

**RURAL
BUSINESS
DEVELOPMENT
CORPORATION**

ANNUAL REPORT
for the year ended
30 June 2006



Department of Agriculture and Food
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 2005-2006 the schemes that required the majority of the Corporation's resources were:

- Exceptional Circumstances (EC) – The Corporation administered three EC declarations during 2005-2006. The declarations covered areas declared on 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, and EC Relief Payments or Austudy/Youth Allowance through Centrelink;
- 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 provided direct grants of up to \$6,000 to affected farmers to meet drought preparedness or impact measures and to obtain professional advice. The Scheme closed for applications on 7 August 2005;
- 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 Scheme closed for applications on 30 September 2005;
- The AAA FarmBis 2005-2008 commenced on 1 February 2005 and will end on 30 June 2008. The Corporation is 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 was established by the State government for egg producers whose licences are to be cancelled as part of the industry deregulation. This scheme is now completed and closed.

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 the farm sector through providing policy advice, encouraging innovation and identifying issues affecting rural industry that may require government response.

- *The RBDC Directors held a board meeting in Albany and met with local key stakeholders with an interest in land aggregation and land use change.*

RURAL BUSINESS DEVELOPMENT CORPORATION

STATEMENT OF COMPLIANCE

For the year ended 30 June 2006

The Honourable Kim Chance MLC
Minister for Agriculture and Food
Parliament House
PERTH WA 6000

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 2006.

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

Date

13/9/06



Dexter Davies
Director

Date

13/9/06.

CHAIRMAN'S OVERVIEW

The focus of the RBDC activities over the past year has been on administering existing support schemes. These were Exceptional Circumstances Interest Rate Subsidy Support, FarmBis, 2005 Pastoral Dry Season, Dry Season 2004 and Marketing of Eggs Adjustment. Some of the schemes administered are reactive in nature, however, the Board also has a responsibility to develop and administer proactive schemes.

During 2005-2006 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, RBDC Directors held a board meeting in Albany and met with local key stakeholders with an interest in land aggregation and land use change. Background research was conducted into land use and a document titled "Better Landscapes" was produced and widely circulated for information and comment. A submission was presented to the State Tax Review arguing that stamp duty should only be charged on the net farm land purchased when land was sold and other land purchased for increased efficiencies and better outcomes for the environment and new rural industries.

The 2005 season was good for most of the State's agricultural industries with well above average harvests for most of the grain growing areas. Increasing costs of production and low commodity prices continue to be a long term concern for rural industry.

The 2006 season will unfortunately be very poor for many farmers, as the State has experienced the driest start to winter in recorded history. Much of the agricultural region has been adversely affected, especially the Northern Region where the conditions will result in no meaningful harvest and little stock feed. Livestock and fodder issues will continue to the end of 2007 for many agricultural areas in the State.

The RBDC acknowledges the impact the 2006 season will have on farmers and rural communities and the State has responded quickly with an assistance scheme to be administered by the RBDC. Whilst support will not compensate farmers for their losses, it will assist to alleviate the immediate pressures on the farm family and the sustainability of the farm. RBDC Directors, Dexter Davies and Maree Gooch are Chairman and Member respectively of the Minister's Dry Season Advisory Committee. This committee will have an important role to play in providing advice to the Minister on appropriate government response to farmers and communities during this record dry season.

The FarmBis program continues to 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. An enthusiastic FarmBis State Planning Group (SPG) with industry representation has been driving the FarmBis program forward during the year. The SPG has responsibility for the strategic direction and outcomes of FarmBis.

The RBDC Board met formally six times during the last twelve months. Directors held a board meeting in Albany during the year, followed by a visit the following day to several properties that are part of the Gondwana link. 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, 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.

Kerrine Blenkinsop, an inaugural Director of the RBDC, resigned during the year due to overseas commitments. I would like to thank Kerrine for her valuable contribution to the Board during her five and a half year Directorship. Kerrine will be hard to replace with her extensive knowledge of the political system , enthusiasm and wise counsel. I wish her all the best for the future.

The Board is looking forward to making a difference in the 2006-2007 year, especially in providing appropriate support to farmers during these difficult times.

Robert Sands
Chairman

HIGHLIGHTS 2005-2006

The highlights for the Corporation in brief:

- ★ Grants totalling \$15.8 million were paid during 2005-2006 out of a total expenditure of \$16.8 million. Overall administration costs were only 5.56% of total expenditures by the RBDC.
- ★ A survey of customers, who had been approved or declined applications for EC Interest Subsidy assistance, reported a 91% satisfaction rating with the Department staff handling their applications.
- ★ Since the current sequence of Exceptional Circumstances declarations commenced in February 2001 1,001 EC Interest Rate Subsidies totalling \$34.5 million have been approved to 749 farm businesses. There have been six EC declarations, and one extension to an existing declaration, since the commencement of adverse seasons in 1998.
- ★ Between 1 July 2005 and 30 September 2005, 4 new Exceptional Circumstances (EC) certificates, 98 Continuation certificates were issued; a total of 102 certificates. From 2 February 2001 (when EC was declared for the south-eastern area) to 30 September 2005, 1,832 new, 4,650 continuation and 458 transfer certificates have been issued, a total of 6,940, enabling eligible farmers to apply to Centrelink for fortnightly payments. Following a change in policy by the Australian Government, the issue of certificates was transferred to Centrelink on 1 October 2005.
- ★ The RBDC 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.
- ★ Grants under the Dry Season 2004 Assistance Scheme totalled \$230,000 to 40 farm businesses since the scheme commenced in early 2005.
- ★ Grants under the 2005 Pastoral Dry Season Assistance Scheme totalled \$75,000 to 50 pastoral businesses since the scheme commenced in early 2005.
- ★ In the year 2005-2006 FarmBis reimbursement grants were paid to 3,298 participants amounting to \$1,005,267. Two networkers were employed to work with industry, not only to encourage training participation, but also to get production groups to consider doing a training needs analysis. Seven groups have so far done a training needs analysis and many more are considering this activity for 2006-2007.
- ★ Adjustment payments totalling \$8.5 million were paid to 101 egg producers as part of the transition to a deregulated egg industry in Western Australia under the Marketing of Eggs Adjustment Assistance Scheme.

CORPORATE PROFILE

Rural Business Development Corporation Directors

The Rural Business Development Corporation (RBDC) Act requires that the RBDC consist of five Directors appointed by the Minister. The Board of the RBDC held six formal meetings during 2005-2006.

All Directors have been appointed for a term expiring on 30 April 2007. RBDC Directors during 2005-2006 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 five meetings of the Corporation in 2005-2006.

Directors

Mrs Maree Gooch, a farmer, was appointed in December 2003. Mrs Gooch attended six meetings of the Corporation in 2005-2006.

Mr Dexter Davies, a consultant, was appointed in May 2005. Mr Davies attended five meetings of the Corporation in 2005-2006.

Mr Richard Joyce, a farmer, was appointed in May 2005. Mr Joyce attended six meetings of the Corporation in 2005-2006.

Mrs Kerrine Blenkinsop, a consultant, was appointed in December 2000. Mrs Blenkinsop attended four meetings of the Corporation in 2005-2006. Mrs Blenkinsop resigned as a Director on 10 April 2006.

