

**RURAL
BUSINESS
DEVELOPMENT
CORPORATION**

ANNUAL REPORT
for the year ended
30 June 2008



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 2007-2008 the schemes that required the majority of the Corporation's resources were:

- Exceptional Circumstances (EC) – The Corporation administered six EC declarations during 2007-2008. The declarations covered:
 - the north eastern wheatbelt (declared 7 April 2005),
 - an extension of the north eastern wheatbelt area (declared 24 October 2006),
 - some southern rangelands pastoral stations (declared 24 October 2006),
 - small businesses (declared 7 November 2006)
 - an extension of the 24 October 2006 southern rangelands area (declared 19 February 2007) and
 - the northern wheatbelt and northern areas of the central wheatbelt (declared 8 October 2007).

Farmers/pastoralists 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, etc, through Centrelink;

- The 2007 Dry Season Assistance Scheme was established in August 2007 and amended in October 2007 to include additional shires. It included direct farmer/pastoralist grants to assist those farmers/pastoralists worst affected by the 2007 dry season, assistance with rural counselling services and funds to affected Shire Councils and community organisations for social or community activities. The professional financial advice to small businesses also available under the scheme was available through the Small Business Development Corporation. The scheme closed for applications on 31 March 2008.
- The AAA FarmBis 2005-2008 commenced on 1 February 2005 and ended on 30 June 2008. The Corporation was the accountable financial partner on behalf of the State of Western Australia for this FarmBis agreement with the Australian Government.
- Ord Sugar Industry Assistance Scheme was developed and administered by the RBDC to enable the Ord Sugar Mill to harvest and process the current sugar cane crop. Funding totalling \$3.667 million was advanced.

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. Two State schemes were also administered to cover the prolonged dry conditions.*

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

- *The RBDC Directors has provided research grants to identify skill and labour shortage issues and to develop a strategy to improve the availability of skilled labour in agriculture. Further work has also been undertaken in relation to land aggregation and land use change.*

RURAL BUSINESS DEVELOPMENT CORPORATION

STATEMENT OF COMPLIANCE

For the year ended 30 June 2008

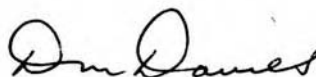
The Honourable Kim Chance MLC
Minister for Agriculture and Food
Parliament House
PERTH WA 6000

In accordance with Section 61 of the Finance Management Act 2006, 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 2008.

The Annual Report has been prepared in accordance with the provisions of the Finance Management Act 2006 and the Rural Business Development Corporation Act 2000.



Robert Sands
Chairman



Dexter Davies
Director

Date

11/8/08

Date

11/08/08

CHAIRMAN'S OVERVIEW

In 2007-2008 the RBDC administered the most grants in dollar terms since commencement in 2000. Over \$20 million of assistance to rural industries was provided across a range of programs. This is an increase of almost \$15 million from the previous financial year and is largely due to the extensive area affected by drought increasing Exceptional Circumstances (EC) support and Dry Season Assistance grants. A new program of support to the Ord Sugar Industry contributed \$3.667 million to this increase. The above schemes were efficiently run with only 7% of total expenditure spent on administration.

The Commonwealth Government is reviewing current assistance programs to agriculture in line with its election commitment to allocate funding through climate change programs. This may impact on joint Commonwealth/State programs delivered through the RBDC. The RBDC has been contributing to these reviews and has forwarded a submission on "Climate Change and the Australian Agricultural Sector" to the Senate Standing Committee on Rural and Regional Affairs and Transport. The RBDC is presently preparing a submission to the Productivity Commission for the Australian Government Drought Policy Improvement Review.

The climate that agricultural industries will face in the future is likely to be more variable, with higher temperatures and lower rainfall being of particular concern. Many of the adaptation strategies to these changes are similar to those that help farmers better prepare for and manage drought. The capacity of the individual to adapt their farming practices and the relative effectiveness of strategies in different regions will vary. Adaptation strategies may include modifying crop management practices, managing pests and diseases in livestock, changing the enterprise mix as well as beyond the farm-gate strategies such as diversifying income streams.

The rapidly increasing costs of production are placing further financial pressure on many farm businesses. High grain prices have been forecast to continue, in the short term, which will provide reasonable levels of profit to growers providing grain can be produced. If grain prices return to historic levels the profit margins will quickly disappear and effective use of these expensive inputs will be essential to the long term survival of Western Australia's agricultural industries.

The prospects for the 2008 Western Australian crop has recently improved with good rains in July for most areas, however, the poor planting conditions of May and June in parts of the central, eastern and northern wheatbelt, has produced crops with poor emergence and many heavier soil types have not been sown. These factors will limit the total grain deliveries in the affected areas.

