional conditions arising from drought which has detrimentally affected the pastoralist's income, leading to financial difficulty; and
- (b) assist pastoralists in areas of Western Australia specified in Schedule 1 or Schedule 1A during the period 02 July 2004 to 01 July 2005 to recover from the effects of adverse seasonal conditions arising from drought which has detrimentally affected the pastoralist's income, leading to financial difficulty.

The support will facilitate one or more of the following strategies:

- improvements in productivity, including for recovery purposes
- the provision of carry-on finance
- debt restructuring.

(2) Application of Support

In respect of grants made by the Rural Business Development Corporation (RBDC) using assistance provided by the Commonwealth and the State for the purpose of subsidies for interest payable on, and associated costs of, borrowings supplied by a commercial institution, vendor or by private arrangements, where loans are provided on commercial terms at arms length and at a competitive interest rate, for the purpose specified in clause (1) above, the Commonwealth shall bear 90 per cent and the State 10 per cent of the interest subsidies which will not exceed 50 per cent. Support by way of interest rate subsidies under this clause is subject to the following requirements –

- (a) the interest rate subsidy granted to a pastoralist should be no greater than a maximum of 50 per cent of the interest payable on, and associated costs of borrowings being subsidised;

- (b) any commercial borrowings or associated costs of borrowings already subsidised under any other Commonwealth scheme must not be considered for support;
- (c) the period for which a subsidy is provided shall be determined in each case by RBDC, and will only be available for a maximum period of twelve months in respect of each application. A maximum of only two tranches of interest rate subsidy support are available to eligible pastoralists - one in the declaration year (applications for this must be received no later than 01 July 2004) and one in the recovery year (applications for this must be received no later than 01 July 2005). Eligibility must be assessed in each year. The provision of support in the first year does not guarantee support in the recovery year. Pastoralists not receiving support in the declaration year may be eligible in the recovery year;
- (d) payment of interest rate subsidy may be made to the lender or the pastoralist;
- (e) pastoralists currently receiving other support under the *Rural Adjustment Act 1992*, may also be eligible for this support; and
- (f) in determining the amount of subsidy to be made available to each applicant, RBDC shall take into account the level of assistance which has been made already under RAS; accordingly the total amount of interest rate subsidy payable for all categories of RAS support may not exceed \$100,000 per applicant in any twelve month period, or a cumulative total of support of \$300,000 over the previous five years.

(3) Assessment Criteria

In assessing the eligibility of a pastoral enterprise for an interest rate subsidy RBDC shall be satisfied that:

- (a) the pastoral enterprise is located in the area specified in Schedule 1 or Schedule 2 and meets any other conditions specified in Schedule 1 or Schedule 2 respectively;
- (b) the pastoral enterprise is in financial difficulty due to exceptional conditions, referred to in Clause 1(a). In considering whether a pastoral enterprise is in financial difficulty, RBDC shall consider the total amount of interest payable per annum, the estimated pastoral surplus over the medium term, and the applicant's equity in the pastoral business in relation to the amount of current and future indebtedness, together with both pastoral and non-pastoral assets and income;
- (c) the provision of support under these guidelines is necessary to achieve the strategies as outlined in Clause 1 of these guidelines;
- (d) without support under these guidelines the pastoral unit would not have the capacity to achieve or maintain sustainable long-term profitability;
- (e) in assessing the likelihood of the pastoral enterprise being profitable in the long-term, the following factors shall be taken into account by RBDC:
 - (i) the pastoral business is able to demonstrate that it has operated without normal RAS support in at least two of the past five years;
 - (ii) the expected future capacity of the pastoral business to operate profitably (without Government support) as measured by its ability to meet, from estimated surpluses, its future financial commitments relating to:
 - (A) the pastoral business operating costs
 - (B) living costs of the pastoral family
 - (C) servicing of the pastoral business debts
 - (D) future capital requirements for plant and improvements
 - (E) investment requirements to return the pastoral business to profitability
 - (iii) the long-term economic trends, which impact on the pastoral enterprise;
 - (iv) the demonstrated technical, financial and business management performance of the applicant; and
 - (v) the provision of financial support for the pastoral enterprise by commercial lenders through the exceptional circumstance and beyond.
- (f) the applicant has disposed of
 - (i) all non-essential pastoral business assets; and
 - (ii) non-pastoral business assets, such that the net value of non-pastoral assets is not in excess of the Newstart Allowance Assets Test for homeowners (partnered). Note: this amount is \$212,500 as at 1 July 2003.

on commercial terms and applied the proceeds to the pastoral business (except where this would result in extreme hardship to the applicant). Investments in bona fide insurance and superannuation funds are exempt from the non-pastoral assets test

- (g) under normal circumstances, the applicant contributes at least 75 per cent of his/her labour to the pastoral enterprise, at least 50 per cent of income is derived from the pastoral enterprise, and has been a pastoralist for at least two years;
- (h) the applicant's property was affected by exceptional circumstances as defined in Clause 1(a) of these guidelines; and
- (i) loans supplied by a commercial institution, vendor or by private arrangements, are provided on commercial terms at arms length and the interest rate charged by the lender is competitive with that which is generally applicable to the type of loan(s) being subsidised.

(4) Level of Support

- (a) The level of support to be provided to a pastoralist under these guidelines shall be determined by the extent of support needed for the strategies as outlined in Clause 1 and consistent with clause 2 of these guidelines; and
- (b) the level of support shall be determined from budgets for the pastoral enterprise, which make due allowance for financial demands on the enterprise appropriate to the exceptional circumstance (including an assessment of the living expenses for the pastoral household at the relevant Newstart Allowance rate).

(5) Terms and Conditions to Attach to Support

- (a) RBDC shall secure agreement from the pastoralist that the pastoralist shall use the support provided under these guidelines for the purposes as outlined in Clause 1 of these guidelines;
- (b) the period of support in respect of any application shall be limited to a maximum period of twelve months, in accordance with Clause 2(c);
- (c) RBDC may terminate support under the Scheme where the pastoralist does not rectify breaches to the terms and conditions of that support;
- (d) with the agreement of the Commonwealth, RBDC may attach other terms and conditions to the support considered necessary for the particular case; and
- (e) the pastoralist and the financier shall agree to the terms and conditions of support before the payment of RBDC support.

(6) Outcomes Expected from Support

The outcomes expected from the support under these guidelines for the pastoral enterprise are:

- (a)
 - (i) a program has been undertaken or maintained to increase pastoral productivity which will lead to improved sustainable long-term profitability and financial self-reliance; and/or
 - (ii) increased pastoral productivity; and/or
 - (iii) the restructuring of debt has been implemented; and/or
- (b) the financial demands on the pastoral business are reduced; and/or
- (c) a pastoral enterprise which can be demonstrated by the pastoralist to the satisfaction of RBDC to be productive, profitable, sustainable and financially viable (without Government support) in the long-term is maintained in the pastoral sector; and/or
- (d) the pastoral enterprise is assisted to recover from the exceptional circumstance.

(7) Variation or Revocation

The Commonwealth Minister for Agriculture, Fisheries and Forestry reserves the power to revoke or vary these guidelines at any time.

Dated this 18 day of July 2003.

Signed

WARREN ERROL TRUSS

Minister for Agriculture, Fisheries and Forestry

SCHEDULE 1

DESCRIPTION OF THE WESTERN AUSTRALIA'S SOUTHERN RANGELANDS REGION AFFECTED BY EXCEPTIONAL CIRCUMSTANCES:

Pastoralists whose properties are drought affected and located in following area:

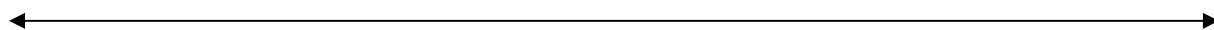
The EC declared area runs north-west/south-east from the Pilbara through the Gascoyne-Murchison and into the Goldfields. The area is bordered on the southern side by agricultural districts and an existing EC declared area, the Northern Wheatbelt, (EC declared 7 March 2002). Six agricultural shires have small pastoral components jutting into the declaration areas.

The EC declared area includes the whole or parts of 24 shires known as: Roebourne, Ashburton, Exmouth, Carnarvon, Upper Gascoyne, Meekatharra, Shark Bay, Murchison, Yalgoo, Cue, Sandstone, Mt Magnet, Wiluna, Menzies, Coolgardie, Kalgoorlie-Boulder, Dundas, Northampton, Mullewa, Perenjori, Mt Marshall, Yilgarn, Ravensthorpe and Kondinin.

SCHEDULE 1A

DESCRIPTION OF AREA ADJACENT TO THE EC DECLARED SOUTHERN RANGELANDS REGION WHERE CERTIFICATES MAY ALSO BE PROVIDED:

Eligible pastoralists whose properties are wholly or partly within 50 kilometres east of the declared EC region, as described in Schedule 1, where in the opinion of the RBDC the pastoral enterprise has suffered a similar downturn in income caused by the EC event is accepted as a buffer zone.



1.3.1 RURAL ADJUSTMENT ACT 1992

POLICY GUIDELINES APPLYING TO INTEREST RATE SUBSIDIES FOR PASTORALISTS IN WESTERN AUSTRALIA UNDER THE EXCEPTIONAL CIRCUMSTANCES PROVISIONS OF THE RURAL ADJUSTMENT SCHEME (RAS) FOR THE SOUTHERN RANGELANDS REGION

I, WARREN ERROL TRUSS, Australian Government Minister for Agriculture, Fisheries and Forestry, pursuant to clause 10 of the Agreement between the Australian Government and the States and Territories ("the Agreement") hereby determine the following policy guidelines ("these guidelines") as to interest subsidies to pastoralists in areas of Western Australia specified in Schedule 1 or Schedule 1A of these guidelines for such of the strategies set out in subclause 5(2) of the Agreement.

INTEREST RATE SUBSIDIES

(1) Purpose of Support

Pursuant to sub-clause 5(2) of the Agreement, the purpose of the support is to

- (a) assist pastoralists in areas of Western Australia specified in Schedule 1 or Schedule 1A during the period 02 July 2005 to 01 July 2006, who would otherwise have prospects of long-term profitability and sustainability, but for exceptional conditions arising from drought which has detrimentally affected the pastoralist's income, leading to financial difficulty; and

The support will facilitate one or more of the following strategies:

- improvements in productivity, including for recovery purposes
- the provision of carry-on finance
- debt restructuring.

(2) Application of Support

In respect of grants made by the Rural Business Development Corporation (RBDC) using assistance provided by the Australian Government and the State Government for the purpose of subsidies for interest payable on, and associated costs of, borrowings supplied by a commercial institution, vendor or by private arrangements, where loans are provided on commercial terms at arms length and at a

competitive interest rate, for the purpose specified in clause (1) above, the Australian Government shall bear 90 per cent and the State Government 10 per cent of the interest subsidies which will not exceed 50 per cent. Support by way of interest rate subsidies under this clause is subject to the following requirements:

- (a) the interest rate subsidy granted to a pastoralist should be no greater than a maximum of 50 per cent of the interest payable on, and associated costs of borrowings being subsidised;
- (b) any commercial borrowings or associated costs already subsidised under any other Australian Government scheme must not be considered for support.
- (c) the period for which a subsidy is provided shall be determined in each case by RBDC, and will only be available for a maximum period of twelve months in respect of each application. A maximum of only one tranche of interest rate subsidy support is available to eligible pastoralists (applications for this must be received no later than 1 July 2006). Eligibility must be assessed in the relevant year;
- (d) payment of interest subsidy may be made to the lender or the pastoralist;
- (e) pastoralists currently receiving other support under the *Rural Adjustment Act 1992 (RAS)*, may also be eligible for this support;
- (f) in determining the amount of subsidy to be made available to each applicant, RBDC shall take into account the level of assistance which has been made already under RAS; accordingly the total amount of interest rate subsidy payable for all categories of RAS support may not exceed \$100,000 per applicant in any twelve month period, or a cumulative total of support of \$300,000 over the previous five years.

(3) Assessment Criteria

In assessing the eligibility of a farm enterprise for an interest subsidy the RBDC shall be satisfied that:

- (a) the farm enterprise is located in the area specified in Schedule 1 or Schedule 1A and meets any other conditions specified in Schedule 1 or Schedule 1A respectively;
- (b) the farm enterprise is in financial difficulty due to exceptional conditions, referred to in Clause 1(a). In considering whether a farm enterprise is in financial difficulty, the RBDC shall consider the total amount of interest payable per annum, the estimated farm surplus over the medium term, and the applicant's equity in the farm business in relation to the amount of current and future indebtedness, together with both farm and off-farm assets and income;
- (c) the provision of support under these guidelines is necessary to achieve the strategies as outlined in Clause 1 of these guidelines;
- (d) without support under these guidelines the farm unit would not have the capacity to achieve or maintain sustainable long-term profitability;
- (e) in assessing the likelihood of the farm enterprise being profitable in the long-term, the following factors shall be taken into account by the RBDC:
 - (i) the farm is able to demonstrate that it has operated without RAS support in at least two of the past five years;
 - (ii) the expected future capacity of the farm to operate profitably (without Government support) as measured by its ability to meet, from estimated surpluses, its future financial commitments relating to:
 - (A) the farm operating costs;
 - (B) living costs of the farm family;
 - (C) servicing of the farm debts;
 - (D) future capital requirements for plant and improvements; and
 - (E) investment requirements to return the farm to profitability.
 - (iii) the long-term economic trends which impact on the farm enterprise;
 - (iv) the demonstrated technical, financial and business management performance of the applicant; and
 - (v) the provision of financial support for the farm enterprise by commercial lenders through the exceptional circumstance and beyond;
- (f) the applicant has disposed of:
 - (i) all non-essential farm assets, and
 - (ii) off-farm assets, such that the net value of off-farm assets is not in excess of the Newstart Allowance Assets Test for homeowners (partnered), \$217,500 as at 1 July 2004.

on commercial terms and applied the proceeds to the farm business (except where this would result in extreme hardship to the applicant). Investments in bona fide insurance and superannuation funds are exempt from the off-farm assets test;

- (g) under normal circumstances, the applicant contributes at least 75 per cent of his/her labour to the farm enterprise, at least 50 per cent of income is derived from farming, and has been a pastoralist for at least two years;
- (h) the applicant's property was affected by exceptional circumstances as defined in Clause 1(a) of these guidelines; and
- (i) loans supplied by a commercial institution, vendor or by private arrangements, are provided on commercial terms at arms length and the interest rate charged by the lender is competitive with that which is generally applicable to the type of loan(s) being subsidised.

(4) Level of Support

- (a) The level of support to be provided to a pastoralist under these guidelines shall be determined by the extent of support needed for the strategies as outlined in Clause 1 and consistent with Clause 2 of these guidelines;
- (b) the level of support shall be determined from budgets for the farm enterprise which make due allowance for financial demands on the enterprise appropriate to the exceptional circumstance (including an assessment of the living expenses for the farm household at the relevant Newstart Allowance rate).