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

The Department of Agriculture and Food, 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 Food.

Legislation Impacting on the Corporation's Activities

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

- Rural Business Development Corporation Act 2000
- Financial Administration and Audit Act 1985
- Public Sector Management Act 1994
- State Supply Commission Act 1991
- Corporations (Western Australia) Act 1990
- Salaries and Allowances Act 1975
- Electoral Act 1907
- 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 and Richard Joyce, RBDC Directors, are members of farm businesses 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 8
Decision Making Functions (Members) – Legislation - Page 8
Formulation of Policy - Appendix 1
Documents held by the Corporation - Appendix 3

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 2005-2006.

Workers' Compensation

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

REPORT ON OPERATIONS

FINANCIAL

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

In 2005-2006 the RBDC continued to receive new Australian Government funding for Rural Adjustment Scheme (RAS) Exceptional Circumstances (\$4.59 million) and FarmBis (\$0.8 million). Funding of \$1.6 million was received from the State Government for the State share of Exceptional Circumstances and a general appropriation of \$0.182 million was also received from the State Government.

Though the RBDC has a closing bank balance of \$4.326 million at 30 June, these funds are fully committed. Commitments are \$0.73 million funds held for State share of Exceptional Circumstances expenditure, \$0.15 remaining funds under the Marketing of Eggs Adjustment Assistance Scheme, \$1.1 million for the new FarmBis Scheme from the \$2 million set aside, proposed new schemes \$1.646 million, and \$0.7 million of working capital funds from the Australian Government for both Exceptional Circumstances and FarmBis.

Total expenditures during 2005-2006 were \$16.8 million, an increase of \$9.2 million from the previous year. The main increase related to grant payments under the Marketing of Eggs Adjustment Assistance Scheme (\$8.55 million) and increased applications for Exceptional Circumstances Support (\$1.3 million). The main reduction related to cessation of the Gascoyne Murchison Scheme (\$0.7 million).

Grants to farmers during 2005-2006 totalled \$15.8 million, or 94% of total expenditures.

PROGRAMS

EXCEPTIONAL CIRCUMSTANCES (EC) SCHEME

The RBDC is the administering body in Western Australia for the Australian and State Governments' funded Exceptional Circumstances (EC) program under the Rural Adjustment Scheme. It administers applications from farmers and pastoralists 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.

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. Farmers in EC declared areas can apply for an Interest Rate Subsidy to alleviate the financial impacts of exceptionally adverse seasonal conditions. The maximum subsidy is \$100,000 and the rate of subsidy for the first year of declaration is 50% and for the second year (and third year if applicable) is 80% of the interest expense of the business.

In addition to the Interest Rate Subsidy, eligible farmers can also make application for an Exceptional Circumstances Certificate to enable them to apply for Exceptional Circumstances Relief Payments, or Austudy/Youth Allowance through Centrelink. The RBDC issued these certificates till September 2005 when Centrelink took over this process.

The RBDC administered three EC declarations during 2005-2006. The declarations covered areas declared on 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). There have been six EC declarations, and one extension to an existing declaration, since the commencement of adverse seasons in 1998. There were no new EC declarations made during the 2005-2006 financial year.

The table below details Exceptional Circumstances statistics from July 1 2000 to June 30 2006.

	Applications received	No of approvals	No of Declines	% approved	Value approved	Average grant
South East Years 1 & 2 Declared 2 Feb 2001	523	365	158	70%	\$13,379,683	\$36,657
Area C&D Years 1 & 2 Declared 3 Aug 2001	86	57	29	66%	\$1,632,314	\$28,637
Northern Years 1 & 2 Declared 7 Mar 2002	278	203	75	73%	\$5,998,482	\$29,549
Southern Rangelands Years 1, 2 & 3 Declared 2 July 2003	177	160	12	93%	\$5,576,727	\$34,854
Central Wheatbelt Years 1 & 2 Declared 24 July 2003	289	181	108	63%	\$6,908,897	\$38,170
North East Wheatbelt Year 1 & 2 Declared 7 April 2005	45	35	7	83%	\$1,016,593	\$29,046
TOTAL	1,398	1,001	389	72%	\$34,512,696	\$34,478

Scheme statistics

Year	Applications received	Number Approved	Number Declined	Grants Paid
2000-2005	1,244	864	351	\$28,101,108
2005-2006	154	137	38	\$6,156,182
Total to date	1,398	1,001	389	\$34,257,290

FARMBIS SCHEME

The current 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 program provides primary producers, commercial fishers and those involved in natural resource management access to a grant of up to 50% for eligible costs to participate in learning activities to improve their management skills in areas of:

- People Management
- General Business Management
- Financial Management
- Marketing
- Production Management, and
- Natural Resources/Biodiversity

A FarmBis website has been developed and provides up to date information on FarmBis approved activities conducted within the state together with trainer details and locations in which training is delivered. This assists producers in selecting their preferred training activity.

The FarmBis State Planning Group, appointed by both the Australian and State Ministers, collectively provide for a diversity of informed views and perspectives on education and training priorities for primary industries. They are responsible for advising on strategic directions and overseeing management of the program including the coordination network, communication strategy and policy issues arising from administration of the program. As administrators, RBDC continues to work closely with the FarmBis State Planning Group to effectively deliver this program. The current scheme concludes at 30 June 2008.

Scheme statistics

Year	Applications received	Number Approved	Number of Participants	Grants Paid
2004-2005	688	678	1,133	\$321,032
2005-2006	2,839	2,843	3,105	\$966,769
Total to date	3,527	3,521	4,238	\$1,287,801

MARKETING OF EGGS ADJUSTMENT ASSISTANCE SCHEME

As part of the transition to a deregulated egg industry in Western Australia, an adjustment package was established by the State government for egg producers whose licences were to be cancelled as part of the industry deregulation. Egg Producers were paid an adjustment payment for loss of licence calculated on number of licensed birds as well being able to obtain business options advice. The RBDC administered this assistance measure through the Marketing of Eggs Adjustment Assistance Scheme. This scheme is now closed.

Scheme statistics

Year	Type	Applications Received	Number Approved	Number Declined	Grants Paid
2005-2006	Adjustment Payments	101	101	0	\$8,500,000
2005-2006	Business Options Advice	41	41	0	\$47,493

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 provided direct grants of up to \$6,000 to affected farmers to meet drought preparedness or impact measures and to obtain professional advice. Closing date for applications was 7 August 2005.

Scheme statistics

Year	Applications received	Number Approved	Number Declined	Grants Paid
2004-2005	36	31	1	\$142,011
2005-2006	6	9*	1	\$88,672
Total	42	40	2	\$230,683

* includes applications carried from the previous year.

2005 PASTORAL DRY SEASON ASSISTANCE SCHEME

The 2005 Pastoral Dry Season Assistance Scheme was established in early 2005 to provide assistance to pastoral businesses who had experienced continuing dry seasons. The scheme enabled pastoral businesses who had 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 closing date for applications was 30 September 2005.

Scheme statistics

Year	Applications received	Number Approved	Number of Participants	Grants Paid
2004-2005	21	9	0	\$23,130
2005-2006	31	41	2	\$52,062
Total to date	52	50	2	\$75,192

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 2005-2006 year there were no applications for consideration.