In July 2007 the RBDC forecast the large negative impact the 2007 dry season would have on farmers and rural communities and the State responded quickly with a \$9.34 million assistance package which included \$9.14 million for the 2007 Dry Season Assistance Scheme administered by the RBDC. The support acknowledged the impact the season was having on farmers and rural communities. The package was aimed at ensuring farmers would have access to advice and counselling, and to assist in offsetting the immediate costs associated with animal welfare and soil erosion issues. Support was also provided to shires and community groups to run community activities within rural areas affected by the dry conditions. These activities have proved to be very effective and appreciated by rural communities.

In addition to State funded Dry Season Assistance Schemes for both farmers and pastoralists, continuing support was provided to farmers under the Exceptional Circumstances Interest Rate Subsidy Support. RBDC Director Dexter Davies was Chairman of the Minister's Dry Season Advisory Committee and two other RBDC Directors, Rob Sands and Maree Gooch, were members. This committee provides advice to the Minister on appropriate government response to farmers and communities during a dry season.

The FarmBis program in Western Australia closed on 30 June 2008. After 10 years of providing learning opportunities for Western Australian farmers, fishers and land managers, the funding partnership between the State and Australian Government ceased. The Commonwealth Government has reallocated funding to climate change programs. On behalf of the Board, I would like to congratulate the FarmBis State Planning Group (SPG) which, with industry representation, enthusiastically drove the FarmBis program over this period. The SPG provided the strategic direction and outcomes of FarmBis, while the RBDC had a governance and policy setting role.

FarmBis has had a significant impact with skilling Aboriginals in business management, pastoral pursuits and natural resource management. The training is leading directly to job creation within Aboriginal farms, pastoral properties or in natural resource management projects.

A new State funded scheme "FarmTraining WA" has been established with \$1.5 m funding for one year to maintain the momentum and contacts established through the FarmBis schemes. This business capacity building initiative will support primary producers and indigenous land managers acquire transferable skills and incorporate strategic planning and business management techniques into their business in relation to managing changing climatic conditions, fluctuating markets and associated farming risks.

In response to the possible closure of the Ord Sugar Mill, prior to the sugar cane harvesting for the 2007 season, a support package titled "Ord Sugar Industry Assistance Scheme" was developed and administered by the RBDC to enable the Ord Sugar Mill to harvest and process the current sugar cane crop. Funding totalling \$3.667 million was advanced. A total of 333,811 tonnes of sugar cane was processed and a further 43,870 tonnes destroyed in accord with an agreed destruction plan.

During the year, the RBDC has continued to take a proactive role in identifying whether there is a need for government involvement in issues affecting rural industry. A RBDC funded research project to investigate rural labour skills shortage was prepared and the recommendations of this report are being progressed. The objective of the initiative is to identify solutions and develop a strategy to improve the labour supply for agriculture in Western Australia. The RBDC is initiating the development of a leadership and mentoring program which will be further developed in 2008-2009. In addition, the RBDC is investigating whether it can play a role in land aggregation and land use change.

The RBDC Board met formally six times during the last twelve months. In addition, there were a number of other activities that involved Directors outside the formal meetings. This included a number of out-of-session decisions via email and phone, meetings and discussions on review of Financial Statements, Internal Audit, Dry Season Updates and attendance at industry forums. Directors were also involved in the grant appeals process when required. Murray Gmeiner represented the RBDC on the development of a strategic plan for the North East Agricultural Region and also visited Kununurra, as part of the development of the Ord Sugar Industry Assistance Scheme.

I acknowledge the valuable contributions of my fellow Board Directors, Maree Gooch, Dexter Davies, Richard Joyce, and Murray Gmeiner. I thank Maree for acting as Chairman for the period whilst I was overseas. Special thanks must go to the staff for their dedication and support in undertaking the responsibilities of the Corporation during this year of record financial assistance support to rural industries.



Rob Sands
Chairman

HIGHLIGHTS 2007-2008

The highlights for the Corporation in brief:

- ☆ Grants totalling over \$20 million were paid during 2007-2008 representing 93% of total expenditure.
- ☆ Since the current sequence of Exceptional Circumstances (EC) declarations commenced in February 2001, 1,284 EC Interest Rate Subsidies totalling \$47.86 million have been approved. There have been eleven EC declarations, including two extensions of declared areas, since the commencement of adverse seasons in 1998.
- ☆ This financial year saw assessments being carried out for EC declarations carried out for six separate declared areas.
- ☆ The RBDC provides ongoing policy advice for the EC program to the Minister, the Department of Agriculture and Food and the Australian Government, and has participated in Industry Briefings over the past year.
- ☆ A survey of customers, who had been approved or declined applications for EC Interest Rate Subsidy assistance, reported a 94% satisfaction rating with the Department staff handling their applications.
- ☆ Grants approved under the 2007 Dry Season Assistance Scheme totalled \$4.3 million and was paid to 507 applicants, including farm businesses, shires, community and social groups, etc.
- ☆ During the financial year 2007-2008, FarmBis reimbursement grants of \$2.16 million was paid to 5,007 participants. Two networkers worked with industry, not only to encourage training participation, but also to get production groups to consider doing a training needs analysis.
- ☆ To identify the type of training their members should invest their time and funds in, 128 groups were approved funding of \$0.58 million to analyse their members' training needs under the FarmBis Targeted Industry Initiative.
- ☆ With the support of a FarmBis networker, support for training Aboriginal people increased significantly through a very proactive partnership between FarmBis and the Indigenous Land Corporation (ILC) for the funding of training events.
- ☆ Ord Sugar Industry Assistance Scheme was developed and administered by the RBDC to enable the Ord Sugar Mill to harvest and process the current sugar cane crop. Funding totalling \$3.667 million was advanced.