(5) Terms and Conditions to Attach to Support

- (a) RBDC shall secure agreement from the pastoralist that the pastoralist shall use the support provided under these guidelines for the purposes as outlined in Clause 1 of these guidelines
- (b) the period of support in respect of any application shall be limited to a maximum period of twelve months, in accordance with Clause 2(c)
- (c) RBDC may terminate support under the Scheme where the pastoralist does not rectify breaches to the terms and conditions of that support;
- (d) with the agreement of the Australian Government, the RBDC may attach other terms and conditions to the support considered necessary for the particular case, and
- (e) the pastoralist and the financier shall agree to the terms and conditions of support before the payment of RBDC support.

(6) Outcomes Expected from Support

The outcomes expected from the support under these guidelines for the farm enterprise are:

- (a)
 - (i) a program has been undertaken or maintained to increase farm productivity which will lead to improved sustainable long-term profitability and financial self-reliance; and/or
 - (ii) increased farm productivity; and/or
 - (iii) the restructuring of debt has been implemented; and/or
- (b) the financial demands on the farm business are reduced; and/or
- (c) a farm enterprise which can be demonstrated by the pastoralist to the satisfaction of the RBDC to be productive, profitable, sustainable and financially viable (without Government support) in the long-term is maintained in the farm sector; and/or
- (d) the farm enterprise is assisted to recover from the exceptional circumstance.

(7) Variation or Revocation

The Australian Government Minister for Agriculture, Fisheries and Forestry reserves the power to revoke or vary these guidelines at any time.

Dated this 22nd day of April 2005.

Signed
WARREN ERROL TRUSS
Minister for Agriculture, Fisheries and Forestry

SCHEDULE 1

DESCRIPTION OF THE WESTERN AUSTRALIA'S SOUTHERN RANGELANDS REGION AFFECTED BY EXCEPTIONAL CIRCUMSTANCES:

Pastoralists whose properties are drought affected and located in following area:

The EC declared area runs north-west/south-east from the Pilbara through the Gascoyne-Murchison and into the Goldfields. The area is bordered on the southern side by agricultural districts and the previously EC declared area of the Northern Wheatbelt, (EC declared 7 March 2002). Six agricultural shires have small pastoral components jutting into the declaration areas.

The EC declared area includes the whole or parts of 24 shires known as: Roebourne, Ashburton, Exmouth, Carnarvon, Upper Gascoyne, Meekatharra, Shark Bay, Murchison, Yalgoo, Cue, Sandstone, Mt Magnet, Wiluna, Menzies, Coolgardie, Kalgoorlie-Boulder, Dundas, Northampton, Mullewa, Perenjori, Mt Marshall, Yilgarn, Ravensthorpe and Kondinin.

SCHEDULE 1A

DESCRIPTION OF AREA ADJACENT TO THE EC DECLARED SOUTHERN RANGELANDS REGION WHERE CERTIFICATES MAY ALSO BE PROVIDED:

Eligible pastoralists whose properties are wholly or partly within 50 kilometres east of the declared EC region, as described in Schedule 1, where in the opinion of the RBDC the pastoral enterprise has suffered a similar downturn in income caused by the EC event is accepted as a buffer zone.

For pastoralists whose properties do not lie wholly or partly within the 50 kilometre buffer zone, but the nearest part of their property lies adjacent to the 50 kilometre buffer zone, the RBDC can exercise judgement in providing support to those properties.



1.4 RURAL ADJUSTMENT ACT 1992

POLICY GUIDELINES APPLYING TO INTEREST RATE SUBSIDIES FOR FARMERS IN WESTERN AUSTRALIA UNDER THE EXCEPTIONAL CIRCUMSTANCES PROVISIONS OF THE RURAL ADJUSTMENT SCHEME (RAS) FOR THE CENTRAL NORTH-EASTERN, CENTRAL EASTERN AND CENTRAL SOUTH-EASTERN WHEATBELT REGION

I, WARREN ERROL TRUSS, Minister for Agriculture, Fisheries and Forestry, pursuant to clause 10 of the Agreement between the Commonwealth and the States and Territories ("the Agreement") hereby determine the following policy guidelines ("these guidelines") as to interest rate subsidies to farmers in areas of Western Australia specified in Schedule 1 or Schedule 1A of these guidelines for such of the strategies set out in subclause 5(2) of the Agreement.

INTEREST RATE SUBSIDIES

(1) Purpose of Support

Pursuant to sub-clause 5(2) of the Agreement, the purpose of the support is to

- (a) assist farmers in areas of Western Australia specified in Schedule 1 or Schedule 1A during the period 24 July 2003 to 23 July 2004, who would otherwise have prospects of long-term profitability and sustainability, but for exceptional conditions arising from drought which has detrimentally affected the farmer's income, leading to financial difficulty; and
- (b) assist farmers in areas of Western Australia specified in Schedule 1 or Schedule 1A during the period 24 July 2004 to 23 July 2005 to recover from the effects of adverse seasonal conditions arising from drought which has detrimentally affected the farmer's income, leading to financial difficulty.

The support will facilitate one or more of the following strategies:

- improvements in productivity, including for recovery purposes

- the provision of carry-on finance
- debt restructuring.

(2) Application of Support

In respect of grants made by the Rural Business Development Corporation (RBDC) using assistance provided by the Commonwealth and the State for the purpose of subsidies for interest payable on, and associated costs of, borrowings supplied by a commercial institution, vendor or by private arrangements, where loans are provided on commercial terms at arms length and at a competitive interest rate, for the purpose specified in clause (1) above, the Commonwealth shall bear 90 per cent and the State 10 per cent of the interest subsidies which will not exceed 50 per cent. Support by way of interest rate subsidies under this clause is subject to the following requirements -

- (a) the interest rate subsidy granted to a farmer should be no greater than a maximum of 50 per cent of the interest payable on, and associated costs of borrowings being subsidised;
- (b) any commercial borrowings or associated costs of borrowings already subsidised under any other Commonwealth scheme must not be considered for support;
- (c) the period for which a subsidy is provided shall be determined in each case by RBDC, and will only be available for a maximum period of twelve months in respect of each application. A maximum of only two tranches of interest rate subsidy support are available to eligible farmers - one in the declaration year (applications for this must be received no later than 23 July 2004) and one in the recovery year (applications for this must be received no later than 23 July 2005). Eligibility must be assessed in each year. The provision of support in the first year does not guarantee support in the recovery year. Farmers not receiving support in the declaration year may be eligible in the recovery year;
- (d) payment of interest rate subsidy may be made to the lender or the farmer;
- (e) farmers currently receiving other support under the *Rural Adjustment Act 1992*, may also be eligible for this support; and
- (f) in determining the amount of subsidy to be made available to each applicant, RBDC shall take into account the level of assistance which has been made already under RAS; accordingly the total amount of interest rate subsidy payable for all categories of RAS support may not exceed \$100,000 per applicant in any twelve month period, or a cumulative total of support of \$300,000 over the previous five years.

(3) Assessment Criteria

In assessing the eligibility of a farm enterprise for an interest rate subsidy RBDC shall be satisfied that:

- (a) the farm enterprise is located in the area specified in Schedule 1 or Schedule 1A and meets any other conditions specified in Schedule 1 or Schedule 1A respectively;
- (b) the farm enterprise is in financial difficulty due to exceptional conditions, referred to in Clause 1(a). In considering whether a farm enterprise is in financial difficulty, RBDC shall consider the total amount of interest payable per annum, the estimated farm surplus over the medium term, and the applicant's equity in the farm business in relation to the amount of current and future indebtedness, together with both farm and off-farm assets and income;
- (c) the provision of support under these guidelines is necessary to achieve the strategies as outlined in Clause 1 of these guidelines;
- (d) without support under these guidelines the farm unit would not have the capacity to achieve or maintain sustainable long-term profitability;
- (e) in assessing the likelihood of the farm enterprise being profitable in the long-term, the following factors shall be taken into account by RBDC:
 - (i) the farm is able to demonstrate that it has operated without normal RAS support in at least two of the past five years;
 - (ii) the expected future capacity of the farm to operate profitably (without Government support) as measured by its ability to meet, from estimated surpluses, its future financial commitments relating to:
 - (A) the farm operating costs
 - (B) living costs of the farm family
 - (C) servicing of the farm debts
 - (D) future capital requirements for plant and improvements
 - (E) investment requirements to return the farm to profitability

- (iii) the long-term economic trends which impact on the farm enterprise;
 - (iv) the demonstrated technical, financial and business management performance of the applicant; and
 - (v) the provision of financial support for the farm enterprise by commercial lenders through the exceptional circumstance and beyond.
- (f) the applicant has disposed of
 - (i) all non-essential farm assets; and
 - (ii) off-farm assets, such that the net value of off-farm assets is not in excess of the Newstart Allowance Assets Test for homeowners (partnered). Note: this amount is \$212,500 as at 1 July 2003.

on commercial terms and applied the proceeds to the farm business (except where this would result in extreme hardship to the applicant). Investments in bona fide insurance and superannuation funds are exempt from the off-farm assets test;
- (g) under normal circumstances, the applicant contributes at least 75 per cent of his/her labour to the farm enterprise, at least 50 per cent of income is derived from farming, and has been a farmer for at least two years;
- (h) the applicant's property was affected by exceptional circumstances as defined in Clause 1(a) of these guidelines; and
- (i) loans supplied by a commercial institution, vendor or by private arrangements, are provided on commercial terms at arms length and the interest rate charged by the lender is competitive with that which is generally applicable to the type of loan(s) being subsidised.

(4) Level of Support

- (a) The level of support to be provided to a farmer under these guidelines shall be determined by the extent of support needed for the strategies as outlined in Clause 1 and consistent with Clause 2 of these guidelines; and
- (b) the level of support shall be determined from budgets for the farm enterprise which make due allowance for financial demands on the enterprise appropriate to the exceptional circumstance (including an assessment of the living expenses for the farm household at the relevant Newstart Allowance rate).

(5) Terms and Conditions to Attach to Support

- (a) RBDC shall secure agreement from the farmer that the farmer shall use the support provided under these guidelines for the purposes as outlined in Clause 1 of these guidelines;
- (b) the period of support in respect of any application shall be limited to a maximum period of twelve months, in accordance with Clause 2(c);
- (c) RBDC may terminate support under the Scheme where the farmer does not rectify breaches to the terms and conditions of that support;
- (d) with the agreement of the Commonwealth, RBDC may attach other terms and conditions to the support considered necessary for the particular case; and
- (e) the farmer and the financier shall agree to the terms and conditions of support before the payment of RBDC support.

(6) Outcomes Expected from Support

The outcomes expected from the support under these guidelines for the farm enterprise are:

- (a)
 - (i) a program has been undertaken or maintained to increase farm productivity which will lead to improved sustainable long-term profitability and financial self-reliance; and/or
 - (ii) increased farm productivity; and/or
 - (iii) the restructuring of debt has been implemented; and/or
- (b) the financial demands on the farm business are reduced; and/or
- (c) a farm enterprise which can be demonstrated by the farmer to the satisfaction of RBDC to be productive, profitable, sustainable and financially viable (without Government support) in the long-term is maintained in the farm sector; and/or
- (d) the farm enterprise is assisted to recover from the exceptional circumstance.

(7) Variation or Revocation

The Commonwealth Minister for Agriculture, Fisheries and Forestry reserves the power to revoke or vary these guidelines at any time.

Dated this 12 day of August 2003.

Signed
WARREN ERROL TRUSS
Minister for Agriculture, Fisheries and Forestry

SCHEDULE 1

DESCRIPTION OF THE WESTERN AUSTRALIA'S CENTRAL NORTH-EASTERN, CENTRAL EASTERN AND CENTRAL SOUTH-EASTERN WHEATBELT REGION AFFECTED BY EXCEPTIONAL CIRCUMSTANCES:

Farmers in the regions described below, who can demonstrate that they have experienced two consecutive failed crops during the period 2001 to 2003 crop years (crop year meaning 12 months to 31 December).

1 – CENTRAL NORTH EASTERN WHEATBELT REGION

Shire of Morawa – All of the shire West of the Mullewa-Wubin Rd.

Shire of Perenjori – North and West of the following. From the Perenjori/Carnamah shire boundary, follow Caron Rd to the Mullewa-Wubin Rd. Follow the Mullewa-Wubin Rd North to the Perenjori/Morawa shire boundary.

Shire of Dalwallinu – The area contained by the following roads. From the Dalwallinu/Moora shire boundary, follow the Dalwallinu West Rd East, and continue East onto the Dalwallinu Kalannie Rd to the Rabbit Proof Fence Rd. Travel North on the Rabbit Proof Fence Rd to Wubin East Rd. Travel west on the Wubin East Rd to Wubin and continue west onto the Gunydi Wubin Rd to the Dalwallinu/Coorow shire boundary.

2 – CENTRAL EASTERN WHEATBELT REGION

Shire of Koorda – West and South of the following. From the Dalwallinu/Koorda shire boundary, follow Kalannie Kulja Rd to the Bonnie Rock Burakin Rd. Turn East and follow Bonnie Rock Burakin Rd to the Koorda Mollerin Rd. Turn South to Koorda. From Koorda, turn East along the Koorda Southern Cross Rd to the Koorda/Mt Marshall shire boundary.

Shire of Mt Marshall – West and South of the following. From the Koorda/Mt Marshall shire boundary, follow the Koorda Southern Cross Rd to the Bencubbin Kellerberrin Rd. Turn South along the Bencubbin Kellerberrin Rd to the Mt Marshall/Trayning shire boundary.

Shire of Wyalkatchem – East and North of the following. From the Koorda/Wyalkatchem shire boundary, follow South on Wyalkatchem North Rd to Wyalkatchem. Continue South onto the Tammin Wyalkatchem Road and East onto Rifle Range Rd. East onto Hardwick Rd, and then onto to Hammond Rd to the Wyalkatchem/Trayning shire boundary.

Shire of Trayning – The entire shire.

Shire of Nungarin – The area South and West of the following. From the Mukinbudin/Nungarin shire boundary on Stock Rd, South on Chandler North West Rd to the Chandler Merredin Rd. Follow the Chandler Merredin Rd South to the Nungarin/Merredin shire boundary.

Shire of Kellerberrin – East of the following. From the Trayning/Kellerberrin shire boundary on the Kellerberrin Yelbeni Rd continue South to the Kellerberrin Bencubbin Rd and through to Kellerberrin. South on to the Kwolyin Rd West, and then on to the Kellerberrin Shackleton Rd down to the Kellerberrin/Bruce Rock shire boundary

Shire of Merredin – West and North of the following. From the Bruce Rock/Merredin shire boundary, North on to the Bruce Rock Merredin Rd to Merredin. East on the Great Eastern Highway to the Merredin/Westonia shire boundary.

3 – CENTRAL SOUTH EASTERN WHEATBELT REGION

Shire of Narembeen – South of the following. From the Bruce Rock/Narembeen shire boundary, travel East on the Wogarl West Rd to Dixon Rd. East on Dixon Rd and then South onto Coverley Rd to Soldiers Rd. East on Soldiers Rd to the Narembeen/Yilgarn shire boundary.