OTHER INFORMATION

PERFORMANCE

OUTCOMES, SERVICES AND PERFORMANCE INFORMATION **OUTCOME - FARM BUSINESS DEVELOPMENT**

Description:

Assist farmers to enhance their skills, leading to improved sustainable long-term profitability and better capacity to deal with risks inherent in farming and to provide financial support to assist farmers significantly impacted by exceptional seasonal events which are outside the normal capacity of farmers to control.

Relationship to Government Goals:

Broad, high level government goals are supported at agency level by more specific desired outcomes. Agencies deliver services to achieve these desired outcomes, which ultimately contribute to meeting the higher level government goals. The following table illustrates the relationship between the RBDC level desired outcomes and the most appropriate government goal.

Government Goal	Desired Outcome	Service
To ensure that Western Australia has an environment in which resources are managed, developed and used sustainably, biological diversity is preserved and habitats protected.	Improved ecologically sustainable development of agri-industry	Farm Business Development

Key Effectiveness and Efficiency Indicators:

	2004-2005	2005-2006	2005-2006
	Actual	Target	Actual
Key Effectiveness Indicator			
Extent to which recipients were satisfied with the way schemes are administered	91.2%	90%	90.8%
Key Efficiency Indicator			
Proportion of expenditure as administrative expenditure	9.9%	18.3%	5.6%

NOTES:

(i) Key Effectiveness Indicator

Customer satisfaction survey conducted of 144 applicants for Exceptional Circumstances, Dry Season 2004 Assistance Scheme, 2005 Pastoral Dry Season Assistance Scheme and Marketing of Eggs Adjustment Assistance Scheme showed high level of satisfaction.

A customer satisfaction survey conducted for FarmBis participants was sourced directly from evaluation sheets received with each application and showed a 90.7% satisfaction with the quality of service during 2005-2006.

(ii) Key Efficiency Indicator

The proportion of expenditure as administrative expenditure has decreased from 9.9% in 2004-2005 to 5.6% in 2005-2006, 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. The 2005-2006 target figure of 18.3% was calculated at the time based on the Marketing of Eggs Adjustment Scheme grant expenditure (\$8.5m) occurring in 2004-2005 rather than occurring in 2005-2006.

CONTRIBUTION TO GOVERNMENT OBJECTIVES

The State Government has outlined five major areas in terms of delivering services to the community in its "Better Planning: Better Services" framework. These are People and Communities, the Economy, the Environment, the Regions and Governance. The Rural Business Development Corporation delivers services in a range of these areas, however, its primary focus is on the economy, the environment and the regions.

People and Communities

The RBDC contributes to the people and communities goal through promoting lifelong learning by farmers and engaging with Indigenous Communities through the FarmBis program.

The achievements in this area can be found in the Report on Operations section of the annual report.

The Economy

The RBDC contributes to the economy of Western Australia through all its activities, but particularly through support to rural businesses that have been affected by exceptional weather events and by encouraging farmers to increase their skill levels.

The achievements in this area can be found in the Report on Operations section of the annual report.

The Environment

The RBDC contributes to the environment of Western Australia through its Dry Season Assistance schemes which aim to minimise damage to the landscape during dry seasons and through the FarmBis program in encouraging farmers to participate in learning activities to improve their management skills in areas including Natural Resources management and through developing initiatives such as encouraging land consolidation.

The achievements in this area can be found in the Report on Operations section of the annual report.

The Regions

The RBDC contributes to the regions of Western Australia through its Exceptional Circumstances and FarmBis support programs to farmers which flows back financially to regional communities and businesses as well as resulting in more skilled regional communities.

The achievements in this area can be found in the Report on Operations section of the annual report.

Governance

The RBDC contributes to good governance within the State Public Service through adhering to the policies of the government that promote transparency, fairness and access to all.

The achievements in this area, and compliance with mandated policies, is detailed in the Legislation and appendices section of the annual report.

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 2005-2006 in relation to advertising agencies, market research organisations, polling organisations, direct mail organisations and media advertising organisations.

APPLICATION STATISTICS for the year ended 30 June 2006

TABLE 1 - APPLICATIONS

FORM OF SUPPORT	APPLICATIONS RECEIVED	NUMBER OF APPLICATIONS	
		APPROVED	DECLINED
2005 Pastoral Dry Season Assistance Scheme	31	41	0
Dry Season 2004 Assistance Scheme	6	9	1
Exceptional Circumstances NE Wheatbelt Year 1	38	34	7
Exceptional Circumstances NE Wheatbelt Year 2	1	0	0
Exceptional Circumstances S Rangelands Year 2	6	17	4
Exceptional Circumstances S Rangelands Year 3	54	48	2
Exceptional Circumstances Wheatbelt Year 2	55	38	25
FarmBis 2005-2008 Group	19	19	0
FarmBis 2005-2008 Individual	2,768	2,770	0
FarmBis 2005-2008 Individual Fishing	41	43	0
FarmBis Targeted Industry Initiative	11	11	0
Marketing of Eggs Adjustment Assistance Scheme - Licence Adjustment	101	101	0
Marketing of Eggs Adjustment Assistance Scheme - Business Options Advice	41	41	0
Rural Financial Counselling	4	4	0
TOTAL	3,176	3,176	39

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)	NUMBER APPROVED	APPROVED \$
2005 Pastoral Dry Season Assistance Scheme	41	60,214
Dry Season 2004 Assistance Scheme	9	50,901
Exceptional Circumstances N E Wheatbelt Year 1	34	944,579
Exceptional Circumstances S Rangelands Year 2	17	551,286
Exceptional Circumstances S Rangelands Year 3	48	1,989,957
Exceptional Circumstances Wheatbelt Year 2	38	1,783,631
FarmBis 2005-2008 Group	19	48,254
FarmBis 2005-2008 Individual	2,770	889,261
FarmBis 2005-2008 Individual Fishing	43	3,294
FarmBis Targeted Industry Initiative	11	26,000
Marketing of Eggs Adjustment Assistance Scheme - Licence Adjustment	101	8,500,000
Marketing of Eggs Adjustment Assistance Scheme - Business Options Advice	41	47,493
Rural Financial Counselling	4	16,775
TOTAL	3,176	14,911,645

PERFORMANCE INDICATORS 2005-2006

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	2003-2004 Survey	2004-2005 Survey	2005-2006 Survey
The extent which recipients were satisfied with the way schemes are administered by the Corporation	Maintain at least a 90% level of satisfaction with services provided by the Corporation	%	91.4	91.2	90.8
Sample size			150	153	144

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	2005 Pastoral Dry Season Assistance Scheme	Marketing of Eggs Adjustment Assistance Scheme
2003-2004	✓	-		
2004-2005	✓	✓		
2005-2006	✓	✓	✓	✓

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 $\pm 5.03\%$, at the 95% confidence level with a sample size of 144 from a population of 232.

Effectiveness Indicator 1(b)	Target	Unit	2003-2004 Survey	2004-2005 Survey	2005-2006 Survey
The extent which FarmBis recipients were satisfied with the way schemes are administered by the Corporation	Maintain at least a 90% level of satisfaction with services provided by the Corporation	%	n/a	92.5	90.7
Sample size				1,131	3,105

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, and consistent in their advice and the forms easy to complete?)".