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 2007-2008. Directors were also involved in a number of other issues and activities outside the formal meetings, including a number of out of session decisions via email and phone.

All Directors have been appointed for a term which expires on 30 April 2009.

RBDC Directors during 2007-2008 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 2007-2008.

Directors

Mrs Maree Gooch, a farmer, was appointed in December 2003. Mrs Gooch attended six meetings of the Corporation in 2007-2008.

Mr Dexter Davies, a consultant, was appointed in May 2005. Mr Davies attended six meetings of the Corporation in 2007-2008.

Mr Richard Joyce, a farmer, was appointed in May 2005. Mr Joyce attended six meetings of the Corporation in 2007-2008.

Mr Murray Gmeiner, a consultant, was appointed in August 2006. Mr Gmeiner attended six meetings of the Corporation in 2007-2008.

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
- Auditor General Act 2006
- Financial Management Act 2006
- 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 and
- Industrial Relations Act 1979.

In the financial administration of the agency, we have complied with the requirements of the Financial Management Act 2006 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. Dexter Davies was Chairman of the Minister's Dry Season Advisory Committee and received sitting fees from the Department of Agriculture and Food. Murray Gmeiner provided consulting advice to the Department of Agriculture and Food on the North East Agriculture Strategy.

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 2

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 2006-2007.

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.

Disability Access and Inclusion Plan Outcomes (Disability Services Act 1993, S29)

Under a Memorandum of Understanding, the Department of Agriculture and Food and as the employer of staff and provider of office accommodation, is responsible for developing and implementing Disability Access and Inclusion Plans.

Compliance with Public Sector Standards and Ethical Codes

Under a Memorandum of Understanding, the Department of Agriculture and Food is the employer of staff who are bound by the WA Code of Ethics and the Department's Code of Conduct.

Recordkeeping Plans (State Records Act 2000, S61 & State Records Commission Standards, Standard 2, Principle 6)

Under a Memorandum of Understanding, the Department of Agriculture and Food provides an efficient and effective recordkeeping system, including training, review of the training, an induction program which addresses employee roles and responsibilities in regard to their compliance with their recordkeeping plans.

Government Policy Requirements

The Department of Agriculture and Food, as the employer of staff, is responsible for:

- Corruption Prevention;
- Substantive Equality;
- Sustainability; and
- Occupational Safety and Health.

REPORT ON OPERATIONS

FINANCIAL

During 2007-2008 the RBDC provided over \$20 million of assistance to rural industries. This was the highest level of assistance given since the RBDC commenced in 2000. This record level represents an increase of almost \$15 million from the previous financial year and is largely due to demand for the Rural Adjustment Scheme Exceptional Circumstances (EC) support, Dry Season Assistance grants and a new program of support to the Ord Sugar Industry. Grants to farmers during 2007-2008 represented 93% of total expenditure.

The increase in the level of assistance provided also resulted in a large increase in funding received. In 2007-2008 the RBDC received Australian Government funding for EC support (\$11.04 million) and FarmBis (\$1.93 million). Funding totalling \$16.08 million was received from the State Government. This comprised of \$9.14 million for the 2007 Dry Season Assistance Scheme, \$4 million for the Ord Sugar Industry Assistance Scheme, \$1.5 million for the state share of FarmBis, \$1.25 million for state share of EC support and a \$0.19 million general appropriation.

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 Government funding. The account is credited with interest earnings on cash balances held. The RBDC has a closing bank balance of \$14.11 million at 30 June 2008. Other than \$3.2 million of reserves available for future schemes, these funds are fully committed to existing schemes as well as a new scheme under development.

PROGRAMS

EXCEPTIONAL CIRCUMSTANCES (EC) SCHEME

The RBDC is the administering body in Western Australia, for the Australian and State Governments' funded 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 Australian Government 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 per year, with a maximum of \$500,000 over a five year period. The rate of subsidy is up to 80% of the interest expense of the business.

In addition to the Interest Rate Subsidy, eligible farmers can also make application for Exceptional Circumstances Relief Payments, or Austudy/Youth Allowance through Centrelink. Eligible farm businesses located in areas that have been Exceptional Circumstances declared for more than three years can also access grants for professional advice and planning assistance from suitably qualified professionals of their choice.