Shire of Yilgarn – There is a small area in the Southern most part of the agricultural land area bounded on the West and North with the Narembeen shire and the vermin proof fence on the East (near the Woolocutty CBH bin, and just South of Calzoni Rd), and the area South of Soldiers Rd East across to the Vermin Proof fence.

Shire of Bruce Rock – South of the Old Beverley Rd

Shire of Corrigin – The entire shire.

Shire of Wickepin – The entire shire.

Shire of Kondinin – West of the following. From the Vermin Proof Fence follow Murray Rock Rd to Forbes Rd and then South to and along King Rocks Rd to Sharps Rd. South along Sharps Rd and West into Pederah Rd East. South onto the Allen rocks Rd to the Kondinin/Kulin shire boundary.

Shire of Kulin – West of Alymore Rd.

Shire of Lake Grace – West of the following. From the Kulin/Lake Grace shire boundary, South along Burngup Rd North to Burngup. Then East and South on Burngup Rd to the Lake Grace Newdegate Rd. East and then South on to Fourteen Mile Rd to the Lake Grace/Kent shire boundary.

Shire of Kent – (a) **Eastern** boundary within the shire. From the Kent/Lake Grace shire boundary, South along the Pingrup Lake Grace Rd and the West into Rasmussen Rd. Continue to and then South along Chinocup Rd to the Nyabing Pingrup Rd. Travel East and then South into the Chester Pass Rd and then East onto Rabbit Proof Fence Rd. Continue to the Kent/Gnowangerup shire boundary.

(b) **Western** boundary within the shire. From the Kent/Gnowangerup shire boundary, North along Humphries Rd to and West and along Whyatt Rd. North along Moornaming Rd South to Moornaming. Continue North on Moornaming Rd North and then North along Datatine Rd to the Kent/Dumbleyung shire boundary.

Shire of Dumbleyung – East and North of the following. From the Dumbleyung/Kent shire boundary, North along Datatine Rd and continue through to Dumbleyung. From Dumbleyung, travel North along the Dumbleyung Lake Grace Rd to Tincurrin Rd. North along Tincurrin Rd to the Dumbleyung/Wickepin shire boundary.

Shire of Gnowangerup – North of the following. From the Gnowangerup/Kent shire boundary, south along Rabbit Proof Fence Rd and south and the West along Ongerup Rd North to Chester Pass Rd. West along Chester Pass Rd and West again onto Old Ongerup Rd. Turn North onto Mindarabin Rd and then to Hinkley Rd. West along Hinkley Rd and onto Jones rd to Dam Rd. North on Dam Rd to the Gnowangerup/Kent shire boundary.

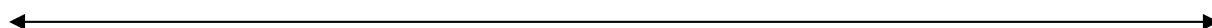
Shire of Jerramungup – The farming area North of the line from the Gnowangerup/Jerramungup shire boundary, East on Cardininup Rd, and then East on Stock Rd, and East on Carlawillup Rd, and then continue North East to the Jerramungup/Ravensthorpe shire boundary on the Old Ongerup Rd. East of the line of White Rd – Rabbit Proof Fence Rd, and West of the line of Fitzgerald Rd – Lake Rd – Mallee Rd.

SCHEDULE 1A

DESCRIPTION OF AREA ADJACENT TO THE EC DECLARED CENTRAL NORTH-EASTERN, CENTRAL EASTERN AND CENTRAL SOUTH-EASTERN WHEATBELT REGION WHERE CERTIFICATES MAY ALSO BE PROVIDED:

Eligible farmers whose properties are wholly or partly within the 15 kilometre buffer zone, as shown on the attached map and outlined in the EC application, where in the opinion of the RBDC the farm enterprise has demonstrated they have experienced two consecutive failed crops during the period 2001 to 2003 crop years (crop year meaning 12 months to 31 December).

For farmers whose properties do not lie wholly or partly within the 15 kilometre buffer zone, but the nearest part of the farm lies adjacent to the 15 kilometre buffer zone, and where, in the opinion of the RBDC, the farm enterprise has experienced two consecutive failed crops during the period 2001 to 2003 crop years (crop year meaning 12 months to 31 December), the RBDC can exercise judgement in providing support to those properties.



1.5 RURAL ADJUSTMENT ACT 1992

POLICY GUIDELINES APPLYING TO INTEREST RATE SUBSIDIES FOR BROAD ACRE FARMERS IN WESTERN AUSTRALIA UNDER THE EXCEPTIONAL CIRCUMSTANCES PROVISIONS OF THE RURAL ADJUSTMENT SCHEME (RAS) FOR THE NORTH EASTERN WHEATBELT

I, WARREN ERROL TRUSS, Minister for Agriculture, Fisheries and Forestry, pursuant to clause 10 of the Agreement between the Australian Government and the States and Territories ("the Agreement") hereby determine the following policy guidelines ("these Guidelines") as to interest rate subsidies to broad acre farmers in areas of Western Australia specified in Schedule 1 of these guidelines for such of the strategies set out in subclause 5(2) of the Agreement.

INTEREST RATE SUBSIDIES

(1) Purpose of Support

Pursuant to sub-clause 5(2) of the Agreement, the purpose of the support is to

- (a) assist broad acre farmers in areas of Western Australia specified in Schedule 1 during the period 07 April 2005 to 06 April 2006, who would otherwise have prospects of long-term profitability and sustainability, but for exceptional conditions arising from drought which has detrimentally affected the broad acre farmer's income, leading to financial difficulty; and
- (b) assist broad acre farmers in areas of Western Australia specified in Schedule 1 during the period 07 April 2006 to 06 April 2007 to recover from the effects of adverse seasonal conditions arising from drought which has detrimentally affected the broad acre farmer's income, leading to financial difficulty.

The support will facilitate one or more of the following strategies:

- improvements in productivity, including for recovery purposes
- the provision of carry-on finance
- debt restructuring.

(2) Application of Support

In respect of grants made by the Rural Business Development Corporation (RBDC) using assistance provided by the Australian Government and the State for the purpose of subsidies for interest payable on, and associated costs of, borrowings supplied by a commercial institution, vendor or by private arrangements, where loans are provided on commercial terms at arms length and at a competitive interest rate, for the purpose specified in clause (1) above, the Australian Government shall bear 90 per cent and the State 10 per cent of the interest subsidies. Support by way of interest rate subsidies under this clause is subject to the following requirements -

- (a) the interest rate subsidy granted to a broad acre farmer should be no greater than a maximum of 50 per cent of the interest payable on, and associated costs of borrowings being subsidised;
- (b) any commercial borrowings or associated costs of borrowings already subsidised under any other Australian Government scheme must not be considered for support;
- (c) the period for which a subsidy is provided shall be determined in each case by RBDC, and will only be available for a maximum period of twelve months in respect of each application. A maximum of only two tranches of interest rate subsidy support are available to eligible broad acre farmers - one in the declaration year (applications for this must be received no later than 06 April 2006) and one in the recovery year (applications for this must be received no later than 06 April 2007). Eligibility must be assessed in each year. The provision of support in the first year does not guarantee support in the recovery year. Farmers not receiving support in the declaration year may be eligible in the recovery year;
- (d) payment of interest rate subsidy may be made to the lender or the broad acre farmer;
- (e) broad acre farmers currently receiving other support under the Rural Adjustment Act 1992, may also be eligible for this support; and
- (f) in determining the amount of subsidy to be made available to each applicant, RBDC shall take into account the level of assistance which has been made already under RAS; accordingly the total amount of interest rate subsidy payable for all categories of RAS support may not exceed \$100,000 per applicant in any twelve month period, or a cumulative total of support of \$300,000 over the previous five years.

(3) Assessment Criteria

In assessing the eligibility of a farm enterprise for an interest rate subsidy RBDC shall be satisfied that:

- (a) the farm enterprise is located in the area specified in Schedule 1 and meets any other conditions specified in Schedule 1;
- (b) the farm enterprise is in financial difficulty due to exceptional conditions, referred to in Clause 1(a). In considering whether a farm enterprise is in financial difficulty, RBDC shall consider the total amount of interest payable per annum, the estimated farm surplus over the medium term, and the applicant's equity in the farm business in relation to the amount of current and future indebtedness, together with both farm and non-farm assets and income;
- (c) the provision of support under these guidelines is necessary to achieve the strategies as outlined in Clause 1 of these guidelines;
- (d) without support under these guidelines the farm unit would not have the capacity to achieve or maintain sustainable long-term profitability;
- (e) in assessing the likelihood of the farm enterprise being profitable in the long-term, the following factors shall be taken into account by RBDC:
 - (i) the farm business is able to demonstrate that it has operated without RAS support in at least two of the past five years;
 - (ii) the expected future capacity of the farm to operate profitably (without Government support) as measured by its ability to meet, from estimated surpluses, its future financial commitments relating to;
 - (A) the farm operating costs
 - (B) living costs of the farm family
 - (C) servicing of the farm debts
 - (D) future capital requirements for plant and improvements
 - (E) investment requirements to return the farm to profitability
 - (iii) the long-term economic trends, which impact on the farm enterprise;
 - (iv) the demonstrated technical, financial and business management performance of the applicant; and
 - (v) the provision of financial support for the farm enterprise by commercial lenders through the exceptional circumstance and beyond.
- (f) the applicant has disposed of
 - (i) all non-essential farm assets; and
 - (ii) off-farm assets, such that the net value of off-farm assets is not in excess of the Newstart Allowance Assets Test for homeowners (partnered). Note: this amount is \$217,500 as at 1 July 2004.

on commercial terms and applied the proceeds to the farm business (except where this would result in extreme hardship to the applicant). Investments in bona fide insurance and superannuation funds are exempt from the off-farm assets test;

- (g) under normal circumstances, the applicant contributes at least 75 per cent of his/her labour to the farm enterprise, at least 50 per cent of income is derived from farming, and has been a broad acre farmer for at least two years;
- (h) the applicant's property was affected by exceptional circumstances as defined in Clause 1(a) of these guidelines; and
- (i) loans supplied by a commercial institution, vendor or by private arrangements, are provided on commercial terms at arms length and the interest rate charged by the lender is competitive with that which is generally applicable to the type of loan(s) being subsidised.

(4) Level of Support

- (a) The level of support to be provided to a broad acre farmer under these guidelines shall be determined by the extent of support needed for the strategies as outlined in Clause 1 and consistent with Clause 2 of these guidelines; and
- (b) the level of support shall be determined from budgets for the farm enterprise which make due allowance for financial demands on the enterprise appropriate to the exceptional circumstance (including an assessment of the living expenses for the farm household at the relevant Newstart Allowance rate).

(5) Terms and Conditions to Attach to Support

- (a) RBDC shall secure agreement from the broad acre farmer that the farmer shall use the support provided under these guidelines for the purposes as outlined in Clause 1 of these guidelines;
- (b) the period of support in respect of any application shall be limited to a maximum period of twelve months, in accordance with Clause 2(c);
- (c) RBDC may terminate support under the Scheme where the broad acre farmer does not rectify breaches to the terms and conditions of that support;
- (d) with the agreement of the Australian Government, RBDC may attach other terms and conditions to the support considered necessary for the particular case; and
- (e) the broad acre farmer and the financier shall agree to the terms and conditions of support before the payment of RBDC support.

(6) Outcomes Expected from Support

The outcomes expected from the support under these guidelines for the farm enterprise are:

- (a)
 - (i) a program has been undertaken or maintained to increase farm productivity which will lead to improved sustainable long-term profitability and financial self-reliance; and/or
 - (ii) increased farm productivity; and/or
 - (iii) the restructuring of debt has been implemented; and/or
- (b) the financial demands on the farm business are reduced; and/or
- (c) a farm enterprise which can be demonstrated by the broad acre farmer to the satisfaction of RBDC to be productive, profitable, sustainable and financially viable (without Government support) in the long-term is maintained in the farm sector; and/or
- (d) the farm enterprise is assisted to recover from the exceptional circumstance.

(7) Variation or Revocation

The Australian Government Minister for Agriculture, Fisheries and Forestry reserves the power to revoke or vary these guidelines at any time.

Dated this 22nd day of April 2005.

Signed

WARREN ERROL TRUSS

Australian Government Minister for Agriculture, Fisheries and Forestry

SCHEDULE 1

DESCRIPTION OF THE NORTH EASTERN WHEATBELT AFFECTED BY EXCEPTIONAL CIRCUMSTANCES:

Broad acre farmers in the areas specified below:

Mullewa Shire: east of the following in the agricultural region — from the northern edge of the agricultural region, follow the Murchison Mullewa Road to Mullewa. From Mullewa follow the Mullewa Wubin Road to the Mullewa/Morawa Shire boundary.

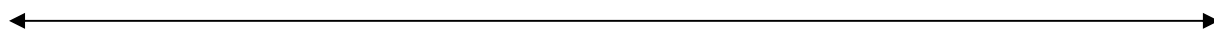
Morawa Shire: the entire area east of the Mullewa Wubin Road in the agricultural region.

Perenjori Shire: east and north of the following roads in the agricultural region — from the Morawa/Perenjori Shire boundary follow the Mullewa Wubin Road through the Town of Perenjori to Rothsay Road. Follow the road east to the eastern edge of the agricultural region.

BUFFER ZONE

There is a 15km buffer zone to the west of the Murchison Mullewa Road, the Mullewa Wubin Road and south of the Rothsay Road from the Mullewa Wubin Road.

For farmers whose properties do not lie wholly or partly within the buffer zone, but the nearest part of the farm lies within reasonable proximity of the buffer zone, the RBDC can exercise judgement in providing support to those properties.



1.6 POLICY GUIDELINES APPLYING TO PRODUCTIVITY GRANTS FOR ENHANCING FARM PRODUCTIVITY UNDER THE GASCOYNE-MURCHISON STRATEGY STRUCTURAL ADJUSTMENT COMPONENT

I, MARK ANTHONY JAMES VAILE, Minister for Agriculture, Fisheries and Forestry, in pursuance of clause 8 of the Agreement for the Provision of Financial Assistance for the Gascoyne-Murchison Strategy Structural Adjustment Component between the Commonwealth and the State of Western Australia dated 28 August 1998 ("the Agreement") under the *Rural Adjustment Act 1992*, hereby determine, after consultation with the State Minister that, subject to the Agreement, support for the purposes of property productivity shall be provided in a manner consistent with the guidelines described in this instrument.

1. Purpose of Support

The provision of support is to facilitate the sustainability, profitability and productivity of farm business enterprises and farm business groups in the Gascoyne-Murchison region of Western Australia. This will be achieved through the implementation of measures defined in Schedule 1 of the Agreement.