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	2003-2004	10	6	2.5%
		2004-2005	1	1	0.4%
		2005-2006	2	1	0.64%

All application decisions made by the Corporation are appealable. Application numbers increased from 244 in 2003-2004 to 276 in 2004-2005 but reduced to 154 in 2005-2006. The Exceptional Circumstances schemes 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 60% in 2003-2004 and 100% in 2004-2005 as only one appeal was received and upheld. In 2005-2006 the number of appeals upheld was 50% as only two appeals were received and one was 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.

OUTPUT

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

EFFICIENCY INDICATORS

Efficiency Indicator 1	Target	Unit	2003-2004	2004-2005	2005-2006	Notes
Proportion of expenditure as administrative expenditure	Reduction in the proportion of expenditure as administrative expenditure	%	8.6	9.9	5.6	(i) (ii)
Program expenditure per dollar of administrative expenditure	Increase in program expenditure per dollar of administrative expenditure	\$	11.7	10.1	18.0	(i) (ii)
The activity cost (administrative expenditure per application approved or rejected)	Reduction in the activity costs to administer the schemes of assistance	\$	2,003	723	294	(iii) (iv)

- (i) Grant payments process increased from 294 in 2003-2004 to 904 in 2004-2005 and again increased in 2005-2006 to 3,241. 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 \$24,087 in 2003-2004 to \$6,777 in 2004-2005 and \$4,892 in 2005-2006 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.

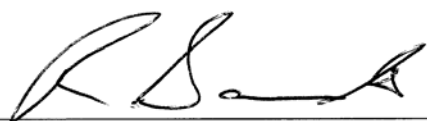
- (ii) The commitments approved but not yet advanced reduced by \$9,082,727 from \$9,350,365 as at the 30 June 2005 to \$267,638 as at 30 June 2006. This was largely due to Marketing of Eggs Adjustment scheme commitments of \$8.5m which were advanced early in 2005-2006.
- (iii) The administrative expenditure per application approved or rejected has decreased from \$2,003 in 2003-2004, \$723 in 2004-2005 to \$294 in 2005-2006, 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 in 2003-2004 and 2004-2005 as these costs were for the whole GMS strategy (ceased August 2005) and therefore not related to application numbers received.

RURAL BUSINESS DEVELOPMENT CORPORATION

CERTIFICATION OF PERFORMANCE INDICATORS

For the year ended 30 June 2006

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 2006.



Robert Sands
Chairman

Date

19-07-06



Maree Googh
Director

Date

19-07-06

RURAL BUSINESS DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

30 JUNE 2006

RURAL BUSINESS DEVELOPMENT CORPORATION
INCOME STATEMENT
for the year ended 30 June 2006

	Note	2006	2005
		\$	\$
COST OF SERVICES			
Expenses			
Department of Agriculture and Food contracted services	4	16,694,545	7,474,589
Board member fees	17	59,480	37,712
Other expenses	6	34,411	55,788
Total costs of services		<u>16,788,436</u>	<u>7,568,089</u>
Income			
Revenue			
Commonwealth grants and subsidies	7	5,417,269	5,204,383
Interest revenue	8	291,059	251,587
Other revenue	9	85,796	1,826
		<u>5,794,124</u>	<u>5,457,796</u>
Total revenue			
Total income other than income from State Government		5,794,124	5,457,796
NET COST OF SERVICES		<u>10,994,312</u>	<u>2,110,293</u>
INCOME FROM STATE GOVERNMENT			
Service appropriations	10	1,782,000	8,931,000
Assets assumed/(transferred)		-	4,250
Total income from State Government		<u>1,782,000</u>	<u>8,935,250</u>
SURPLUS /(DEFICIT) FOR THE PERIOD		<u><u>(9,212,312)</u></u>	<u><u>6,824,957</u></u>

The Income Statement should be read in conjunction with the accompanying notes.

RURAL BUSINESS DEVELOPMENT CORPORATION
BALANCE SHEET
as at 30 June 2006

	Note	2006	2005
		\$	\$
ASSET			
Current Assets			
Cash and cash equivalent	11,15	3,603,615	3,220,446
Restricted cash and cash equivalent	11,15	722,897	10,586,833
Receivables	12	56,427	18,806
Total Current Assets		<u>4,382,939</u>	<u>13,826,085</u>
Total Assets		<u>4,382,939</u>	<u>13,826,085</u>
LIABILITIES			
Current Liabilities			
Payables	13	151,552	382,386
Total Current Liabilities		<u>151,552</u>	<u>382,386</u>
Total Liabilities		<u>151,552</u>	<u>382,386</u>
NET ASSETS		<u>4,231,387</u>	<u>13,443,699</u>
EQUITY	14		
Accumulated surplus		4,184,428	13,396,740
Reserves		46,959	46,959
TOTAL EQUITY		<u>4,231,387</u>	<u>13,443,699</u>

The Balance Sheet should be read in conjunction with the accompanying notes.

RURAL BUSINESS DEVELOPMENT CORPORATION
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2006

	Note	2006 \$	2005 \$
Balance of equity at start of period		13,443,699	6,618,742
 ACCUMULATED SURPLUS (RETAINED EARNINGS)			
Balance at start of period	14	13,396,740	6,571,783
Surplus/(deficit) or profit/(loss) for the period		<u>(9,212,312)</u>	<u>6,824,957</u>
Balance at end of period		<u>4,184,428</u>	<u>13,396,740</u>
 Reserves			
Asset Replacement Reserve			
Balance at start of period		<u>46,959</u>	<u>46,959</u>
Balance at end of period		<u>46,959</u>	<u>46,959</u>
 Balance of equity at end of period	14	<u><u>4,231,387</u></u>	<u><u>13,443,699</u></u>

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

RURAL BUSINESS DEVELOPMENT CORPORATION
Cash Flow Statement
for the year ended 30 June 2006

	Note	2006	2005
		\$ Inflows (Outflows)	\$ Inflows (Outflows)
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriations		1,782,000	8,931,000
Capital contributions		-	4,250
Net cash provided by State Government		<u>1,782,000</u>	<u>8,935,250</u>
Utilised as follows:			
CASH FLOWS (TO)/FROM OPERATING ACTIVITIES			
Payments			
Department of Agriculture and Food contracted services		(16,925,379)	(7,284,695)
Other Payments		(93,890)	(38,292)
		<u>(17,019,270)</u>	<u>(7,322,987)</u>
Receipts			
Commonwealth Grants and Subsidies		5,417,269	5,204,383
Other receipts		339,234	446,402
		<u>5,756,503</u>	<u>5,650,785</u>
Net cash used in operating activities	15	(11,262,767)	(1,672,202)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan repayments from farmers		-	49,406
Net cash provided by financing activities		<u>-</u>	<u>49,406</u>
Net (decrease)/increase in cash held		(9,480,767)	7,312,454
Cash and cash equivalents at the beginning of the period		<u>13,807,279</u>	<u>6,494,825</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	15	<u><u>4,326,512</u></u>	<u><u>13,807,279</u></u>

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

RURAL BUSINESS DEVELOPMENT CORPORATION
Notes to the Financial Statements
as at 30 June 2006

1 First time adoption of Australian equivalents to International Financial Reporting Standards

This is the Authority's first published financial statements prepared under Australian equivalents to International Financial Reporting Standard (AIFRS). Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' has been applied in preparing these financial statements. Until 30 June 2005, the financial statements of the Authority had been prepared under the previous Australian Generally Accepted Accounting Principles (AGAAP).