The RBDC administered six EC declarations during 2007-2008:-

- the north eastern wheatbelt (declared 7 April 2005),
- an extension of the north eastern wheatbelt area (declared 24 October 2006),
- some southern rangelands pastoral stations (declared 24 October 2006),
- small businesses (declared 7 November 2006)
- an extension of the 24 October 2006 southern rangelands area (declared 19 February 2007) and
- the northern wheatbelt and northern areas of the central wheatbelt (declared 8 October 2007).

This financial year saw one new EC declaration (noted above) with five extensions of previously declared areas.

Scheme statistics

Year	Applications received	Number Approved	Number Declined/Withdrawn	Grants Approved
2000-2007	1,545	1,049	404	\$36,675,706
2007-2008	307	235	80	\$11,184,524
Total to date	1,852	1,284	484	\$47,860,230

FARMBIS SCHEME

The 30th of June 2008 saw the closure of FarmBis in Western Australia. After ten years of providing learning opportunities for Western Australia farmers, fishers and land managers, the funding partnership between the State and Australian Government ceased. It will be replaced by a Western Australian State funded Scheme, Farm Training WA.

The program provided primary producers, commercial fishers and those involved in natural resource management access to a grant of up to 65% for eligible costs, to participate in learning activities to improve their management skills in areas of:

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

From 2005 to June 2008, some 12,506 participants received \$4.3 million of support grants to do self-selected training in:

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

FarmBis has been a success in Western Australia, through enabling participants to build their business skills to:

- Manage risks in volatile markets or variable seasons,
- Achieve business goals, and
- Identify farm business profitability and viability.

In Western Australia, FarmBis has had a significant impact with skilling Aboriginals in business management, pastoral pursuits and natural resource management, whilst encouraging industries of reluctant training participation, including fishing, bee keeping and kangaroo harvesting, to undertake Training Industry Initiatives.

Through the \$0.96 million Training Industry Initiatives, FarmBis encouraged production groups to do training needs analyses of the members and plan training events around those needs. For an initial FarmBis investment of \$5,000 per group, many groups examined the skill needs of their members who are now continuing much wanted training. That initial investment has led to a renewal of production groups' self determination to manage change and lead individual's business ability to work through climate, market and external impacts that is making it harder to sustain a profit in Western Australian primary industries.

273 groups undertook a Training Industry Initiative which saw each group survey members about their skilling needs. The groups built a training plan to assist them to plan learning opportunities in the future. For some groups, undertaking this surveying of their member's skilling need has given them a renewed insight of what types of training they should be brokering, and how together, production group members should take the challenges of the future.

Indigenous training requirements have developed during this FarmBis period from hands on or one or two day courses on Strategic Planning, Governance and Property Management Planning with Business and Financial Planning running at the fore. General skilling is still required but the training approach has developed to a more holistic training plan for each property involved with the outcomes set for high capability and greater self sustainable businesses. The training is leading directly to jobs creation within Aboriginal farms, pastoral properties or in Natural Resource Management projects.

The following table reflects identified job outcomes as part of that business development approach of training done on indigenous pastoral/farming properties:

FARMING/PASTORAL		MINING		TOTAL JOB OUTCOMES	
FULL TIME	PART TIME/ CASUAL	FULL TIME	PART TIME/ CASUAL	FULL TIME	PART TIME/ CASUAL
20	67	10	0	30	67

A new State funded scheme "FarmTraining WA" to commence on 1 July 2008 has been established with \$1.5 million funding for one year to maintain the momentum and contacts established through the FarmBis schemes. This business capacity building initiative will support primary producers and indigenous land managers acquire transferable skills and incorporate strategic planning and business management techniques into their business in relation to managing changing climatic conditions, fluctuating markets and associated farming risks.

Scheme statistics

Year	Applications received	Number Approved	Number of Participants	Reimbursement Grants Paid
2004-2005	688	678	1,133	\$321,032
2005-2006	2,839	2,843	3,105	\$940,769
2006-2007	2,841	2,847	3,261	\$894,943
2007-2008	3,796	3,815	5,007	\$2,157,576
Total to date	10,164	10,183	12,506	\$4,314,320

2007 DRY SEASON ASSISTANCE SCHEME

The 2007 Dry Season Assistance Scheme was part of a \$9.340 million package announced by the State Government on 27 August 2007 and amended on 31 October 2007 to provide:-

- Direct farmer grants to assist those farmers worst affected by the 2007 dry season;
- Rural counselling services;
- Social or community activities through shire councils or community organisations and
- Professional financial advice to small businesses via the Small Business Development Corporation.

The scheme covered the shires of Bruce Rock, Chapman Valley, Carnamah, Coolgardie, Coorow, Cue, Dalwallinu, Dundas, Greenough, Irwin, Kalgoorlie/Boulder, Kellerberrin, Koorda, Merredin, Meekatharra, Menzies, Mingenew, Moora, Morawa, Mt Magnet, Mt Marshall, Mukinbudin, Mullewa, Murchison, Narembeen, Northampton, Nungarin, Perenjori, Shark Bay, Three Springs, Trayning, Upper Gascoyne, Westonia, Wongan-Ballidu, Wyalkatchem, Yalgoo and Yilgarn. It closed on 31 March 2008.