2. Definitions

'farm business enterprise'	means an enterprise based on activities within the definitions of 'pastoral purposes' and 'permissible activities' on a pastoral lease, or comparable title in the Gascoyne-Murchison region;
'pastoral purposes'	means that which is defined in Part 7 'Pastoral Leases' of the <i>Western Australian Land Administration Act 1998</i> and includes the purposes of: <ul style="list-style-type: none">(a) the commercial grazing of stock.(b) agricultural, horticultural or other supplementary uses of land inseparable from, essential to, or normally carried out in conjunction with the grazing of stock, including the production of stock feed; and(c) activities ancillary to the activities mentioned in paragraphs (a) and (b)
'permissible activities'	means that which is defined in Part 7 'Pastoral Leases' of the <i>Western Australian Land Administration Act 1997</i> and includes:

non-pastoral activities able to be carried out on pastoral leases in Western Australia upon issue of specific permits by the Pastoral Lands Board of Western Australia, including:

- (a) sowing and cultivation of non-indigenous pasture.
- (b) crop, fodder, horticultural or other kinds of agricultural production reasonably related to the pastoral use of the land.
- (c) pastoral-based tourism activities that are purely supplementary to pastoral activities on the land.
- (d) any non-pastoral purposes on land that is enclosed and improved

‘farm business group’

means a group of individuals, which includes members of farm business enterprises and has objectives relating to improving farm productivity and sustainable profitability

‘State Authority’

means any Department, Authority or authorised Committee of the State of Western Australia with responsibility for the administration and management of this Agreement

‘business plan’

includes: an analysis of all aspects of the farm business enterprise, (including family, financial, production, land and infrastructure); and an analysis of the strategic direction and requirements of a farm business group. The business plan should include a costed outline of activities, improvements and developments proposed for the immediate and longer-term future.

‘implementation proposal’

means a summary of the activities for which the applicant is seeking assistance for implementation through the measures offered by the Gascoyne Murchison Strategy. The implementation proposal should include detailed costings and timelines for any works to be undertaken and should refer directly to, and be consistent with, the applicant’s current business plan.

‘funding agreement’

means the written agreement between the successful applicant and the State Authority, detailing agreed milestones, standards, performance indicators and targets and funding schedules for works/activities contained within measures in the implementation proposal which have been recommended for funding by the State Authority.

‘1988 Act’

means the *States Grants (Rural Adjustment) Act 1988*

‘1992 Act’

means the *Rural Adjustment Act 1992* as amended

‘SIG’

refers to the ‘Strategy Implementation Group’, the community committee appointed by State Cabinet, given terms of reference by the State Cabinet Gascoyne-Murchison Strategy sub-committee and recognised by the Commonwealth and State Governments as having management responsibility for achievement of the Strategy’s objectives

‘Gascoyne-Murchison’

means the region comprising the Shires of Exmouth, Carnarvon, Shark Bay, Upper Gascoyne, Murchison, Yalgoo, Meekatharra, Cue, Mt Magnet, Sandstone and Wiluna plus twenty pastoral leases immediately south of the above area, situated in predominantly agricultural based Shires. The area includes the communities of Carnarvon, Exmouth, Denham, Meekatharra, Cue, Mt Magnet, Yalgoo, Wiluna, Sandstone, Gascoyne Junction and Murchison.

‘GMS’

means the Gascoyne-Murchison Strategy developed in accordance with the principles of the RPP, and described in the Memorandum of Understanding.

3. Productivity Grants for Farm Business Enterprises; and Grants for Developing Regionally Based Alternatives for Farm Business Enterprises and Farm Business Groups

3.1 Purpose of Productivity Grants for Farm Business Enterprises

- (a) The objective is increased profitability and sustainability, and improved risk management practices of farm business enterprises in the Gascoyne Murchison region.
- (b) Grants will be made available to farm business enterprises to assist implementation of measures identified in the farm business enterprises’ implementation proposal, that specifically

addresses the above objective, and the Gascoyne Murchison Strategy objectives more generally.

- (c) Eligible on-property measures, which have been identified as part of a business plan, should address issues including, but not limited to:
 - (i) new management systems;
 - (ii) technological developments;
 - (iii) changing the property program;
 - (iv) enterprise diversification through development of pastoral and/or other permissible activities;
 - (v) property build-up;
 - (vi) sustainable resource management;
 - (vii) infrastructure contributing to new land and livestock management systems;
 - (viii) best practice total grazing management systems; and,
 - (ix) product and market research and development.

3.2 Purpose of Grants for Developing Regionally Based Alternatives for Farm Business Enterprises and Farm Business Groups

- (a) The objective is the further development of profitable and sustainable industries and opportunities, resulting in increased economic diversity in the region.
- (b) Grants will be made available to assist implementation of measures within farm business enterprise and farm business group's implementation proposals that specifically addresses the above objective, and the Gascoyne Murchison Strategy objectives more generally.
- (c) These may include, but are not limited by, activities directly related to the normal primary production activities of an enterprise or farm business group that address such issues as:
 - (i) enhancement of on-property resource use through investigation and trials likely to lead to improved profitability, productivity, product development and value-adding.
 - (ii) investigation of the feasibility (and support for the progression) of new enterprises, industries, production systems and land uses for the region.
 - (iii) enhancement of vertical and/or horizontal integration of industries and enterprises.
 - (iv) creation of alliances between related enterprises and industries.
 - (v) development or enhancement of regional industry resources and infrastructure.
 - (vi) increasing competitiveness and sustainability of existing industries in the region.

3.3 Funding

- (a) Total funding for Productivity Grants is \$3.7 million.
- (b) Total funding for Alternative Enterprises is \$1.0 million.
- (c) Applications for funding of these measures will be assessed on a competitive basis following calls for applications. The State Authority, may determine:
 - (i) the number and timing of assessment rounds;
 - (ii) the funds to be allocated to each assessment round and revise this allocation after taking the quality of the applications into consideration;
 - (iii) funding limits and the nature and size of proponent contribution required;
 - (iv) upper limit to funding per application (depending on demand for funds available);
 - (v) the amount of funding allocated to each proposal, and
 - (vi) from time to time, the format required for an application or any review process required
 - (vii) within the guidelines, the eligibility appropriate funding levels for activities.
- (d) Payments to successful applicants may be made for periods of up to 3 years, subject to limits set in the Agreement.
- (e) Funding is competitive; eligible projects will be ranked according to their contribution to the objectives as judged against the assessment criteria.
- (f) Funding is accessed by submission of an implementation proposal detailing the proposed measures to be supported by the Strategy.
- (g) Funding is provided by way of a grant subject to conditions outlined in section 3.7 of these guidelines, and any other conditions agreed to by the applicant and the State Authority.

3.4 Application of support

- (a) Farm business enterprises and farm business groups, whether or not having received support under Agreements between the Commonwealth and the State under the 1988 Act, and that dated 1 January 1993 under the 1992 Act, may be eligible for support. However, the timing and level of assistance which has already been made available to the applicant under RAS, other Strategy measures, or any other sources will be taken into consideration in the assessment of applications.

- (b) Within the guidelines, the State Authority and applicants may negotiate the specific terms of support, including an appropriate payment schedule linked to progress in implementation of measures.
- (c) Support may be provided under separate assessment rounds for either different or related measures (including continuation of an existing project), subject to the overall funding constraints set out in these guidelines.

3.5 Eligibility

The State Authority shall be satisfied that:

- (a) most of the productive capacity of the farm business enterprise or farm business group is derived from agriculture from a land holding(s) located within the Gascoyne-Murchison or a land holding(s) which lies across the boundary of the Gascoyne-Murchison;
- (b) the implementation proposal is based on a business plan to improve the productivity and the sustainable long-term profitability of the farm business enterprise or farm business group;
- (c) the applicant can meet conditions of support outlined in section 3.7 of these guidelines, and where an applicant has received a grant previously, can demonstrate that they used these funds effectively;
- (d) the applicant has the capacity to become financially independent of support provided under the component within a reasonable period;
- (e) the proposed activities must add significant value to normal management practices, and are not supplementing or supporting normal management and infrastructure costs;
- (f) The pastoral lease is not held by publicly-owned and/or publicly-listed companies and/or public unit trusts. However, the State has the discretion to consider eligible farm business groups which contain members of these entities as partners to the enterprise; and
- (g) for group applications, the 'group':
 - (i) has objectives relating to improving farm business enterprise, industry and regional productivity and sustainable profitability; and
 - (ii) demonstrates satisfactorily that the provision of assistance will facilitate the achievement of group objectives.

3.6 Assessment criteria

- (a) Subject to the limits described in section 3.3, the amount of the support and the priority order of funding of eligible applications in each funding round shall be determined in each case by the State Authority, which will take account of:
 - (i) the feasibility of the measure, including the applicant's capacity to implement the measure.
 - (ii) the extent of increases in sustainability, productivity, profitability and capacity to manage risk expected to result from implementation of the measure.
 - (iii) any new products, production systems or enterprises which have the potential to diversify the economic base of the farm business enterprise and increase the industry options available to the region.
 - (iv) the contribution to sustainable natural resource management in the Gascoyne-Murchison.
 - (v) the applicant's financial and/or other contribution to implementation of the measure and the amount of funding sought.
- (b) The State Authority may also take account of any measures identified in the implementation proposal and any additional measures, agreed for implementation by the applicant that complement the activities directly supported by the assistance.

3.7 Conditions of support

The State Authority shall ensure that the following conditions of support are met:

- (a) The applicant enters a written funding agreement which:
 - (i) is legally binding.
 - (ii) is between the State Authority and the business owner/landholder or farm business group, not any third party involved in development of the business plan (eg accountant, consultant).
 - (iii) contains agreed schedules, milestones, conditions and performance indicators and targets.
- (b) The applicant agrees to an appropriate review process that enables the State Authority to be satisfied that:
 - (i) support has been used for the intended purpose.
 - (ii) measures contained in the implementation proposal are being carried out.
 - (iii) all invoices and records of payments for approved works/activity can be retrieved and checked if necessary.

- (iv) continuing funding is still required in accordance with the agreement described in 3.7(a) and that funding arrangements reflect any changes in circumstances of the measure or applicant.
- (c) The applicant agrees to provide:
 - (i) an assessment of the impact of the implemented measures on sustainable long term profitability of the enterprise.
 - (ii) details of any new information, products or innovations resulting from implementation of the measure which may benefit the region.
 - (iii) a refund of any funds advanced by the State Authority not spent in accordance with the funding agreement.
 - (iv) the applicant agrees to provide reasonable assistance and access to allow the State Authority to inspect works and activities related to the funded measure.
- (d) The State Authority retains the right to review and/or terminate funding under the agreement and take legal action if applicants provide false or misleading information or fail to meet the conditions of the funding agreement.
- (e) Where the State Authority assesses that separate farm business group proposals have complementarity and synergy, support will be provided conditional on appropriate integration of proposals, and/or reduction in any duplication.

3.8 Assessment procedures

The State Authority will assess applications on an ongoing and funds limited basis, and will:

- (a) determine, promote and advise prospective applicants of the assessment procedures, in particular:
 - (i) that funds will be allocated on a competitive basis.
 - (ii) dates for lodgement, assessment and guidelines with respect to assessment rounds.
- (b) assess the applications against all eligibility requirements and use assessment criteria to:
 - (i) prioritise eligible proposals.
 - (ii) clarify any outstanding issues with the applicant.
 - (iii) determine and negotiate the appropriate amount of a grant for each proposal.
 - (iv) develop recommendations for funding.
- (c) allocate funds for recommended applications and announce total funding allocated for that round.
- (d) advise unsuccessful applicants in writing of the reasons for their applications being unsuccessful and:
 - (i) where appropriate, invite applicants to resubmit proposals with recommended amendments to the scope of activities for which assistance is sought and/or the extent of assistance sought in relation to the applicant's contribution.
 - (ii) ensure that appropriate independent procedures for appealing the outcomes of the assessment process are available to unsuccessful applicants who may wish to pursue them.
- (e) advise successful applicants that their application has been approved for funding.
- (f) following the signing of an agreement with the applicant, commence agreed schedule of activities and funding.

4. Voluntary Lease Adjustment

4.1 Purpose of Support

The provision of support is to promote the objectives of the Gascoyne-Murchison Strategy by facilitating achievement of pastoral leases of appropriate scale, ownership and land use for future rangelands industries. Assistance may be made available to assist restructuring of leases to specifically achieve this purpose, and may be provided:

- (i) through broking and negotiation required to formalise an agreement for restructure
- (ii) through surveying and administrative processes required to restructure leases and lease ownership
- (iii) to ensure that agreements that meet the above purpose of support are commercially settled, where lease restructuring clearly demonstrates long term public benefit

4.2 Funding

- (a) Total funding for this measure is \$2.432 million.
- (b) The State Authority will determine the level of assistance required to facilitate achievement of the outcomes of this measure:
 - (i) on a case-by case basis
 - (ii) in accordance with the eligibility/assessment criteria and operating principles; and

- (iii) taking into account any information and recommendations made by the Pastoral Lands Board of Western Australia on the basis of Range Condition Reports and Pastoral Lease Reports.

4.3 Application of support

- (a) Farm business enterprises, whether or not having received support under Agreements between the Commonwealth and the State under the 1988 Act, and that dated 1 January 1993 under the 1992 Act, may be eligible for support.
- (b) Within the guidelines, the State Authority and applicants may negotiate the specific terms of support. In most cases, the support will be a reimbursement of agreed costs, paid upon sale of the lease.

4.4 Eligibility

The State Authority shall be satisfied that:

- (a) For vendors seeking assistance to exit a lease via the voluntary adjustment process:
 - (i) the lease is located within the Gascoyne-Murchison or lies across the boundary of the Gascoyne-Murchison, and
 - (ii) the lessee has received approval for sale of the lease from the Pastoral Lands Board of Western Australia.
- (b) Purchasers seeking to acquire an adjusted lease via the voluntary lease adjustment process must demonstrate that the adjustment to be undertaken will result in the creation of farm business enterprises that are productive, sustainable and profitable in the long term.
- (c) Applicants who accessed 'productivity grants' or 'grants for developing regionally-based alternatives', described in Schedule 1 of the Agreement, have had these grants taken into account, noting that these applicants may be ineligible for grants under this measure.

4.5 Assessment criteria

- (a) Subject to the limits described in section 4.2, the nature and extent of support for eligible applications shall be determined in each case by State Authority, in conjunction with the Strategy Implementation Group, which will take account of:
 - (i) the feasibility of the management proposals of purchasers including their capacity to implement the measures and the likelihood of a positive outcome for all parties to the restructure;
 - (ii) the level of support obtained through other Strategy measures; and
 - (iii) the amount of public good (as determined by the operating principles) that the proposal demonstrates.

4.6 Operating principles

The amount of assistance which can be offered to any proposal is dependent on the amount of public good which includes determination of:

- a) the extent of increase in productivity, profitability and capacity to manage risk;
- b) the contribution to sustainable land use;
- c) the contribution to new land use, new industries and/or new production systems;
- d) the effect to the scale of operation and/or the economy of scale of the business;
- e) the increased multiple land use; and
- f) any other public benefits or costs accruing from the proposal.

4.7 Conditions of support

The State Authority shall ensure that the following conditions of support are met:

- (a) The purchaser of an adjusted lease will undertake to meet agreed management requirements to ensure sustainable land use.
- (b) The applicants agree that the funding agreement for lease adjustment
 - (i) is legally binding; and
 - (ii) is between the State Authority and the applicants, not any third party (eg accountant, consultant).
- (c) The State Authority retains the right to review and/or terminate funding under the agreement and take legal action if applicants provide false or misleading information or fail to meet the conditions of the funding agreement; and
- (d) applicants will refund any funds advanced by the State Authority not spent in accordance with the funding agreement.