The Australian Accounting Standards Board (AASB) adopted the Standards of the International Accounting Standards Board (IASB) for application to reporting periods beginning on or after 1 January 2005 by issuing AIFRS which comprise a Framework for the Preparation and Presentation of Financial Statements, Accounting Standards and the Urgent Issue Group (UIG) Interpretations.

In accordance with the option provided by AASB 1 paragraph 36A and exercised by Treasurer's Instruction 1101 'Application of Australian Accounting Standards and Other Pronouncements', financial instrument information prepared under AASB 132 and ASB 139 will apply from 1 July 2005 and consequently comparative information for financial instruments is presented on the previous AGAAP basis (describe the differences). All other comparative information has been prepared under the AIFRS basis.

Early adoption of standards

The Authority cannot early adopt an Australian Accounting Standard or UIG Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. This TI requires the early adoption of revised AASB 119 'Employee Benefits' as issued in December 2004, AASB 2004-3 'Amendments to Australian Accounting Standards; AASB 2005-3 'Amendments to Australian Accounting Standards [AASB 119]', AASB 2005-4 'Amendments to Australian Accounting Standard [AASB 139, AASB 132, AASB 1, AASB 1023 & AASB 1038]' and AASB 2005-6 'Amendments to Australian Accounting Standards [AASB 3]' to the annual reporting period beginning 1 July 2005. AASB 2005-4 amends AASB 139 'Financial Instruments: Recognition and Measurement' so that the ability to designate financial assets and financial liabilities at fair value is restricted. AASB 2005-6 excludes business combinations involving common control from the scope of AASB 3 'Business Combinations'.

Reconciliations explaining the transition to AIFRS as at 1 July 2004 and 30 June 2005 are provided at note 26 'Reconciliations explaining the transition to AIFRS'.

2 Summary of significant accountant policies

(a) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary 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 Accounting Standards, the framework, statements of accounting concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

(b) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, modified by the revaluation of land, buildings and infrastructure which have been measured at fair value.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated. The financial statements are presented in Australian dollars.

(c) Reporting Entity

The reporting entity comprises the Authority and entities listed at note 22 "Related bodies"

(d) Contributed Entity

UIG Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' requires transfers in the nature of equity contributions to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital contributions (appropriations) are designed as contributions by owners TI955 'Contribution of Owners made by wholly owned Public Sector Entities' and have been credited directly to Contributed Equity.

(e) Income
Revenue

Revenue is measured at the fair value of consideration received or receivables. Revenue is recognised for the major business activities as follow:

Grants, donations, gifts and other non-reciprocal contributions

Revenue is recognised at fair value when the Authority obtains control over the assets comprising the contributions, usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners 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.

Where contributions recognised as revenue during the reporting period were obtained on the condition that they be expanded in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of, and amounts pertaining to, those undischarged conditions are disclosed in the notes.

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.

Interest

Revenue is recognised as the interest accrues.

(f) Financial Instruments

The Authority has two categories of financial instrument:

- Receivables (cash and cash equivalents, restricted cash and cash equivalents, receivables); and
- Non trading financial liabilities (payables).

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

(g) Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value, and bank overdrafts.

(h) Receivables

Receivables are recognised and carried at original invoice amount less any provision for uncollectible amounts (impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off. The provision for uncollectible amounts (doubtful debts) is raised when collectability is no longer probable. The carrying amount is equivalent to the fair value as it is due for settlement within 30 days. See note 18(a) 'Financial Instruments' and note 12 'Receivables'.

(i) Payables

Payables are recognised at the amounts payable when the Authority becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as they generally settled within 30 days. See note 18(a) 'Financial Instruments' and note 13 'Payables'.

(j) Good and Service 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.

(k) Comparative Figures

Comparative figures have been restated on the AIFRS basis except for financial instruments which have been prepared under the previous AGAAP Australian Accounting Standard AAS33. The transition date to AIFRS for financial instruments was the 1 July 2005 in accordance with the exemption allowed under AASB 1 paragraph 36A and Treasurer's Instruction 1101.

3 Future impact of Australian Accounting Standards not yet operative

The Authority cannot early adopt an Australian Accounting Standard or UIG Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. As referred to in Note 1, TI 1101 has only mandated the early adoption of revised AASB 119, AASB 2004-3, AASB 2005-3, AASB 2005-4 and AASB 2005-6. Consequently, the Authority has not applied the following Australian Accounting Standards and UIG Interpretations that have been issued but are not yet effective. These will be applied from their application date:

1. AASB 7 'Financial Instruments: Disclosures' (including consequential amendments in AASB 2005-10 'Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]'). This Standard requires new disclosures in relation to financial instruments. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007. The Standard is considered to result in increased disclosures of an entity's risks, enhanced disclosure about components of a financial position and performance, and changes to the way of presenting financial statements, but otherwise there is no financial impact.

2. AASB 2005-9 'Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139 & AASB 132]' (Financial guarantee contracts). The amendment deals with the treatment of financial guarantee contracts, credit insurance contracts, letters of credit or credit derivative default contracts as either an "insurance contract" under AASB 4 'Insurance Contracts' or as a "financial guarantee contract" under AASB 139 'Financial Instruments: Recognition and Measurement'. The Authority does not undertake these types of transactions resulting in no financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2006.

3. UIG Interpretation 4 'Determining whether an Arrangement Contains a Lease'. This Interpretation deals with arrangements that comprise a transaction or a series of linked transactions that may not involve a legal form of a lease but by their nature are deemed to be leases for the purposes of applying AASB 117 'Leases'. At reporting date, the Authority has not entered into any arrangements as specified in the Interpretation resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2006.

The following amendments are not applicable to the Authority as they will have no impact:

AASB Amendment	Affected Standards
2005-1	AASB 139 (Cash flow hedge accounting of forecast intragroup transactions)
2005-5	'Amendments to Australian Accounting Standards [AASB 1 & AASB 139]'
2006-1	AASB 121 (Net investment in foreign operations)
UIG 5	'Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds'.
UIG 6	'Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment'.
UIG 7	'Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies'.
UIG 8	'Scope of AASB 2'.