In addition to direct farmer grants, as noted above, support was provided to shires and community groups to run community activities within rural areas affected by the dry conditions. These activities have proved to be very effective and appreciated by rural communities.

Scheme statistics

Year	Applications received	Number Approved	Number Declined/Withdrawn	Grants Approved
2007-2008	599	507	678	\$4,302,958

ORD SUGAR INDUSTRY ASSISTANCE SCHEME

The State government approved a package of up to \$4 million to support the Ord Sugar Cane growers to harvest the 2007 sugar cane crop, by enabling the Mill to be purchased and managed by Ord River Canegrowers Pty Ltd (a grower company).

In response to the possible closure of the Ord Sugar Mill prior to sugar cane harvesting for the season, a support package titled "Ord Sugar Industry Assistance Scheme" was developed and administered by the RBDC to enable the Ord Sugar Mill to harvest and process the current sugar cane crop. Funding totalling \$3.667 million was advanced. A total of 333,811 tonnes of sugar cane was processed and a further 43,870 tonnes destroyed in accord with an agreed destruction plan.

As the sugar cane industry in the Ord is not viable at this point in time, the grower company closed the Mill at the conclusion of the harvest. The large price being offered for purchase or leasing of land has a 'rationalising effect' on the industry. The alternative to cane (tree plantings at the moment) has good returns.

Scheme statistics

Year	Applications received	Number Approved	Number Declined/Withdrawn	Grants Paid
2007-2008	1	1	0	\$3,667,129

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.

There was one enquiry but no applications for consideration during the 2007-2008 year.

OTHER INFORMATION

AGENCY PERFORMANCE - REPORT ON OPERATIONS

The Board continues to administer financial support schemes for the farm sector on behalf of the State and Australian governments. The schemes administered this financial year were:

- Exceptional Circumstances Interest Rate Subsidy,
- Dry Season Assistance Schemes,
- AAA FarmBis 2005-2008, and
- Ord Sugar Industry Assistance Scheme.

A major achievement in this financial year was that the RBDC administered the most grants in dollar terms since commencement in 2000. Over \$20 million of assistance to rural industries was provided across a range of programs. This is an increase of almost \$15 million from the previous financial year and is largely due to the extensive area affected by drought, increasing EC support and Dry Season Assistance grants. A new program of support to the Ord Sugar Industry also contributed \$3.667 million to this increase. The above schemes were efficiently run with only 7% of total expenditure spent on administration.

Financial Targets: Actual performance compared to budget targets

	Target ⁽¹⁾ \$'000's	Actual \$'000's	Variation ⁽²⁾ \$'000's
Total cost of services (expense limit)	12,918	21,981	9,063 ^(a)
Net Cost of services	5,520	8,463	2,943 ^(b)
Total equity	1,587	13,002	11,415 ^(c)
Net increase / (decrease) in cash held	(2,580)	8,762	6,182 ^(d)
Approved full time equivalent (FTE) staff level ⁽³⁾	N/A	N/A	N/A

- (1) As specified in the budget statements for 2007-2008.
- (2) Further explanations are also contained in Note 19 "Explanatory Statement" to the financial statements.
- (a) The variation is a result of a combination of unbudgeted grant expenditure for several new assistance schemes for Exceptional Circumstances, Dry Season, Ord Sugar Industry and a reduction in FarmBis expenditure.
 - (b) The variation is a result of increased expenditure as detailed in note (a) above as well as increased Commonwealth revenue for unbudgeted grant expenditure for Exceptional Circumstances.
 - (c) Total Equity increase is a result of increased funding in advance of expenditure received for several new assistance schemes.
 - (d) Net increase in cash held is more than budget estimate due to increased funding in advance of expenditure received for several new assistance schemes.
- (3) Staffing resources are provided through the Department of Agriculture and Food.

Key Performance Indicators: Actual performance compared to budget targets

	Target ⁽¹⁾	Actual	Variation ⁽²⁾
Outcome: Improved ecologically sustainable development of agri-industry Key Effectiveness Indicator: The extent to which recipients were satisfied with the way schemes are administered	91%	94%	3% ^(a)
Outcome: Improved ecologically sustainable development of agri-industry Key Efficiency Indicators: Proportion of expenditure as administrative expenditure	14%	7%	(7%) ^(b)

- (1) As specified in the budget statements for 2007-2008.
- (2) Further explanations as to Key Performance Indicator measurements are contained on pages 21-22 of this report.
- (a) The Customer satisfaction survey conducted of 237 applicants for EC and Dry Season Assistance Schemes showed high level of satisfaction.
 - (b) The proportion of expenditure as administrative expenditure and the program expenditure per dollar of administrative expenditure reduced during 2007-2008 due to a 42% increase in applications processed without a consequential increase in resources required to process applications.

The administrative expenditure per application approved or rejected reduced from \$357 in 2006-2007 to \$329 in 2007-2008. The ten year average is \$1,018 administrative expenditure per application approved or rejected.