4.8 Assessment procedures

The State Authority will allocate appropriate forms of assistance, in accordance with the assessment criteria and operating principles outlined in this document, on a case-by-case basis. The process for assessment is to be developed by the State Authority.

5. Access to Finance Measure

- (a) Funding allocated for this measure is \$0.04 million.
- (b) The State Authority, in consultation with landholders, shall produce a report outlining the factors influencing the cost and availability of commercial finance to Gascoyne-Murchison farm business enterprises. The report must include, but is not limited to, the following:
 - i. analysis of the current sources, costs and availability of finance options for farm business enterprises;
 - ii. analysis of the factors influencing provision of finance to pastoralists and other farm business enterprises, with particular reference to interest rate margins and other fees applied to leaseholders;
 - iii. identification of any alternative finance options currently available for pastoralists; and
 - iv. recommendations regarding possible changes to current systems which may increase the sources and availability of finance options to pastoralists.

6. Strategy Management and Coordination Measure

- (a) Funding allocated for this measure is \$0.54 million.
- (b) The State Authority will manage and disburse the funds in relation to:
 - i. costs associated with the management and coordination of the measures including meetings of the Strategy Implementation Group, however, any sitting fees must be paid from the State contribution;
 - ii. development of a Communication Strategy to provide information about the elements and objectives of the Strategy; and
 - iii. other costs incurred in the administration of the Strategy, as agreed between the State Authority, the Strategy Implementation Group and the Commonwealth.

7. Monitoring and Evaluation Measure

- (a) Funding allocated for this measure is \$0.14 million.
- (b) A monitoring and evaluation strategy for the Gascoyne-Murchison Strategy will be developed and implemented by the State Authority, and the Commonwealth.
- (c) The evaluation strategy will include a program and timetable for evaluation and will include:
 - i. performance indicators;
 - ii. identification of the specific responsibilities of relevant parties for undertaking the evaluation;
 - iii. reporting mechanisms and responsibilities;
 - iv. Milestones for each strategy element and the Strategy as a whole and;
 - v. a strategy for the identification and collection of appropriate baseline data.
- (d) The performance indicators will include objective and measurable indicators for:
 - i. assessment of the effectiveness of the Strategy as a whole against the objectives and outcomes of the Strategy including, but not restricted to, those performance indicators specified in the Schedule to the Agreement;
 - ii. assessment of each Strategy measure against the objectives and outcomes developed for that measure; and
 - iii. assessment of the effectiveness of the Strategy Implementation Group and the Rural Partnership Program approach.

8. Structural Adjustment Officer Measure

- (a) Funding allocated for this measure is \$0.36 million.
- (b) The State Authority will appoint a Structural Adjustment Officer to service the Gascoyne-Murchison region, who shall be accountable to the State Authority for facilitating the following measures:
 - (i) business planning and skills development;
 - (ii) implementation of business plans
 - (iii) identification and development of regionally-based alternative enterprises;
 - (iv) voluntary lease adjustment;
 - (v) access to finance;
 - (vi) monitoring and evaluation;
 - (vii) strategy management and coordination; and
 - (viii) assessment of applications.
- (c) The Structural Adjustment Officer will:
 - (i) promote structural adjustment measures to farm business enterprises and farm business groups;

- (ii) assist with enquiries from farm business enterprises and farm business groups pertaining to assistance available under the Gascoyne-Murchison Strategy;
- (iii) assist farm business enterprises and farm business groups to meet requirements for funding under the Strategy, including completion of applications, provision of advice and other related activities;
- (iv) develop and maintain a trusting and cooperative relationship with farm business enterprises and farm business groups;
- (v) maintain confidentiality of all parties;
- (vi) bring problems associated with the on-going administration of the Strategy to the attention of, and work and the State Authority to address these problems; and
- (vii) ensure the Strategy Implementation Group is fully informed of the eligibility criteria and interpretation of the guidelines.

9. Assessment of Applications Measure

- (a) Funding allocated for this measure is \$0.321 million.
- (b) The State Authority will develop procedures to be put in place for the assessment of the structural adjustment measures.
- (c) The purpose of this measure is to facilitate the effective assessment of the 'Implementation of Business Plans', 'Development of Regionally-based Enterprises' and 'Voluntary Lease Adjustment' measures of the Strategy. This includes, but is not limited to, the employment of specialist consultants and/or the provision of funding to undertake travel.
- (d) Applicants will be required to submit an implementation proposal, and would not normally be required to submit their business plan to the State Authority or the Strategy Implementation Group.
- (e) Assessments must be made in such a way that the privacy and confidentiality of the applicant(s) is maintained throughout the assessment process.

10. Revocation or Variation

The Minister reserves the power to revoke or vary these guidelines at any time in consultation with the State Authority.

Dated this 23rd day of December 1998

Signed
MARK ANTHONY JAMES VAILE
Minister for Agriculture, Fisheries and Forestry

A Memorandum of Variation was signed in January 2003 to extend the scheme by two years to 28 August 2004 and total funding changed to \$7,855,064 (Commonwealth \$5,417,446, State \$2,437,619)



1.7 POLICY GUIDELINES APPLYING TO THE FARMBIS SCHEME

AGREEMENT FOR THE PROVISION OF FUNDS UNDER AAA FARMBIS BETWEEN THE COMMONWEALTH OF AUSTRALIA AS REPRESENTED BY THE MINISTER FOR AGRICULTURE, FISHERIES AND FORESTRY ('COMMONWEALTH') AND STATE OF WESTERN AUSTRALIA AS REPRESENTED BY THE MINISTER FOR AGRICULTURE, FORESTRY AND FISHERIES ('STATE')

RECITALS

- A. The Commonwealth and the State:
 - (a) recognise the need for continuous learning in business and natural resource management for eligible primary producers and eligible rural land managers because of its strong influence on the profitability, sustainability and competitiveness of their business enterprises;
 - (b) recognise the importance of working in partnership with key stakeholders, including industry organisations and eligible primary producer groups, to ensure the success of FarmBis;
 - (c) recognise that influencing demand for learning activities represents an investment in the strategic and sustainable development of Australia's primary production industries;

- (d) acknowledge that the AAA FarmBis Program ('FarmBis') is a component of the Commonwealth Government's *Agriculture – Advancing Australia* (AAA) package; and
 - (e) recognise the AAA FarmBis Program Framework endorsed by the Minister and the State Minister.
- B. The Commonwealth has agreed to enter into this Agreement with the State pursuant to section 22AD of the *Rural Adjustment Act 1992*.

AGREEMENT 20 January 2005

COMMENCEMENT AND OPERATION

This Agreement commences on 1 January 2005 and ends on 30 June 2008 ('term').

1. INTERPRETATION

In this Agreement, unless the contrary intention appears:

'Act' means the *Rural Adjustment Act 1992*;

'authorised person' means an officer of the Department authorised by the Minister for the purposes of this Agreement;

'Certificate Level IV in Assessment and Workplace Training' means Australian Qualifications Framework (AQF) Certificate Level IV in Assessment and Workplace Training, endorsed on 22 October 1998 and/or Certificate Level IV in Training and Assessment, endorsed on 1 October 2004;

'Department' means the Australian Government Department of Agriculture, Fisheries and Forestry;

'eligibility criteria' means criteria determined by the State Planning Group;

'eligible costs' means those costs associated with participants undertaking and training providers conducting eligible learning activities as approved by the State Planning Group in accordance with sub-clause 8.3(a)(iii);

'eligible indigenous land manager' means a person who is involved in the management decisions of indigenous lands (including rural land owned/managed/ controlled or operated by an indigenous community or trust);

'eligible learning activities' means those learning activities that fall within the eligible training categories and meet the eligibility criteria;

'eligible learning activities expenditure' means monies paid to participants or training providers under clause 14.3;

'eligible primary producer' means a person who spends the majority of labour and derives the majority of income from a farming or fishing enterprise.

'eligible rural land manager' means an individual who owns or has management responsibility for the natural resources (land, water, vegetation, fauna) of a land holding zoned rural or rural/residential no smaller than 2.5 hectares and are restricted to eligible learning activities that have a primary focus on natural resource management.

'eligible training categories' are those categories listed at Attachment 1;

'FarmBis' means the Farm Business Improvement Program described in the Act and referred to in Recital A, also known as 'AAA FarmBis';

'FarmBis material' means all material brought or required under this Agreement to be brought into existence as part of, or for the purposes of, performing this Agreement;

'financial year' means the 12 months from 1 July to 30 June;

'Intellectual Property' includes all copyright and neighbouring rights, all rights in relation to inventions (including patent rights), plant varieties, registered and unregistered trademarks (including service marks), registered designs and circuit layouts and all other rights resulting from intellectual activity in the industrial, scientific, literary or artistic fields;

'material' includes documents, equipment and information and data stored by any means;

'Minister' means the Minister of the Commonwealth responsible for the time being for the administration of the Act;

'participant' means an eligible primary producer, an eligible indigenous land manager and for the purposes of eligible learning activities that have a primary focus on natural resource management, an eligible rural land manager,

'primary production business enterprise' means:

- (a) a rural enterprise carried on within the State; or
- (b) a wild catch fishing enterprise:
 - (i) carried on by a business registered in the State; or

- (ii) where the enterprise is carried on by an individual, by a person who is resident in the State;

'principal accounting officer' means the Executive Officer, Rural Business Development Corporation ;

'program administration expenditure' means all expenditure incurred by the State for administering FarmBis, including State Planning Group costs;

'program administrator' means a person engaged by the State under clause 8.6;

'program communication expenditure' means all expenditure incurred by the State for communications activities, including development and implementation of promotion, undertaken by the State under clause 8.8;

'program coordination expenditure' means all expenditure incurred by the State for the co-ordination system and the State Coordinator, as set out in clause 8.7;

'rural enterprise' means an enterprise carried on within the agricultural, horticultural, pastoral, aquacultural or apicultural industries;

'State Coordinator' means a person engaged by the State under clause 8.5;

'State Minister' means the Minister of the State responsible for the time being for the administration of this Agreement;

'State Planning Group' means the group established by the State under clause 8.1;

'targeted industry initiative expenditure' means expenditure approved in accordance with the State Planning Group under clause 6;

'tax invoice' has the same meaning as in the *A New Tax System (Goods and Services Tax) Act 1999*;

'total expenditure' means the total monies spent by the State under this Agreement during the term;

'training provider' means a provider of eligible training courses;

'wild catch fishing enterprise' means the fishing and harvesting of marine and fresh water species caught in their natural environment from a wild population, under Australian statutory management arrangements, for commercial purposes.

2. OBJECTIVES

2.1 The objectives of FarmBis are:

- (a) to increase the capacity of primary producers and rural land managers to identify, plan and access quality learning activities;
- (b) to increase primary producer and rural land manager participation in targeted learning activities;
- (c) to enhance the capability of primary producers to effectively manage change and risk and benefit from the adoption of innovation and best practice management techniques;
- (d) to increase the adoption of management practices that lead to greater resource sustainability, profitability and competitiveness;
- (e) to increase the awareness by primary producers and rural land managers of the benefits of life-long or continuous learning and the benefits of a business-oriented approach;
- (f) for greater stakeholder contribution with increased commitment from industry organisations to education and training issues; and
- (g) to encourage the development of a competitive and diverse rural education and training industry.

3. STRATEGIES TO ACHIEVE THE OBJECTIVES

3.1 The strategies to achieve the FarmBis objectives are:

- (a) to assist eligible primary producers and eligible rural land managers to participate in learning activities by contributing to the costs of their participation;
- (b) to establish a coordination network to work at a strategic level with participants and other key stakeholders in facilitating the uptake of priority learning activities;
- (c) to promote improvement in the quality, diversity and responsiveness of the rural training market to industry and primary producer needs;
- (d) to develop and implement a targeted communication strategy based on appropriate market research and communications expertise;
- (e) to improve participant and key stakeholder access to information by providing on-line information of FarmBis eligible learning activities and registered training providers;
- (f) to establish structured consultative mechanisms with key stakeholders to provide the opportunity to identify their education and training needs and to influence the content and delivery of FarmBis supported learning activities; and

- (g) to promote, through the State Planning Group, greater industry sector involvement and commitment by engaging priority industries in targeted collaborative education and training projects.

4. TYPES OF ELIGIBLE LEARNING ACTIVITIES

4.1 Eligible learning activities supported under FarmBis must focus on enhancing the capability and skills of eligible primary producers, eligible rural land managers and eligible indigenous land managers to manage their business, natural and human resources. Activities that will not be supported under FarmBis include the following:

- (a) ongoing secondary and tertiary education
- (b) the provision of professional advice and services, including “one-on-one” consulting, except where the advice is required to address barriers in access to learning and education such as literacy barriers;
- (c) stand-alone technical or operational training activities;
- (d) conferences, study tours and other similar activities that do not have clearly defined learning outcomes;
- (e) material purchases that are not an integral part of the learning activity, for example, software;
- (f) specific education and training activities that are undertaken to satisfy government regulatory and statutory requirements;
- (g) education and training activities that are more the specific responsibility of State/Territory governments;
- (h) learning activities that are cross subsidised by other government programs or agencies, although special consideration may be given to supported indigenous activities; or
- (i) maintenance of ongoing group facilitation/mentoring, with the exception of agreed costs for the establishment and initial development cycle of such groups which may be considered.

5. TARGETED INDUSTRY INITIATIVE

5.1 The targeted industry initiative is intended to promote greater industry sector involvement in education and training by supporting collaborative projects with identified industry sectors.

5.2 The targeted industry initiative will be jointly funded from within the agreed total FarmBis budget in accordance with sub-clause 12.2(d).

5.3 When considering projects for approval under the targeted industry initiative the State Planning Group must adhere to the guidelines and selection criteria agreed between the Commonwealth and the State set out in **Schedule A**.

5.4 Under the targeted industry initiative the State must ensure that:

- (a) the proponent of each approved project will enter into a contract with the State committing to agreed outcomes, performance standards, time frame and budget for the delivery of the approved project; and
- (b) in any contract with the proponent for each approved project, the Commonwealth is granted a non-exclusive, perpetual, royalty free licence (including a right to sub-licence) to use, reproduce, adapt and exploit all material developed under the project.

6. DELIVERY PRINCIPLES

6.1 The State must ensure that the State Planning Group has regard to the following principles when delivering FarmBis:

- (a) primary production business enterprises are the target participants;
- (b) learning activities will be driven by participant demand and provide participants with flexible options to best meet their needs;
- (c) a strategic, planned approach to learning by participants will be encouraged. Activities to assist the identification of the learning needs of participants and industries will be encouraged consistent with National and State/Territory identified priorities and the program framework;
- (d) learning activities must be delivered on a competitive basis, seeking the best value for money, best available provider (public or private) and promoting, over time, best practice;
- (e) learning activities to be supported under FarmBis must involve a transfer of skills and knowledge to enhance the capability of the participant;
- (f) adult learning principles will be encouraged in the delivery of learning activities;
- (g) the focus of FarmBis will be on short and medium-term learning activities;
- (h) over time, activities under FarmBis will, where appropriate, be linked to industry competency standards to achieve recognition of skills achievements and qualifications, and to encourage cross-industry credit transfer. The purpose is to encourage the

formal education sector to apply a flexible approach in the accreditation of various forms of learning that may meet these standards;

- (i) participants will be required to contribute to the cost of individual learning activities in which they participate to demonstrate their commitment;
- (j) competition between training providers and transparency of costs will be encouraged; and
- (k) best practice approaches to program delivery will be pursued to promote transparency, accountability and contestability and to maximise program outcomes.