4 Department of Agriculture and Food contracted services

The Corporation has a memorandum of understanding with Department of Agriculture and Food 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>2006</u>	<u>2005</u>
	\$	\$
The costs of the above mentioned services are disclosed below:		
Communications	15,693	2,160
Repairs and maintenance	1,176	525
Services & contracts	90,531	128,213
Supplies consumed	4,821	1,519
Grants and subsidies		
Grants		
Marketing of Eggs Adjustment Assistance Scheme		
Adjustment Support	8,500,000	-
Business Options Advice	47,493	-
Dry Season 2004 Assistance Scheme	88,672	142,011
2005 Pastoral Dry Season Assistance Scheme	52,062	23,130
FarmBis Scheme	966,769	321,032
Gascoyne Murchison Strategy	-	754,559
Research Grants	26,736	10,000
	<u>9,681,732</u>	<u>1,250,732</u>
Subsidies - interest		
Rural adjustment - Exceptional Circumstances	6,156,182	4,862,703
Schemes Administered by Department of Agriculture and Food		
Farmer Training Assistance Scheme	-	679,129
	-	679,129
Total Grants and subsidies	<u>15,837,914</u>	<u>6,792,564</u>
Department of Agriculture and Food contractors and service overheads		
Department of Agriculture and Food contractors	434,911	276,316
Contractor related expenses (mileage, transfer costs, training)	29,644	9,564
Service agreement overheads	171,087	105,501
	<u>635,641</u>	<u>391,381</u>
Other Expenses		
Consultancy charges from business units	86,954	78,929
Rural counselling grants	16,775	26,000
Other	5,040	53,298
	<u>108,770</u>	<u>158,227</u>
Total Department of Agriculture and Food Contracted Service Costs	<u>16,694,545</u>	<u>7,474,589</u>

The comparative for Services and Contracts has been adjusted to separately disclose the audit fee for 2005 under Other Expenses, refer to Note 6.

RURAL BUSINESS DEVELOPMENT CORPORATION
Notes to the Financial Statements
as at 30 June 2006

	<u>2006</u>	<u>2005</u>
	\$	\$
5 Provision for impairment of receivables		
Balance at the beginning of the year	-	250,500
Amounts written off during the year	-	(276,208)
	-	(25,708)
(Decrease)/increase in provision	-	25,708
Balance at the end of the year	-	-
6 Other expenses		
Assets contribution made	911	580
Bad Debts	-	25,708
Audit Fees	33,500	29,500
	34,411	55,788
The comparative for Other Expenses has been adjusted to include the audit fee for 2005, previously disclosed under Services and Contracts in Note 4.		
7 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.		
Funds provided:		
Rural Adjustment Scheme (RAS) Exceptional Circumstances.	4,591,269	4,968,091
Farmbis	824,544	211,099
Gascoyne Murchison Regional Strategy	-	20,397
RAS Exceptional Circumstances- Centrelink Certificates Fee	1,456	4,796
	5,417,269	5,204,383
8 Interest revenue		
Interest revenue		
Rural Business Development Corporation Operating Account	291,059	251,587
Total interest earned	291,059	251,587
9 Other revenue		
Refund previous years expenditure	-	1,826
Other	85,796	-
	85,796	1,826
10 Income from State Government		
Appropriation revenue received during the year		
Service appropriations (i)	1,782,000	8,931,000
	1,782,000	8,931,000
Government grants		
The grants are represented by the cost to the State of the following items:		
State funding from the Department of Fisheries for Farmbis Scheme	-	4,250
	-	4,250
	1,782,000	8,935,250

Service appropriations are cash amounts reflecting the full cost of outputs delivered.

The Authority received \$8.75 million for the Marketing of Eggs Adjustment Scheme in 2005. Payments totalling \$8.5 million were made during 2005-06 to egg producers whose licences were to be cancelled as part of industry deregulation. The balance of \$250,000 was expended also in 2005-2006 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 11 'Cash and Cash Equivalents').

RURAL BUSINESS DEVELOPMENT CORPORATION
Notes to the Financial Statements
as at 30 June 2006

	<u>2006</u>	<u>2005</u>
	\$	\$
11 Cash and Cash Equivalents		
Rural Business Development Corporation General Operating Funds	3,603,615	3,220,447
(refer note 15)	<u>3,603,615</u>	<u>3,220,447</u>
Restricted Cash and Cash Equivalents		
Farm Business Improvement Program	133,097	-
Marketing of Eggs Adjustment Assistance Scheme Funds	-	8,728,233
Exceptional Circumstances Interest Rate Subsidy Scheme	589,800	1,858,600
(refer note 15)	<u>722,897</u>	<u>10,586,833</u>

The comparative for cash and cash equivalents has been adjusted for restricted cash and cash equivalents.

12 Receivables		
Current		
Receivables		
Interest earned on funds held at the Commonwealth Bank:		
Rural Business Development Corporation Operating Account	53,923	18,806
Other Debtors	2,504	-
Total Receivables	<u>56,427</u>	<u>18,806</u>

13 Payables		
Current		
Grants various schemes	140,774	341,187
Administration expenses	10,778	41,199
	<u>151,552</u>	<u>382,386</u>

See also note 2(i) 'Payables' and note 18 'Financial Instruments'.

14 Equity		
Equity represents the residual interest in the net assets of the Authority. The Government holds the equity interest in the Authority on behalf of the community.		
Accumulated surplus/(deficit) (Retained Earnings)		
Equity		
Opening Balance	13,396,740	6,571,783
Result for the Period	(9,212,312)	6,824,957
Closing balance	<u>4,184,428</u>	<u>13,396,740</u>
Reserves		
Asset Replacement Reserve (i)		
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>4,231,387</u>	<u>13,443,699</u>

- (i) The Authorities assets were transferred on 1st July 2003, at their written down value, to the Department of Agriculture and Food (DAFWA). The continuing use of the assets by the Authority is now provided by DAFWA to the Authority under a Memorandum of Understanding between the two entities which is reviewed annually.

RURAL BUSINESS DEVELOPMENT CORPORATION
Notes to the Financial Statements
as at 30 June 2006

		<u>2006</u>	<u>2005</u>
		\$	\$
15 Notes to the Cash Flow Statement			
The comparatives for cash flows (to)/from operating activities have been amended to disclose payments to the Department of Agriculture and Food for contracted services. All other payments have been grouped as other payments.			
The comparatives for cash flows (to)/from operating activities have been amended to disclose receipts from Commonwealth Grants and Subsidies. All other receipts have been grouped as other receipts.			
<u>Reconciliation of cash</u>			
Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:			
Cash and cash equivalents	(refer note 11)	3,603,615	3,220,447
Restricted Cash and Cash Equivalents	(refer note 11)	<u>722,897</u>	<u>10,586,833</u>
		<u>4,326,513</u>	<u>13,807,280</u>

The comparative for cash and cash equivalents has been adjusted for restricted cash and cash equivalents.

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 Cash Flow Statement

Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities

Net Cost of Services		<u>(10,994,312)</u>	<u>(2,110,293)</u>
Non Cash Items:			
Bad Debts		-	25,708
(Increase)/decrease in assets:			
Current receivables		(37,621)	7,886
Interest receivables on loans		-	185,103
Increase/(decrease) Liabilities:			
Current payables		(230,834)	219,394
Net cash (used in) or from operating activities		<u>(11,262,767)</u>	<u>(1,672,202)</u>

16 Remuneration of Auditor

Remuneration payable to the Auditor General for the financial year is as follows:

Auditing the accounts, financial statements and performance indicators	33,500	29,500
The expense is included at note 6 'Other Expenses'.		

17 Remuneration of Members of the Accountable Authority and Senior Officers

Remuneration of Members of the Accountable Authority

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	4
10,001 - 20,000	-	1
20,001 - 30,000	1	-
The total remuneration of the members of the Accountable Authority is:	<u>59,480</u>	<u>37,712</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 the Department of Agriculture and Food under a service agreement. No payments were made by the Accountable Authority to Senior Officers.