OUTCOME FOR 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

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, Dry Season Assistance, Ord Sugar Industry Assistance 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.

The Corporation incurred the following expenditure in advertising, market research, polling, direct mail and media advertising:

1. Total expenditure for 2007-2008 was \$44,927.54
2. Expenditure was incurred for:
Advertising agencies Media Decisions WA.

APPLICATION STATISTICS

TABLE 1
APPLICATIONS FOR THE YEAR ENDED 30 JUNE 2008

FORM OF SUPPORT	NUMBER OF APPLICATIONS				
	On Hand @ 1.7.2007	Received	Approved	Declined// Withdrawn	On Hand @ 30.6.2008
2006 DSAS*	43	1	18	26	0
2006 DSAS Other	1	0	1	0	0
2007 DSAS Community & Social Support	0	54	47	5	2
2007 DSAS - Farmer Direct	0	515	440	57	17
2007 DSAS - Pastoralist Direct	0	17	13	4	0
2007 DSAS - Counselling	0	13	7	1	5
EC* NE Wheatbelt Year 2	13	0	5	8	0
EC NE Wheatbelt Year 3	5	42	38	4	5
EC NE Wheatbelt B Year 1	53	3	24	32	0
EC NE Wheatbelt B Year 2	0	73	50	3	22
EC N & N areas of Cen Wheatbelt Year 1	0	171	95	24	52
EC Small Business Year 1	2	0	0	2	0
EC Small Business Year 2	0	3	1	0	2
EC Southern Pastoral Year 1	4	0	1	3	0
EC Southern Pastoral Year 2	0	6	6	0	0
EC Southern Pastoral B Year 1	13	1	10	4	0
EC Southern Pastoral B Year 2	0	8	5	0	3
FarmBis 2005-2008 Group	0	73	73	0	0
FarmBis 2005-2008 Group Fishing	0	1	1	0	0
FarmBis 2005-2008 Individual	13	3,234	3,238	1	1
FarmBis 2005-2008 Individual Fishing	2	290	292	0	0
FarmBis 2005-2008 Indigenous Land Corp	4	79	83	0	0
FarmBis 2005-2008 Targeted Industry Initiative	10	119	128	0	1
Ord Sugar Industry Assistance Scheme	0	1	1	0	0
TOTAL	163	4,704	4,577	174	110

Note: *DSAS = Dry Season Assistance Scheme
*EC = Exceptional Circumstances

TABLE 2
APPROVALS BY VALUE & FORM OF SUPPORT FOR THE YEAR ENDED 30 JUNE 2008

FORM OF SUPPORT	APPLICATIONS APPROVED	\$
2006 DSAS	18	106,785
2006 DSAS Other	1	5,000
2007 DSAS Community & Social Support	47	245,370
2007 DSAS - Farmer Direct	440	3,493,388
2007 DSAS - Pastoralist Direct	13	104,000
2007 DSAS - Counselling	7	460,200
EC NE Wheatbelt Year 2	5	160,816
EC NE Wheatbelt Year 3	38	1,956,246
EC NE Wheatbelt B Year 1	24	1,063,801
EC NE Wheatbelt B Year 2	50	2,527,389
EC Northern & N areas of Central Wheatbelt Year 1	95	4,964,387
EC Small Business Year 1	0	0
EC Small Business Year 2	1	19,796
EC Southern Pastoral Year 1	1	15,137
EC Southern Pastoral Year 2	6	254,059
EC Southern Pastoral B Year 1	10	87,603
EC Southern Pastoral B Year 2	5	135,290
FarmBis 2005-2008 Group	73	630,515
FarmBis 2005-2008 Group Fishing	1	7,800
FarmBis 2005-2008 Individual	3,238	1,096,795
FarmBis 2005-2008 Individual Fishing	292	50,996
FarmBis 2005-2008 Indigenous Land Corp	83	378,686
FarmBis 2005-2008 Targeted Industry Initiative	128	567,955
Ord Sugar Industry Assistance Scheme	1	3,667,129
TOTAL	4,577	21,999,143

Note:

DSAS = Dry Season Assistance Scheme

EC = Exceptional Circumstances

TABLE 3
EXCEPTIONAL CIRCUMSTANCES STATISTICS FROM 1 JULY 2000 TO 30 JUNE 2008

	Applications Received	# of Approvals	# of Declines/ Withdrawals	% Approved	Value Approved	Average Grant
South East Years 1 & 2 Declared 02.02.2001	523	365	158	70%	\$13,379,683	\$36,657
Area C&D Years 1 & 2 Declared 03.08.2001	86	57	29	66%	\$1,632,314	\$28,637
Northern Years 1 & 2 Declared 07.03.2002	278	203	75	73%	\$5,998,482	\$29,549
Southern Rangelands Years 1, 2 & 3 Declared 02.07.2003	178	166	12	93%	\$5,749,563	\$34,636
Central Wheatbelt Years 1 & 2 Declared 24.07.2003	289	181	108	63%	\$6,908,897	\$38,171
North East Wheatbelt Years 1, 2 & 3 Declared 07.04.2005	142	108	29	76%	\$4,592,570	\$42,524
North East Wheatbelt B Years 1 & 2 Declared 24.10.2006	140	80	38	57%	\$3,857,920	\$48,224
Southern Pastoral Years 1 & 2 Declared 24.10.2006	15	11	4	73%	\$496,048	\$45,095
Small Business Years 1 & 2 Declared 07.11.2006	6	1	3	17%	\$19,796	\$19,796
Southern Pastoral B Years 1 & 2 Declared 19.02.2007	24	17	4	71%	\$260,570	\$15,328
Northern Wheatbelt & N parts of Central Wheatbelt Year 1 Declared 08.10.2008	171	95	24	56%	\$4,964,387	\$52,257
TOTAL	1,852	1,284	484	69%	\$47,860,230	\$37,274

PERFORMANCE INDICATORS 2007-2008

GOVERNMENT GOAL

Protecting and enhancing the unique Western Australian lifestyle and ensuring sustainable management of the environment.

DESIRED 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	2005-2006 Survey	2006-2007 Survey	2007-2008 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	%	90.8	96.5	94.03
Sample size			144	180	237

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 Assistance Scheme	2005 Pastoral Dry Season Assistance Scheme	Marketing of Eggs Adjustment Assistance Scheme
2005-2006	✓	✓	✓	✓
2006-2007	✓	✓		
2007-2008	✓	✓	✓	

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 population was surveyed and 237 responded, which is a response rate of 26% from a population of 907.

Effectiveness Indicator 1(b)	Target	Unit	2005-2006 Survey	2006-2007 Survey	2007-2008 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	%	90.7	90.05	91.89
Sample size			3,105	3,228	5,007

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	2005-2006	2	1	0.64%
		2006-2007	1	0	0.0%
		2007-2008	12	5	0.55%

All application decisions made by the Corporation are appealable. Application numbers reduced to 154 in 2005-2006 and increased to 337 in 2006-2007 and 907 in 2007-2008. 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. In 2005-2006 the number of appeals upheld was 50% as only two appeals were received and one was upheld. In 2006-2007 only one appeal was received which was dismissed. In 2007-2008 the number of appeals upheld was 42% with twelve appeals received and five being upheld. Applicant's satisfaction levels have increased despite nearly a tripling in the numbers of applications received.

SERVICE: FARM BUSINESS DEVELOPMENT

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

EFFICIENCY INDICATORS

Efficiency Indicator	Target	Unit	2005-2006	2006-2007	2007-2008	2007-2008 target
The activity cost (administrative expenditure per application approved or rejected)	Reduction in the activity costs to administer the schemes of assistance	\$	294	357	329	350

The 2007-2008 decrease is due to a 42% increase in applications processed without a consequential increase in resources required to process applications.

RURAL BUSINESS DEVELOPMENT CORPORATION

CERTIFICATION OF PERFORMANCE INDICATORS

For the year ended 30 June 2008

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 2008.



Rob Sands
Chairman

Date

11/8/08



Dexter Davies
Director

Date

11/08/08

RURAL BUSINESS DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

30 JUNE 2008

RURAL BUSINESS DEVELOPMENT CORPORATION
INCOME STATEMENT
for the year ended 30 June 2008

	Note	2008	2007
		\$	\$
COST OF SERVICES			
Expenses			
Grants and subsidies	4a	20,431,209	5,589,347
Department of Agriculture and Food contracted services	4b	971,911	794,848
Supplies and services	4c	251,248	201,180
Board member fees	21	92,327	59,157
Other expenses	5	233,928	260,715
Total costs of services		<u>21,980,623</u>	<u>6,905,247</u>
Income			
Revenue			
Commonwealth grants and contributions	6	12,969,684	3,314,670
Interest revenue	7	539,957	291,074
Other revenue	8	7,764	181,731
		<u>13,517,405</u>	<u>3,787,475</u>
Total revenue			
Total income other than income from State Government		13,517,405	3,787,475
NET COST OF SERVICES		<u>8,463,218</u>	<u>3,117,772</u>
INCOME FROM STATE GOVERNMENT			
	9		
Service appropriation		16,080,000	4,262,000
Resources received free of charge		10,063	-
Total income from State Government		<u>16,090,063</u>	<u>4,262,000</u>
SURPLUS /(DEFICIT) FOR THE PERIOD		<u><u>7,626,845</u></u>	<u><u>1,144,228</u></u>