7. ADMINISTRATION

7.1 State Planning Group

- (a) The State Minister will, following the process set out in **Schedule B**, appoint a State Planning Group which will consist of:
 - (i) a Chair;
 - (ii) non government industry/skills based representatives who must form the majority;one only State government representative; and
one only Commonwealth government representative.
- (b) Non-government members must have the skills, experience and capacity to take a strategic approach to policy issues and must be able to provide expertise in one or more of the following areas:
 - (i) primary production business enterprises or industries;
 - (ii) learning and education;
 - (iii) agribusiness; and
 - (iv) natural resource management.

7.2 State Planning Group Chair

- (a) The Minister and State Minister will jointly appoint the Chair following the selection process outlined in **Schedule B**.
- (b) The Chair will be required to have
 - (i) experience/knowledge in the field of education and training in the rural sector;
 - (ii) experience and skills in chairing high level committees/groups;
 - (iii) leadership qualities and organisational ability;
 - (iv) a strong strategic focus and capacity; and
 - (v) a wide network of key stakeholders in both primary industry and education and training.

7.3 Functions of the State Planning Group

- (a) At the commencement of the program and thereafter at the beginning of each financial year, the State must ensure that the State Planning Group:
 - (i) determines the level of FarmBis subsidy to apply to approved eligible training categories to a maximum of 65% of learning activity cost;
 - (ii) determines the eligibility criteria;
 - (iii) determines eligible costs for both program participants and training providers by taking into account the principles of cost effectiveness; removing barriers to access; transparency in the true cost of training delivery; and the need to ensure that over time eligible primary producers accept greater responsibility for their long-term learning and education needs;
 - (iv) undertakes a consultative planning process with a cross section of relevant industry, Commonwealth and State representatives to determine training priorities, targets and strategies (including delivery mechanisms and funding arrangements);
 - (v) submits the priorities, targets and strategies determined in sub-clause 8.3 (a)(iv) and submits an assessment of performance as set out in the M&E strategy as specified in Schedule D to the Minister and the State Minister for approval;
 - (vi) develops and implements a communication strategy for FarmBis as set out in clause 8.8;
 - (vii) considers, develops and approves projects for funding under the targeted industry initiative as outlined in clause 6, where the State has agreed to provide funding for the targeted initiative at the onset of the program;
 - (viii) provides strategic oversight of the coordination, communication and administration elements of program management; and

- (ix) determines the minimum standards for training providers to apply in the State as set out in Schedule E and any additional quality assurance requirements; and
 - (x) monitors the quality and cost of training delivery over the life of the program.
- 7.4 **Approval of priorities, targets and strategies by the Minister and the State Minister**
 - (a) If either the Minister or the State Minister does not approve any or all of the priorities, targets and strategies submitted as per sub-clause 8.3(a)(v), then those priorities, targets and strategies will be referred back to the State Planning Group for further consideration.
 - (b) The State Planning Group must within a reasonable time of having the priorities, targets and strategies referred to it under sub-clause 8.4(a) reconsider the priorities, targets and strategies and resubmit the priorities, targets and strategies to the Minister and the State Minister for approval.
 - (c) If either the Minister or the State Minister does not approve the revised priorities, targets and strategies resubmitted under sub-clause 8.4(b) then either the Minister or the State Minister may reduce the amount of funds to be made available by the Commonwealth or the State respectively.
- 7.5 **State Coordinator**
 - (a) The State will, using program coordination expenditure, engage a State Coordinator who is responsible for acting on behalf of the State to:
 - (i) support and provide advice to the State Planning Group;
 - (ii) manage the activities and performance of the coordination network;
 - (iii) ensure consistency in the delivery of FarmBis across the State;
 - (iv) provide information to the Commonwealth for performance monitoring and evaluation as required by Parts 1, 2 and 3 of **Schedule D**; and
 - (v) provide such other information as may be requested by the State Planning Group and the Commonwealth.
- 7.6 **Program Administrator**
 - (a) The State will, using program administration expenditure, engage a Program Administrator who will:
 - (i) be independent of the State Planning Group and not be involved in the provision of training delivery;
 - (ii) be responsible for acting on behalf of the State for administering the FarmBis program consistent with the priorities, targets, strategies and eligibility criteria determined by the State Planning Group under sub-clauses 8.3(a)(ii) and 8.3(a)(iv);
 - (iii) determine which learning activities are eligible for support;
 - (iv) register training providers and their training activities and ensure that, within 12 months of the signing of this agreement, all registered training providers meet the minimum standards determined by the SPG under sub-clause 8.3(a)(ix);
 - (v) process group and individual applications;
 - (vi) make subsidy payments;
 - (vii) collect and manage participant data through the FarmBis Database and provide regular reports to the Commonwealth;
 - (viii) provide regular reports to the State Planning Group on program administration issues including budgets and provide any other information as requested by the State Planning Group; and
 - (ix) develop and implement a transparent appeals process for participants.
- 7.7 **Coordination Network**
 - (a) The State will, using program coordination expenditure, establish a coordination network consisting of FarmBis networkers with strategic oversight from the State Planning Group. This coordination network will be managed by the State Coordinator and must at a minimum:
 - (i) facilitate and coordinate collaborative partnerships with key stakeholders in the development and delivery of FarmBis learning activities for eligible primary producers;
 - (ii) develop and maintain effective communication networks with key stakeholders;
 - (iii) encourage increased commitment and involvement by industry organisations and producer groups in education and training activities for their members;
 - (iv) create or increase industry awareness of the benefits of education and training to the productivity, profitability and sustainability of their members business operations;

- (v) promote the use of structured learning processes to key stakeholders to assist in the identification of learning needs and the development of training plans;
- (vi) provide advice to the State Coordinator and the State Planning Group on emerging issues and training requirements; and
- (vii) provide structured feedback to the State Coordinator and the State Planning Group as set out in the program's M&E strategy in Schedule D.
- (b) The State must ensure that the program coordination expenditure is used efficiently.
- (c) The State will ensure that the coordination network is established on a transparent and cost effective basis.
- (d) The Commonwealth and the State will agree roles and responsibilities for FarmBis networkers and the process for their recruitment.

7.8 **Communication**

- (a) Communication campaigns, funded using program communication expenditure, will promote the key messages of the FarmBis program as agreed between the Commonwealth and the States as set out in the communications protocol in **Schedule F** including the benefits of continuous learning to the profitability, competitiveness and sustainability of the primary production business enterprise.
- (b) The State will ensure that the priorities, strategies and key messages of the FarmBis program are communicated at the State level.
- (c) The Commonwealth will ensure that any FarmBis communications activities under the AAA package promote the agreed messages and strategies of the FarmBis program.
- (d) The State Planning Group will use targeted communication campaigns as a strategy to encourage greater uptake of education and training by participants in identified priority areas and target groups. The State Planning Group may communicate to training providers the benefit of delivering training in priority areas and to target groups, but the State Planning Group must not promote any individual training course or training provider.
- (e) The State Planning Group will ensure that appropriate communications expertise is employed in the development of communication strategies. Communication campaigns will be put to competitive tender, where determined by the State Planning Group.
- (f) The State will ensure that any materials developed or arising from communication campaigns will adhere to the communications protocol as set out in **Schedule F**.
- (g) The State will provide within two months of signing this agreement, web-based information on FarmBis registered training providers and details of training courses they deliver. Minimum requirements are set out in the communications protocol in **Schedule F** for the web-based information system and will be applied at the national level.

8. **PERFORMANCE**

- 8.1 The State must ensure that the State Planning Group observes the FarmBis objectives, strategies and delivery principles set out in clauses 3, 4 and 7 in performing its responsibilities under clauses 8.3 and 8.4.
- 8.2 The State and the Commonwealth accept, and undertake to achieve, the outcomes set out in **Schedule C**.
- 8.3 The State agrees that the outcomes, strategy elements, success attributes and performance information set out in Parts 1, 2 and 3 of **Schedule D** may be applied in measuring its performance under this Agreement.
- 8.4 The State acknowledges that a mid-term review and evaluation of its performance under this Agreement will be conducted by the Commonwealth in conjunction with the State during the 2006/07 financial year, taking account of advice from the State Planning Group and that the Commonwealth will determine in the light of that review and evaluation whether or not the State's performance has been satisfactory. To enable the review and evaluation to be conducted, the State must provide to the Commonwealth detailed information about its performance as specified in **Schedule D**.
- 8.5 To assist the State to provide the information referred to in clause 9.4 the State must encourage participants to provide feedback for evaluation purposes and make themselves available for surveys during and after FarmBis education and training activities.
- 8.6 To enable the State to provide the information referred to in clause 9.4 the Commonwealth will develop an appropriate FarmBis database and make it available to the State for use.
- 8.7 Information supplied by the State pursuant to clause 9.4 must be in the approved format as agreed between the Commonwealth and the State.

- 8.8 The Commonwealth may validate any information provided by the State pursuant to clause 9.4 for completeness and accuracy. The State will make available materials to the Commonwealth (or its nominated representative) to undertake a validation of the data records entered into the FarmBis database system.
- 9. PROVISION OF FUNDS**
- 9.1 Subject to:
- (a) this Agreement; and
 - (b) an appropriation by the Commonwealth Parliament of funds for the purpose of this Agreement,
 - (c) the Commonwealth will make funds available to the State.
- 9.2 Subject to:
- (a) this Agreement,
 - (b) the State will make funds available to match the Commonwealth's contribution in accordance with clause 11.2.
- 10. AMOUNTS OF FUNDS**
- 10.1 Subject to clause 13, the amount of funds to be paid by the Commonwealth to the State under this Agreement is \$5 million over the period of this Agreement.
- 10.2 The amount of funds to be provided by the State under this Agreement must:
- (a) match the amount provided by the Commonwealth under clause 11.1 dollar for dollar; and
 - (b) be cash funding solely committed to the FarmBis program and not payment in kind.
- 10.3 The State must at all times be able to demonstrate to the Commonwealth that the State contribution to FarmBis funds under clause 11.2 is not replacing existing State funding under other programs.
- 10.4 If expenditure commitments entered into and liabilities incurred by the State exceed the amount being the sum of B, C, D and E as defined in sub-clause 14.1(d) the State must pay the amount of the excess from its own funds.
- 11. ALLOCATION OF FUNDS**
- 11.1 Subject to clause 12.2, all funds provided by the Commonwealth and the State under clause 11 of this Agreement must be used for eligible learning activities expenditure.
- 11.2 Under this Agreement funds available for:
- (a) program administration will not exceed \$1,148,150;
 - (b) program communication will not exceed \$200,000;
 - (c) program co-ordination will not exceed \$700,000; and
 - (d) the targeted industry initiative will not exceed \$200,000 including administration costs.
- 12. PAYMENTS OF FUNDS**
- 12.1 The Commonwealth must, on receipt of a tax invoice from the State and subject to this Agreement, make quarterly payments in advance to the State of the funds to be provided to the State under clause 11 of this Agreement, which payments must, subject to clause 13.2, each be acquitted quarterly as certified by the principal accounting officer within 15 days after the end of the quarter to which it relates.
- 12.2 No funds will be made available under this Agreement as outlined in clause 11.1 after 30 June 2008. The State must ensure that:
- (a) no training is approved beyond 31 March 2008;
 - (b) all training will be completed by 30 June 2008;
 - (c) acquittal of actual expenditure for April and May 2008 and projected expenditure for June 2008 is submitted to the Commonwealth by 15 June 2008; and
 - (d) the final acquittal for the program is submitted to the Commonwealth by 31 July 2008.
- 12.3 All acquittals must show a detailed breakdown of expenditure under this Agreement under the separate heads of:
- (a) eligible learning activities expenditure;
 - (b) program administration expenditure;
 - (c) program communication expenditure;
 - (d) program co-ordination expenditure; and
 - (e) targeted industry initiative expenditure (if applicable).
- 12.4 The State must, when providing an acquittal under clauses 13.1 or 13.2, provide a report, in the form of that acquittal and certified by the principal accounting officer, in respect of its own expenditure under this Agreement in the quarter concerned.
- 12.5 The Commonwealth may, on receipt of a tax invoice from the State, at such time and in such amounts as the Minister thinks fit, make advances on account of payments that may be made by the Commonwealth under clause 13.1.

- 12.6 An amount or part of an amount advanced by the Commonwealth under clause 13 may be deducted by the Commonwealth from an amount that subsequently becomes payable under clause 13.1 or, if no further amounts become payable under that clause, such advances must be refunded by the State to the Commonwealth at the request of the Minister.
- 12.7 Where, after conducting a review and evaluation under clause 9.4 of the State's performance, the Minister is not satisfied with that performance, the Minister may by notice in writing require the State to provide further information in relation to particular aspects of the State's performance. If after consideration of that information, the Minister remains unsatisfied, or if the information is not provided within 30 days after the date of the notice, the Minister may, in the Minister's absolute discretion, reduce the amount of funds for the following financial year.
- 12.8 All of the funds paid by the Commonwealth to the State under this Agreement are to be held in an interest bearing bank account.

13. USE OF ADVANCES AND OTHER MONIES

13.1 Money to be used to achieve objectives

The State must ensure that:

- (a) any funds paid by the Commonwealth to the State under this Agreement are used or applied for the purposes of the Agreement, including, but not limited to, meeting the objectives and outcomes, using the strategies, carrying out the activities and observing the delivery principles of this Agreement;
- (b) all interest earned on Commonwealth monies paid to the State under this Agreement forms part of the agreed Commonwealth contribution and is used or applied for the purposes of this Agreement;
- (c) any profit made by the State in relation to this Agreement is used or applied for the purposes of this Agreement;
- (d) if, at the end of the Agreement, any of the funds paid by the Commonwealth and the State have not been used or applied for the purposes of this Agreement, then that amount remaining will be shared equally between the Commonwealth and the State. Each party's share will be an amount equal to A where:

$$A = \frac{1}{2} (B + C + D + E - F)$$
 where:
 B = 2 x the amount of Commonwealth funding under this Agreement;
 C = interest earned under sub-clause 14.1(b);
 D = profit made under sub-clause 14.1(c) including income earned under clause 2019;
 E = the total net proceeds of the disposal of assets or their retained value determined in accordance with clause 19; and
 F = total expenditure.

13.2 Money not to be used for usual State administrative expenses

Commonwealth funds are provided for the purposes of this Agreement and are not to be used to provide support for the normal administrative expenses of the State government or to replace State funding.