18 Financial Instruments

(a) Financial Risk Management Objectives and Policies

Financial instruments held by the Authority are cash and cash equivalents and receivables and payables. The Authority has limited exposure to financial risks. The Authority's overall risk management program focuses on managing the risks identified below.

Credit risk

The Authority trades only with recognised, creditworthy third parties. The Authority has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Authority's exposure to bad debts is minimal. There are no significant concentrations of credit risk.

Liquidity risk

The Authority has appropriate procedures to manage cash flows including drawdowns of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Cash flow interest rate risk

The Authority is not exposed to interest rate risk because cash and cash equivalents are non-interest bearing.

(b) Financial Instrument disclosures

Financial instrument information for the year ended 2005 has been prepared under the previous AGAAP Australian Accounting Standard AAS 33 'Presentation and Disclosure of Financial Instruments'. Financial instrument information from 1 July 2005 has been prepared under AASB 132 'Financial Instruments: Presentation' and AASB 139 'Financial Instruments: Recognition and Measurement'. See also note 2(n) 'Comparative figures'.

Interest rate risk exposure

The following table summarises the Authority's financial instruments which have an exposure to interest rate risks.

	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 2006							
Financial Assets							
Cash and cash equivalent	5.55%	3,603,615	-	-	-	-	3,603,615
Restricted cash and cash equivalent	5.55%	722,897	-	-	-	-	722,897
Receivables		0	-	-	-	56,427	56,427
		4,326,513	-	-	-	56,427	4,382,939
Financial Liabilities							
Payables		-	-	-	-	151,552	151,552
		-	-	-	-	151,552	151,552
30 June 2005							
Financial Assets							
Cash and cash equivalent	5.44%	10,586,833	-	-	-	-	10,586,833
Restricted cash and cash equivalent	5.44%	3,220,447	-	-	-	-	3,220,447
Receivables		-	-	-	-	18,806	18,806
		13,807,280	-	-	-	18,806	13,826,086
Financial Liabilities							
Payables	0.00%	-	-	-	-	382,386	382,386
		-	-	-	-	382,386	382,386

The comparative for Financial Assets has been adjusted to disclose cash and cash equivalents and restricted cash and cash equivalents.

(b) Net Fair Values

The carrying amount of the financial assets and financial liabilities recorded in the financial statements are not materially different from their net fair values.

	<u>2006</u>	<u>2005</u>
	\$	\$
19 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>267,638</u>	<u>808,317</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
Marketing of Eggs Adjustment Assistance Scheme - Not Later than one year	<u>-</u>	<u>8,500,000</u>
	-	8,542,048
 Total	<u>267,638</u>	<u>9,350,365</u>
 20 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.		
 21 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.		
 22 Related bodies		
There are no related bodies with the Rural Business Development Corporation.		
 23 Affiliated bodies		
There are no affiliated bodies with the Rural Business Development Corporation.		
 24 Supplementary Information		
Write-Offs		
Current loan assets written off ^(a)	<u>-</u>	<u>276,208</u>
^(a) A loan to the value of \$276,208 was written-off during 2005 fiscal year under the authority of the Minister		

25 Explanatory statement

Significant variations between estimates and actual results for income and expenses are shown below.
Significant variations are considered to be those greater than 20% of budget or \$20,000.

Significant variances between budget and actual result for 2006

	2006 Estimate \$'000's	2006 Actual \$'000's	Variation \$'000's
Department of Agriculture and Food Contracted Services	3,837	16,695	12,858
Commonwealth Revenue-operating grants and subsidies	1,473	5,417	3,944
Interest revenue	130	291	161
Other revenue	-	86	86
Service Appropriations	182	1,782	1,600

Department of Agriculture and Food Contracted Services

The variance is due to:

Exceptional Circumstances - more applications were submitted due to a new unbudgeted EC declaration and an extension to a third year for an existing declaration.

Marketing of Eggs Adjustment Assistance Scheme – unbudgeted grant expenditure as it had been anticipated that funds would have been advanced in the previous year.

Dry Season 2004 Assistance and 2005 Pastoral Dry Season schemes - unbudgeted grant expenditure as it had been anticipated that funds would have been advanced in the previous year.

FarmBis – less than anticipated claims by applicants for reimbursements of eligible training activities.

Future Rural Support Schemes funds were allocated as a contingency for any new assistance schemes established.

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

Commonwealth Revenue – operating grants and subsidies

The variance is due to:

Exceptional Circumstances Interest Rate subsidy applications greater than anticipated due to a new unbudgeted EC declaration and an extension to a third year for an existing declaration.

FarmBis reimbursements being less than anticipated.

Interest Revenue

The variance is due to:

Increased interest earnings as a result of higher than anticipated cash balances held in trust account.

Other Revenue

The variance is due to:

Exceptional Circumstances Interest Rate Subsidy grants being repaid.

Service Appropriations

The variance is due to:

Additional State funding for Exceptional Circumstances support.

Significant variance between actual results for 2006 and 2005

Significant variations between actual results for income and expenses are shown below.
Significant variations are considered to be those greater than 20% of budget or \$20,000.

	2006 \$'000's	2005 \$'000's	\$'000's
<u>Income</u>			
Commonwealth Revenue-operating grants and subsidies	5,417	5,204	213
Other revenue	86	2	84
Service Appropriations	1,782	8,931	-7,149
Interest Revenue	291	252	39
<u>Expenses</u>			
Department of Agriculture and Food Contracted Services	16,695	7,475	9,220
Other Expenses	34	56	-22

Commonwealth Revenue – operating grants and subsidies

The variance is due to:
Full year of operation of FarmBis scheme.

Other Revenue

The variance is due to:
Repayment of Exceptional Circumstances Interest Rate Subsidies grants by some recipients.

Service Appropriations

The variance is due to:
The provision of funding for new Marketing of Eggs Adjustment Assistance Scheme during 2004-05.

Additional state funding for exceptional circumstances during 2005-06 .

Interest Revenue

The variance is due to:
Increased interest earnings as a result of higher than anticipated cash balances held in trust account

Department of Agriculture and Food Contracted Services

The variance is due to:
An increase in the number of grants and subsidies paid.

An increase in the support required from Department of Agriculture and Food (refer to note 4).

Other Expenses

The variance is due to:
No Bad Debts being written off during 2005-06.