13.3 Money to be paid by State direct to participants or training providers

- (a) Subject to sub-clauses 14.3(b) and 14.3(c), funds for eligible learning activities expenditure must be paid directly to participants or training providers (whether or not the State is the training provider).
- (b) Money must not be paid to a participant unless that participant:
 - (i) has undertaken and fully paid for an eligible learning activity and eligible cost; and
 - (ii) provides a tax invoice for the costs of the eligible learning activity and a tax invoice or other evidence for eligible costs.
- (c) Money must not be paid to a training provider for eligible learning activities and eligible costs unless:
 - (i) participants have undertaken an eligible learning activity;
 - (ii) participants have contributed towards the costs of the eligible learning activity;
 - (iii) the training provider provides a tax invoice to all participants detailing the full costs of the eligible learning activity, the FarmBis subsidy and participants' contributions. A copy of the tax invoice must be provided to the Program Administrator; and
 - (iv) the training provider provides a tax invoice or other evidence for eligible costs where applicable.

14. SUPPORTING FINANCIAL EVIDENCE

- 14.1 The State must provide annually, and update as required, projections of quarterly expenditure under this Agreement showing the breakdowns referred to in clause 13.3 to be used as the basis for payments provided under clause 13.1 of this Agreement.
- 14.2 The State must furnish to the Minister or to the authorised person such documents and other evidence to justify the payment of any funds to the State under this Agreement as the Minister or authorised person may from time to time reasonably request, whether the request by the Minister or authorised person is made before or after the Commonwealth has made the advance or a payment pursuant to the request by the State.
- 14.3 Information furnished by a State pursuant to clause 15.2 must be in a format agreed from time to time by the Commonwealth and the State.
- 14.4 The State must provide annually, in a format agreed from time to time by the Commonwealth and the State, a report under this Agreement showing the breakdown of expenditure referred to in clause 13.3.

15. GOODS AND SERVICES TAX

- 15.1 Words or expressions used in this clause 16 which are defined in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) or, if not so defined, then which are defined in the *Trade Practices Act 1974* (Cth), have the same meaning in this clause.
- 15.2 For the purposes of this Agreement where the expression GST inclusive is used in relation to an amount payable or other consideration to be provided for a supply under this Agreement, the amount or consideration will not be increased on account of any GST payable on that supply.
- 15.3 Any consideration to be paid or provided for a supply made under or in connection with this agreement, unless specifically described in this Agreement as GST inclusive, does not include an amount on account of GST.
- 15.4 Despite any other provision in this Agreement, if a party (Supplier) makes a supply under or in connection with this Agreement on which GST is imposed (not being a supply the consideration for which is specifically described in this Agreement as GST inclusive):
 - (a) the consideration payable or to be provided for that supply under this Agreement but for the application of this clause (GST exclusive consideration) is increased by, and the recipient of the supply (Recipient) must also pay to the Supplier, an amount equal to the GST payable by the Supplier on that supply; and
 - (b) the amount by which the GST exclusive consideration is increased must be paid to the Supplier by the Recipient without set off, deduction or requirement for demand, at the same time as the GST exclusive consideration is payable or to be provided.
- 15.5 If a payment to a party under this Agreement is a reimbursement or indemnification, calculated by reference to a loss, cost or expense incurred by that party, then the payment will be reduced by the amount of any input tax credit to which that party is entitled for that loss, cost or expense.

That party is assumed to be entitled to a full input tax credit unless it proves, before the date on which the payment must be made, that its entitlement is otherwise.
- 15.6 The Supplier must comply with Part VB of the *Trade Practices Act 1974* (Cth) and the Pricing Guidelines prescribed under that Part.
- 15.7 The Recipient need not make a payment for a taxable supply made under or in connection with this Agreement in respect of a taxable supply until the Supplier has given the Recipient a tax invoice for the supply to which the payment relates.
- 15.8 The Supplier must give the Recipient an adjustment note for an adjustment arising from an adjustment event relating to a taxable supply made under or in connection with this agreement within seven days after the date the Supplier becomes aware of the adjustment event.

16. AUDIT

- 16.1 The accounts, books, vouchers, documents and all other records of the State relating to this Agreement, in respect of each financial year, must be subject to annual audits carried out in accordance with Australian auditing standards by a registered company auditor or, if required by the State, the Auditor-General of the State or his or her appointee.
- 16.2 A report on the audits in respect of each financial year must be furnished to the Minister by that auditor or the Auditor-General of the State, as the case may be, as soon as possible after the completion of the financial year and no later than 31 October in the succeeding financial year.

17. PROVISION FOR LOSSES

- 17.1 The Commonwealth is not liable to reimburse the State for any losses of the State which result from the operation of this Agreement.

18. ASSETS

- 18.1 The State must maintain a register of assets costing more than \$5,000 acquired with funds provided by the Commonwealth and funds provided by the State under this Agreement.
- 18.2 If an asset referred to in clause 19.1 ceases to be used for the purposes of this Agreement, the State must within 60 days after its ceasing to be used:
- (a) elect to retain the asset and apply for the purposes of this Agreement its mutually agreed value (or failing agreement, its value determined by an independent valuer); or
 - (b) dispose of the asset and apply the net proceeds of the disposal for the purposes of this Agreement.
- 18.3 An amount applied under clause 19.2 is taken to be funds provided by the Commonwealth and funds provided by the State in the same proportions as are set out in clause 11.2.

19. FARMBIS MATERIAL

- 19.1 All net income received by the State by way of:
- (a) receipts from the sale of FarmBis material; or
 - (b) royalties or other receipts from the commercialisation of Intellectual Property in FarmBis material;
- must be applied for the purposes of this Agreement.
- 19.2 An amount applied under clause 20.1 is taken to be funds provided by the Commonwealth and funds provided by the State in the same proportions as are set out in clause 11.2.
- 19.3 Intellectual Property in FarmBis material vests on its creation in the Commonwealth and the State jointly.

20. AMENDMENT OF THE AGREEMENT

- 20.1 Any amendment to this Agreement must be agreed in writing between the parties and signed on behalf of the Commonwealth by the Executive Manager, Rural Policy and Innovation, Department of Agriculture Fisheries & Forestry and on behalf of the State by the Chair, Rural Business Development Corporation.

21. PERFORMANCE OF AGREEMENT

- 21.1 The Commonwealth will:
- (a) provide for; or
 - (b) secure the performance by it and its authorities of;
- the obligations of the Commonwealth under this Agreement.
- 21.2 The State will:
- (a) provide for; or
 - (b) secure the performance by the State and its authorities and instrumentalities of;
- the obligations of the State under this Agreement.

22. PROVISION OF INFORMATION

- 22.1 The Minister or the State Minister may at any time request the Commonwealth or the State to provide information about the State's performance of this Agreement and the Commonwealth or the State as the case requires must provide the requested information to the State Minister or the Minister as the case may be within 30 days after receiving the request.

23. PUBLICITY

- 23.1 The Commonwealth and the State must ensure that any publications, articles, newsletters or other materials developed by them under this Agreement incorporate the FarmBis logo and acknowledge the contributions of each party under this Agreement.
- 23.2 The State shall not publish the material referred to in clause 24.1 except:
- (a) with the prior approval of the Minister or the authorised person; or
 - (b) in accordance with the communications protocol as set out in **Schedule F**.
- 23.3 The Commonwealth and the State must acknowledge the contributions of each party at relevant forums and conferences.

24. ADDRESSES

- 24.1 The address of the Commonwealth for the purposes of this Agreement is, unless otherwise notified by the Commonwealth to the State:
- Program Manager
Farm Business Management
Rural Policy and Innovation
Australian Government Department of Agriculture, Fisheries and Forestry
GPO Box 858
CANBERRA ACT 2601

24.2 The address of the State for the purposes of this Agreement is, unless otherwise notified by the State to the Commonwealth:

Chairman
Rural Business Development Corporation
C/- Department of Agriculture
3 Baron Hay Court
SOUTH PERTH WA 6151

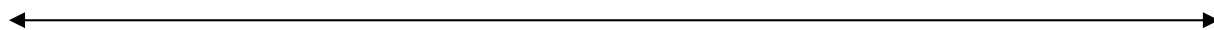
24.3 Claims for payments under this Agreement must be forwarded to:

Program Manager
Farm Business Management
Rural Policy and Innovation
Australian Government Department of Agriculture, Fisheries and Forestry
GPO Box 858
CANBERRA ACT 2601

EXECUTED as an Agreement.

SIGNED on behalf of the COMMONWEALTH OF AUSTRALIA by The Honourable WARREN TRUSS MP, MINISTER FOR AGRICULTURE, FISHERIES AND FORESTRY

SIGNED by on behalf of the STATE OF WESTERN AUSTRALIA by The Honourable KIM CHANCE, MLC, MINISTER FOR AGRICULTURE, FORESTRY AND FISHERIES



POLICY GUIDELINES - STATE SCHEMES

MINISTERIAL DIRECTIVES

1.8 POLICY GUIDELINES APPLYING TO FINANCIAL SUPPORT FOR THE DRY SEASON 2004 ASSISTANCE SCHEME

PURPOSE OF SUPPORT

Due to dry conditions during the 2004 growing season, many farmers in an area extending from north Perenjori, through eastern Morawa, eastern and northern Mullewa, and north Chapman Valley Shires have failed crops. For some farmers in this area, they will have had five consecutive below average crops from 2000-2004.

To assist those farmers worst affected by the 2004 dry season, and to assist in preventing further soil degradation, grants up to \$6,000 in total, have been provided to help farmers deal with some of the arising issues.

The aim of the scheme is to assist eligible farmers to meet drought preparedness or impact measures and to engage specialist business advice or assistance to prepare farm business plans and/or Exceptional Circumstances applications (should the Australian Government agree to an EC declaration for the area).

1. ASSISTANCE MEASURES

1.1 Grants for Drought Impact or Preparedness Measures and Additional Professional Advice

Up to a maximum of \$6,000, for drought impact of the dry season or preparedness measures or additional professional advice can be claimed on expenditure incurred since 1 July 2004. Applicants must state in their application what they have or will spend on impact of the dry season or drought preparedness expenditure to support their claim. It is preferable that expenditure on drought preparedness or impact measures is spent in the farmers' district through their local contractors/suppliers. Applicants intending to engage a professional to provide specialist business advice or

assistance to prepare farm business plans as a result of the dry seasons and/or to complete Exceptional Circumstances applications can claim up to a maximum of \$1,500 from the total grant of \$6,000.

1.2 Scheme Administration Costs

Identifiable administration costs relating to the above two measures of support may be met from the funding allocated to this approved assistance scheme. The estimated allocation of funds to this measure is \$20,000.

2. ELIGIBILITY CRITERIA FOR GRANTS

Applications for this Scheme must be received by 30 June 2005, or four months after the announcement of a new Exceptional Circumstances Declaration for the north eastern wheatbelt, whichever is the latter. Invoices from the professional, supporting the claim for Professional Advice, must be provided within two months of the closing date of this scheme.

Applicants must:

- (a) Operate a commercial scale farming enterprise and farm most or all of their operations in the agricultural region area east and north of a line running due east of the town of Perenjori, north from the town of Perenjori along the Mullewa-Wubin Rd (through Morawa) to the town of Mullewa, and then in a direct line from the town of Mullewa to the town of Yuna, and then directly north of Yuna to the Chapman Valley/Northampton Shire boundary, following that boundary north to the edge of the agricultural region. Applicants who farm west and south of this boundary can apply if they are within reasonable proximity of the boundary. Other areas or shires may be added at the discretion of the Minister.
- (b) Have been a farm business since May 2002 and either own the farmland or hold a minimum (5) year agreement to share farm or lease.
- (c) Devote at least 75% of their labour to the farm business.
- (d) Confirm that the farm business usually generates at least 50% of its income from farming in the defined area.
- (e) Demonstrate at least a 50 percent decline in grain production in both the 2002 and 2004 crop years and a below average grain production in the 2003 crop year. This will be measured against the applicant's 1995-1999 average.
- (f) Have a total equity (all assets less all liabilities for all farm and off farm assets of all partners/shareholders/beneficiaries) of \$2,000,000 or less for one or two partners/shareholders/beneficiaries) or \$3,000,000 or less (for three or more partners/shareholders/beneficiaries), as at 1 February 2004. A copy of the farm business' Statement of Assets & Liabilities as at 1 February 2004 is required to be attached to the application form.
- (g) Explain in their application the impact the dry seasons have had on their business.

The applicant must sign a statutory declaration confirming that all information in the application is correct. The application form is to be certified by an approved person (financial institution manager, agricultural consultant, accountant or other person approved by the Department of Agriculture) verifying the Statement of Assets & Liabilities and the expenditure for drought impact or preparedness measures appears correct. All applications are submitted as a Statutory Declaration. An audit may be conducted on a sample of approved applicants.

3. LEVEL OF ASSISTANCE

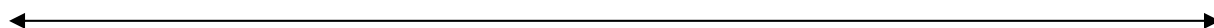
A maximum grant of up to \$6,000 (exclusive of GST) will be available from the package to eligible farmers, per farm business.

4. FUNDING

Total funding of \$300,000 will be provided by the Rural Business Development Corporation for this scheme.

Dated 14/1/2005

Signed
Kim Chance MLC
MINISTER FOR AGRICULTURE, FORESTRY AND FISHERIES



1.9 POLICY GUIDELINES APPLYING TO FINANCIAL SUPPORT FOR THE 2005 PASTORAL DRY SEASON ASSISTANCE SCHEME

1. Purpose of support

As a result of the prolonged dry conditions across much of the southern rangelands since 2001, and with the dry seasons continuing into the fifth consecutive year for many, the State Government has made assistance available to pastoralists under the 2005 Pastoral Dry Season Assistance Scheme.

This Scheme provides assistance to pastoralists who have been most affected by the dry seasons of 2001 to 2004 and who are in an area declared as Exceptional Circumstances (EC) on 2 July 2003. It is to reimburse their Agriculture Protection Rates (paid to the Agriculture Protection Board (APB) on pastoral lease(s) situated in the 2 July 2003 EC declared area) for the 2004-2005 financial year.

2. Eligibility criteria for grants

Applications for support under this Scheme must be received by 30 September 2005.

Applicants must:

- (a) Operate a commercial scale pastoral enterprise and most of your operations occur in the Southern Rangelands area as declared EC on 2 July 2003 and detailed in Appendix 1;
- (b) Have received an Year 2 Exception Circumstances Interest Rate Subsidy (ECIRS) from the Department of Agriculture, and/or;
- (c) Have received an Year 2 Exceptional Circumstances Relief Payments (ECRP) from Centrelink.

If the applicant has not received an ECIRS but have received an ECRP from Centrelink, the applicant will need to provide a copy of Centrelink's approval letter **and** demonstrate that their production has been significantly impacted by the dry seasons of 2001 to 2004 by completing Appendices A and B on the Application Form.

3. Assistance measures (must meet eligibility criteria to receive)

3.1 Grants for reimbursement of Annual Protection Rates

Reimbursement for the annual Agriculture Protection Rates from 1 July 2004 to 30 June 2005 paid on pastoral land situated in the 2 July 2003 EC declared area.

3.2 Administration costs

Identifiable administration costs relating to the above measure of support may be met from the funding allocated to this approved Assistance Scheme. The estimated allocation of funds to this measure is \$10,000.