26 Reconciliations explaining the transition to Australian equivalents to International Financial Reporting Standards (AIFRS)

RECONCILIATION OF EQUITY AT THE DATE OF TRANSITION TO AIFRS: 1 JULY 2004

	Previous GAAP 1 July 2004 \$	Total Adjustments \$	AIFRS 1 July 2004 \$
ASSETS			
Current Assets			
Cash and cash equivalent	5,305,475	-	5,305,475
Restricted cash and cash equivalents	1,189,350	-	1,189,350
Receivables	26,691	-	26,691
Other current assets	185,104	-	185,104
Loans	75,114	-	75,114
Total Current Assets	6,781,734	-	6,781,734
LIABILITIES			
Current Liabilities			
Payables	162,992	-	162,992
Total Current Liabilities	162,992	-	162,992
Net Assets	6,618,742	-	6,618,742
EQUITY			
Accumulated surplus/(deficit)	6,618,742	-	6,618,742
Total Equity	6,618,742	-	6,618,742

RECONCILIATION OF EQUITY AT THE END OF LAST REPORTING PERIOD UNDER PREVIOUS AGAAP:
30 JUNE 2005

	GAAP 30 June 2005 \$	Total Adjustments \$	AIFRS 30 June 2005 \$
ASSETS			
Current Assets			
Cash and cash equivalent	10,586,833	-	10,586,833
Restricted cash and cash equivalents	3,220,447	-	3,220,447
Receivables	18,806	-	18,806
Total Current Assets	13,826,086	-	13,826,086
LIABILITIES			
Current Liabilities			
Payables	382,386	-	382,386
Total Current Liabilities	382,386	-	382,386
NET ASSETS	13,443,699	-	13,443,699
EQUITY			
Accumulated surplus/(deficit)	13,443,699	-	13,443,699
Total Equity	13,443,699	-	13,443,699

RECONCILIATION OF INCOME STATEMENT (PROFIT OR LOSS) FOR YEAR ENDED 30 JUNE 2005

	GAAP 30 June 2005 \$	Total Adjustments \$	AIFRS 30 June 2005 \$
COST OF SERVICES			
Expenses			
Department of Agriculture contracted services	7,504,089	-	7,504,089
Board member fees	37,712	-	37,712
Other expenses	26,288	-	26,288
Total cost of services	7,568,089	-	7,568,089
INCOME			
Revenue			
Commonwealth grants and contributions	5,204,383	-	5,204,383
Interest revenue	251,587	-	251,587
Other revenue	1,826	-	1,826
Total revenue	5,457,796	-	5,457,796
INCOME FROM STATE GOVERNMENT			
Service appropriations	8,931,000	-	8,931,000
Assets assumed/(transferred)	4,250	-	4,250
Total income from State Government	8,935,250	-	8,935,250
SURPLUS/(DEFICIT) FOR THE PERIOD	6,824,957	-	6,824,957

RECONCILIATION OF CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

	GAAP 30 June 2005 \$	Total Adjustments \$	AIFRS 30 June 2005 \$
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriations	8,931,000	-	8,931,000
Capital contributions	4,250	-	4,250
Net cash provided by State Government	8,935,250	-	8,935,250
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Department of Agriculture and Food contracted services	(7,285,275)	-	(7,285,275)
Other payments	(37,712)	-	(37,712)
	(7,322,987)	-	(7,322,987)
Receipts			
Commonwealth Grants and Subsidies	5,206,207	-	5,206,207
Other receipts	444,578	-	444,578
	5,650,785	-	5,650,785
Net cash provided by/(used in) operating activities	(1,672,202)	-	(1,672,202)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan repayments from farmers	49,406	-	49,406
Net cash provided by/(used by) financing activities	49,406	-	49,406
Net increase/(decrease) in cash and cash equivalent	7,312,454	-	7,312,454
Cash and Cash equivalents at the beginning of period	6,494,825	-	6,494,825
CASH AND CASH EQUIVALENTS AT END OF PERIOD	13,807,279	-	13,807,279

RURAL BUSINESS DEVELOPMENT CORPORATION

CERTIFICATION OF FINANCIAL STATEMENTS

For the year ended 30 June 2006

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 2006 and the financial position as at 30 June 2006.

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

19-07-06

Maree Gooch
Director



Date

19-07-06

Joe Murgia
Chief Finance Officer



Date

19-7-06



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

RURAL BUSINESS DEVELOPMENT CORPORATION FINANCIAL STATEMENTS AND PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2006

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Rural Business Development Corporation at 30 June 2006 and its financial performance and cash flows for the year ended on that date. They are in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions;
- (ii) the controls exercised by the 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
- (iii) the key effectiveness and efficiency performance indicators of the 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 2006.

Scope

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

The financial statements consist of the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and the Notes to the Financial Statements.

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

Summary of my Role

As required by the Act, I have independently audited the accounts, financial statements and performance indicators to express an opinion on the financial statements, controls and performance indicators. This was done by testing selected samples of the evidence. Further information on my audit approach is provided in my audit practice statement. Refer "<http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>".

An audit does not guarantee that every amount and disclosure in the financial statements and performance indicators 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 and performance indicators.

JOHN DOYLE
ACTING AUDITOR GENERAL
12 September 2006

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 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.



1.1.1 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.

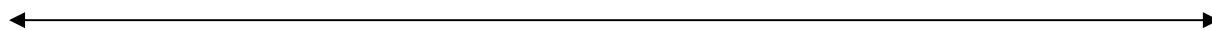
The EC declared area includes the whole or parts of 24 shires known as: Roebourne, Ashburton, Exmouth, Carnarvon, Upper Gascoyne, Meekatharra, Shark Bay, Murchison, Yalgoo, Cue, Sandstone, Mt Magnet, Wiluna, Menzies, Coolgardie, Kalgoorlie-Boulder, Dundas, Northampton, Mullewa, Perenjori, Mt Marshall,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



1.2 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.

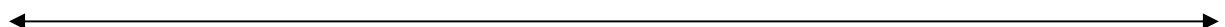
Shire of Jerramungup – The farming area North of the line from the Gnowangerup/Jerramungup shire boundary, East on Cardininup Rd, and then East on Stock Rd, and East on Carlawillup Rd, and then continue North East to the Jerramungup/Ravensthorpe shire boundary on the Old Ongerup Rd. East of the line 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.



1.3 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.

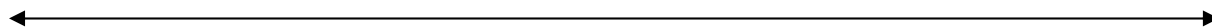
Morawa Shire: the entire area east of the Mullewa Wubin Road in the agricultural region.

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.



1.4 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



1.5 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

1.6 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

1.7 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

LIST OF PUBLICATIONS as at 30 June 2006

EXCEPTIONAL CIRCUMSTANCES

Declaration 2 July 2003 Year 3

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

Declaration 7 April 2005 Year 2

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

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 by telephoning 1800 198 231,
or on the internet at <http://www.agric.wa.gov.au>

FARMBIS

Information for Individuals
Information for Groups
Information for Trainers
Skills Needs Analysis Survey
Overview of Industries
List of Registered Courses/Trainers information
State Planning Group
Newsletters

Forms - Trainers

Training Provider Registration 2005-2008
Training Course Registration 2005-2008
Training Schedule Registration 2005-2008
Training Event Confirmation 2005-2008
Training Participant List

Forms - Participants

Training Participant Application(Individual)2005-2008
Training Evaluation Form 2005-2008
Training Participant Application (Group) 2005-2008
Group Training Reimbursement Form 2005-2008

These publications are available from:

the Corporation's office at 3 Baron Hay Court, South Perth,
or by emailing inquiry@farmbis.wa.gov.au, or by telephoning 1800 198 231,
or on the internet at <http://www.farmbis.wa.gov.au>

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 telephoning 1800 198 231, or by emailing agwestfbd@agric.wa.gov.au

APPEALS

These details are available from:

the Corporation's office at 3 Baron Hay Court, South Perth,
or by telephoning 1800 198 231, or by emailing agwestfbd@agric.wa.gov.au