4. FUNDING

Total funding of \$120,000 will be provided by the Rural Business Development Corporation for this Scheme.

Dated 30/3/2005

Signed

Kim Chance MLC
MINISTER FOR AGRICULTURE AND FORESTRY



1.10 POLICY GUIDELINES APPLYING TO THE MARKETING OF EGGS ADJUSTMENT ASSISTANCE SCHEME

PURPOSE OF SUPPORT

The Western Australian Government was obliged to review the *Marketing of Eggs Act 1945 (the Act)* under the Competition Principles Agreement. In August 2003, Cabinet considered the National Competition Policy (NCP) review report on *the Act* and endorsed the report's recommendation for reform. An \$8.75 million assistance scheme for egg producers was approved to coincide with the transition to a deregulated egg market. Payments will be made to licensed (quota holders) egg producers in proportion to base hen quota held at date of deregulation and where agreed include additional hardship payments.

1. ASSISTANCE MEASURES

1.1 Payments in Proportion to Base Hen Quota Held at date of Deregulation

A total of up to \$8.5 million will be paid into a discretionary trust (the Trust) established to distribute funds by the trustees to the owner of the licence in proportion to base hen quota held at the date of deregulation and where agreed include additional hardship payments. Applications for payment will be made by the trustees of the Trust. Payments to the Trust will be made in relation to the trustees individual payment requests and on the condition that payments received by the Trust would in turn be paid to individual egg producers.

1.2 Payments for Professional Advice

Licence owners under measure 1.1 may obtain advice from an accountant, business consultant or accredited financial advisor on future business strategy. The maximum amount claimable is \$1,500.

1.3 Scheme Administration Costs

Identifiable administration costs relating to the establishment of the Marketing of Eggs Adjustment package, the administration of the scheme and the cost of measure 1.2 may be met from the funding allocated to this approved assistance scheme. The allocation of funds to this measure is \$0.25 million.

2. ELIGIBILITY CRITERIA FOR PAYMENT

Applications for the Scheme must be received by 30 June 2005, or 6 months after the date of deregulation, whichever is the later. Invoices for measure 1.1 must be received within 1 month of the closing date of this scheme. For the recoup of professional advice expenditure the owner of the licence must present a tax invoice, copy of the invoice received from the provider of advice and a copy of the report received on future business strategy advice.

For measure 1.1 "Payments in Proportion to Base Hen Quota Held at date of Deregulation"

The Rural Business Development Corporation will make payments to the Trust supported by:

- (a) An application by the trustees on behalf of licence holders, which the Rural Business Development Corporation (RBDC) has recommended to the Trust for approval. The RBDC recommendation is based on a list of approvals endorsed by the Minister with confirmation from the Western Australian Egg Marketing Board on the licensed quota of the owner of the licence at date of deregulation and that the applicant was the owner of the licence at that date.
- (b) Confirmation of the legal entity to which the Trust will make payment.
- (c) The condition that payments received by the Trust would in turn be paid to individual egg producers.

For measure 1.2 “Payments for Professional Advice”

- (a) An applicant must be the owner of the licence at date of deregulation.
- (b) Licence owners are entitled for payments for professional advice even though it is not mandatory for them to seek advice.
- (c) Written advice on future business strategy, a copy of which must be submitted with the claim for payment, must be obtained from an accountant, business consultant or accredited financial advisor.
- (d) Payment will be made, up to a maximum of \$1,500, to the owner of the licence on presentation of a tax invoice, copy of the invoice received from the provider of advice and a copy of the report received on future business strategy advice.

3. FUNDING

Total funding of \$8.75 million will be provided by the Rural Business Development Corporation for this scheme.

Dated 16 December 2004

Signed

Kim Chance MLC
MINISTER FOR AGRICULTURE, FORESTRY AND FISHERIES



APPENDIX 2

RURAL BUSINESS DEVELOPMENT CORPORATION PERFORMANCE INDICATORS 2004-2005

OUTCOME

Improved ecologically sustainable development of agri-industry.

This outcome is met by administering on behalf of the State, schemes of support to Western Australian rural industry.

EFFECTIVENESS INDICATORS

Effectiveness Indicator 1(a)	Target	Unit	2002-2003 Survey	2003-2004 Survey	2004-2005 Survey
The extent which recipients were satisfied with the way schemes are administered by the Corporation	Increased level of satisfaction with services provided by the Corporation	%	94.2	91.4	91.2
Sample size			153	150	153

The survey is conducted each year among applicants for support from schemes that are open. The table below shows schemes surveyed.

Year	Exceptional Circumstances	Dry Season 2004 Assistance Scheme
2002-2003	✓	-
2003-2004	✓	-
2004-2005	✓	✓

A Customer Satisfaction Index was created using a multifaceted weighted index, which reflected customer satisfaction on a more comprehensive range of issues, such as application information requirements, application processing and staff helpfulness. The confidence interval for the sample size is $\pm 5.01\%$, at the 95% confidence level with a sample size of 153 from a population of 255.

Effectiveness Indicator 1(b)	Target	Unit	2002-2003	2003-2004 Survey	2004-2005 Survey
The extent which FarmBis recipients were satisfied with the way schemes are administered by the Corporation	Increased level of satisfaction with services provided by the Corporation	%	n/a	n/a	92.5
Sample size					1,131

The Customer Satisfaction Index for FarmBis participants was sourced directly from evaluation sheets received with each application. The question asked was, "Overall how satisfied are you with the quality of the service provided by the FarmBis Program? (Were they knowledgeable, helpful, responsive, consistent in their advice and the forms easy to complete?)". There is no data available for 2002-03 and 2003-04 as FarmBis commenced in January 2005.

Effectiveness Indicator 2	Target	Year	Number of Appeals	Number of Appeals Upheld	% of appeals upheld over total number of applications received
This is an indicator on how effectively the Corporation is administering the schemes of assistance	A reduction in the percentage of appeals upheld compared to the total numbers of applications received	2002-2003	23	17	8.4%
		2003-2004	10	6	2.5%
		2004-2005	1	1	0.4%

All application decisions made by the Corporation are appealable. Application numbers reduced from 272 in 2002-2003 to 244 in 2003-2004 but increased to 256 in 2004-2005. The Exceptional Circumstances schemes currently administered are more likely to have applications where decisions are appealed. As FarmBis (commenced January 2005) has wide eligibility criteria, grants of a low value and a low decline rate there have been no appeals and therefore these application numbers are not included in the calculations for this table.

Appeals are upheld primarily on the basis of new and supplementary information provided rather than a failure of the original assessment. The number of appeals upheld was 74% in 2002-2003 and decreased to 60% in 2003-2004. In 2004-2005 it increased to 100% but only one appeal was received and upheld. The high level of satisfaction of applicants for EC as demonstrated in Effectiveness Indicator 1 also demonstrates that clients are satisfied with the appeal process.

SERVICE DESCRIPTION

Develop and administer innovative and cost effective assistance measures to benefit Western Australian Rural Industries.

EFFICIENCY INDICATORS

Efficiency Indicator 1	Target	Unit	2002-2003	2003-2004	2004-2005	Notes
Proportion of expenditure as administrative expenditure	Reduction in the proportion of expenditure as administrative expenditure	%	8.6	8.6	9.9	(i) (ii)
Program expenditure per dollar of administrative expenditure	Increase in program expenditure per dollar of administrative expenditure	\$	11.7	11.7	10.1	(i) (ii)
The activity cost (administrative expenditure per application approved or rejected)	Reduction in the activity costs to administer the schemes of assistance	\$	2,234	2,003	723	(iii) (iv)


- (i) Grant payments process decreased from 321 in 2002-2003 to 294 in 2003-2004 and increased in 2004-2005 to 3,343. The FarmBis scheme which commenced in January 2005 has a large number of reimbursements of eligible training activities. The average amount of the grant advanced reduced from \$25,370 in 2002-2003 to \$24,087 in 2003-2004 and \$6,777 in 2004-2005 due to FarmBis reimbursements which have a large number of grant reimbursements at a low average value for each compared to the average Exceptional Circumstances interest rate subsidy grant which is significantly greater.
- (ii) The commitments approved but not yet advanced increased by \$8,307,382 from \$1,042,983 as at the 30 June 2004 to \$9,350,365 as at 30 June 2005.
- (iii) The administrative expenditure per application approved or rejected has decreased from \$2,234 in 2002-2003, \$2,003 in 2003-2004 to \$723 in 2004-2005, due to reductions in resources allocated and large number of FarmBis applications (commenced January 2005) which require less complex assessment than Exceptional Circumstances interest rate subsidy.
- (iv) Excludes Gascoyne Murchison Strategy (GMS) administration costs as these costs are for the whole GMS strategy and therefore not related to application numbers received.

RURAL BUSINESS DEVELOPMENT CORPORATION

CERTIFICATION OF PERFORMANCE INDICATORS

For the year ended 30 June 2005

We hereby certify that the Performance Indicators are based on proper records, are relevant and appropriate for assisting users to assess the Rural Business Development Corporation's performance, and fairly represent the performance of the Rural Business Development Corporation for the financial year ended 30 June 2005.



Robert Sands
Chairman



Maree Gooch
Director

Date 19/8/05

Date 19-08-05

OPINION OF THE AUDITOR GENERAL



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

RURAL BUSINESS DEVELOPMENT CORPORATION PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2005

Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of the Rural Business Development Corporation are relevant and appropriate to help users assess the Corporation's performance and fairly represent the indicated performance for the year ended 30 June 2005.

Scope

The Board's Role

The Board is responsible for developing and maintaining proper records and systems for preparing performance indicators.

The performance indicators consist of key indicators of effectiveness and efficiency.

Summary of my Role

As required by the Financial Administration and Audit Act 1985, I have independently audited the performance indicators to express an opinion on them. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the performance indicators is error free, nor does it examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the performance indicators.

A handwritten signature in dark ink, appearing to read 'D D R Pearson'.

D D R PEARSON
AUDITOR GENERAL
16 September 2005

APPENDIX 3

APPLICATION STATISTICS For the year ended 30 June 2005

TABLE 1 - APPLICATIONS

FORM OF SUPPORT	APPLICATIONS RECEIVED	# OF APPLICATIONS	
		APPROVED	DECLINED
Exceptional Circumstances N Wheatbelt Year 2	1	4	0
Exceptional Circumstances S Rangelands Year 1	0	18	2
Exceptional Circumstances S Rangelands Year 2	55	36	4
Exceptional Circumstances Wheatbelt Year 1	113	63	61
Exceptional Circumstances Wheatbelt Year 2	44	30	5
Exceptional Circumstances N E Wheatbelt Year 1	6	0	0
Dry Season 2004 Assistance Scheme	36	31	1
2005 Pastoral Dry Season Assistance Scheme	21	9	0
FarmBis 2005-2008 Group	23	23	0
FarmBis 2005-2008 Individual	657	655	0
Rural Financial Counselling	6	6	0
TOTAL	962	875	73

Note: The decisions on applications do not equal applications received as there may have been undecided applications on hand both at the start and at the end of the year.

TABLE 2 - APPROVALS BY VALUE AND FORM OF SUPPORT

FORM OF SUPPORT (SCHEME)	# APPROVED	APPROVED \$
Exceptional Circumstances S Rangelands Year 1	18	291,304
Exceptional Circumstances S Rangelands Year 2	36	1,529,022
Exceptional Circumstances Wheatbelt Year 1	63	1,883,012
Exceptional Circumstances Wheatbelt Year 2	30	1,721,609
Exceptional Circumstances N Wheatbelt Year 2	4	230,136
Dry Season 2004 Assistance Scheme	31	182,543
2005 Pastoral Dry Season Assistance Scheme	9	14,977
FarmBis 2005-2008 Group	23	121,253
FarmBis 2005-2008 Individual	655	199,779
Rural Financial Counselling	6	26,000
TOTAL	875	6,199,635

APPENDIX 4

LIST OF PUBLICATIONS as at 30 June 2005

EXCEPTIONAL CIRCUMSTANCES

Declaration 2 July 2003 Year 2

Boundaries, Boundary and Buffer Zone Map
Application Form; Policy Information Document; Summary Decision Guidelines, Lender Certificate
Application for EC Relief Payment Certificate - Buffer Zone

Declaration 24 July 2003 Year 2

Boundaries, Boundary and Buffer Zone Map
Application Form, Policy Information Document, Summary Decision Guidelines, Lender Certificate
Application for EC Relief Payment Certificate - Buffer Zone

Declaration 7 April 2005 Year 1

Boundaries, Boundary and Buffer Zone Map
Application Form, Policy Information Document, Summary Decision Guidelines, Lender Certificate

DRY SEASON 2004 ASSISTANCE SCHEME

Information Notes
Application Form

2005 PASTORAL DRY SEASON ASSISTANCE SCHEME

Information Notes
Application Form

FARMER TRAINING ASSISTANCE SCHEME

Information is provided to Training Providers under the following headings:
How to register and submit training proposals
Minimum Standards
Core Skill FarmBis Support
Pre-approval of Support
Tax invoice information
General notes on FarmBis application paperwork
Application Forms
Individual Training Grants
Producer Group Training Grants

GASCOYNE MURCHISON STRATEGY 1997 to 2004

GMS Evaluation Report - 2004
GMS Annual Reports - 1998-1999, 1999-2000, 2000-2001, 2001-2002, 2002-2003
GMS Annual and Final Report – 1.07.2003 to 28.08.2004
GMS Manual - April 1998
Gascoyne-Murchison Rangeland Strategy - Report to Cabinet Sub-Committee (Gold Book) - March 1997
Geology and Mineral resources of the Gascoyne Region compiled by D.J. Flint and P.B. Abeyasinghe - Perth 2000
Live the Spirit of Australia on the Pioneer Pathways of the *Real* Outback - May 2000
GMS Benchmarking project - Group Information and Management Strategies:
Report for Lower Murchison Bestprac Group - 1999-2000, 2000-2001, 2001-2002
Report for Cue Bestprac Group - 1999-2000, 2000-2001, 2001-2002

Report for Yalgoo Bestprac Group - 1999-2000, 2000-2001, 2001-2002
Report for Rangeland Fibre and Produce Bestprac Group - 1999-2000, 2000-2001, 2001-2002
Report for Paynes Find Bestprac Group - 1999-2000, 2000-2001, 2001-2002
Report for Lyndon and Gascoyne-Wooramel Bestprac Group - 1999-2000, 2000-2001, 2001-2002
Report for Upper Gascoyne Bestprac Group - 1999-2000, 2000-2001, 2001-2002
GMS Benchmarking, Financial Advice and Business Review Final Report (Rosemary Bartle for Resource Consulting Services) - December 2004
GMS Newsletters - Various
GMS Pastoralist Update - Various

GUIDELINES

Appeals

Debt Mediation Scheme (Rural Land Sales Liaison Committee)

These publications are available from:
the Corporation's office at 3 Baron Hay Court, South Perth,
or by Emailing agwestfbd@agric.wa.gov.au,
or on the Internet at <http://www.agric.wa.gov.au/>