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

RURAL BUSINESS DEVELOPMENT CORPORATION
BALANCE SHEET
as at 30 June 2008

	Note	2008	2007
		\$	\$
ASSET			
Current Assets			
Cash and cash equivalents	10,15	10,004,005	4,398,011
Restricted cash and cash equivalents	10,15	4,102,186	946,134
Receivables	11	244,590	129,391
Total Current Assets		<u>14,350,780</u>	<u>5,473,536</u>
TOTAL ASSETS		<u>14,350,780</u>	<u>5,473,536</u>
LIABILITIES			
Current Liabilities			
Payables	13	1,348,320	97,920
Total Current Liabilities		<u>1,348,320</u>	<u>97,920</u>
Total Liabilities		<u>1,348,320</u>	<u>97,920</u>
NET ASSETS		<u>13,002,460</u>	<u>5,375,615</u>
EQUITY	14		
Accumulated surplus		13,002,460	5,375,615
TOTAL EQUITY		<u>13,002,460</u>	<u>5,375,615</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 2008

	Note	2008 \$	2007 \$
Balance of equity at start of period		<u>5,375,615</u>	<u>4,231,387</u>
RESERVES			
Asset Revaluation Reserve			
Balance at start of period		-	46,959
Transfer to Retained Earnings		<u>-</u>	<u>(46,959)</u>
Balance at end of period		<u>-</u>	<u>-</u>
ACCUMULATED SURPLUS (RETAINED EARNINGS)			
Balance at start of period	14	5,375,615	4,184,428
Surplus/(deficit) or profit/(loss) for the period		7,626,845	1,144,228
Transfer from Asset Revaluation Reserve		<u>-</u>	<u>46,959</u>
Balance at end of period		<u>13,002,460</u>	<u>5,375,615</u>
Balance of equity at end of period	14	<u><u>13,002,460</u></u>	<u><u>5,375,615</u></u>

Total income and expense for the period ^(a)

(a) The aggregate net amount attributable to each category of equity is: surplus \$7,626,845
(2007: surplus \$1,144,228) plus transfer from asset revaluation reserve \$46,959)

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 2008

	Note	2008	2007
		\$ Inflows (Outflows)	\$ Inflows (Outflows)
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		16,080,000	4,262,000
Net cash provided by State Government		<u>16,080,000</u>	<u>4,262,000</u>
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Grants and subsidies		(19,180,809)	(5,642,979)
Department of Agriculture and Food contracted services		(971,911)	(794,848)
Supplies and services		(251,248)	(201,180)
Board member fees		(92,327)	(59,157)
Other Payments		(223,865)	(260,715)
		<u>(20,720,160)</u>	<u>(6,958,879)</u>
Receipts			
Commonwealth grants and contributions		12,969,684	3,314,670
Other receipts		432,522	399,841
		<u>13,402,206</u>	<u>3,714,511</u>
Net cash used in operating activities	15	(7,317,954)	(3,244,368)
Net increase in cash and cash equivalents		8,762,046	1,017,632
Cash and cash equivalents at the beginning of the period		<u>5,344,145</u>	<u>4,326,513</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	15	<u><u>14,106,191</u></u>	<u><u>5,344,145</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 2008

1 Australian equivalents to International Financial Reporting Standards

General

The Authority's financial statements for the year ended 30 June 2008 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

In preparing these financial statements the Authority has adopted, where relevant to its operations, new and revised Standards and Interpretations from their operative dates as issued by the AASB and formerly the Urgent Issues Group (UIG).

Early adoption of standards

The Authority cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the Authority for the annual reporting period ended 30 June 2008.

2 Summary of significant accounting 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 Management Act and the Treasurer's instructions are legislative provisions governing the preparation of financial statements and take precedence over the 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 and all values are rounded to the nearest dollar (\$).

(c) Reporting Entity

The reporting entity comprises the Authority and entities listed at note 23 "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) have been designated as contributions by owners by Treasurer's Instruction (TI) 955 'Contributions by Owners made to Wholly Owned Public Sector Entities' and have been credited directly to Contributed Equity.

Transfer of net assets to/from other agencies are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal. See note 14 'Equity'.

(e) Income

Revenue recognition

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 expended in a particular manner or used over a particular period, and those conditions were undischarged as at the balance sheet date, the nature of, and amounts pertaining to, those undischarged conditions are disclosed in the notes.

Service Appropriations

Service Appropriations are recognised as revenues at nominal value in the period in which the Authority gains control of the appropriated funds. The Authority gains control of appropriated funds at the time those funds are deposited into the Authority's bank account or credited to the holding account held at Treasury. (See note 9 Income from State Government).

Interest

Revenue is recognised as the interest accrues.

(f) Financial Instruments

In addition to cash and bank overdraft the Authority has two categories of financial instrument:

- Receivables; and
- Financial liabilities measured at amortised cost.

These have been disaggregated into the following classes:

Financial Assets

- Cash and cash equivalents
- Restricted cash and cash equivalents
- Receivables

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 an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Authority will not be able to collect the debts. The carrying amount is equivalent to the fair value as it is due for settlement within 30 days.

See note 2(f) 'Financial Instruments' and note 11 '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 are generally settled within 30 days.

See note 2(f) '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 and Food 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 and Food's financial statements.

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

Resources received free of charge or for nominal cost that can be readily measured are recognised as income and as assets or expenses as appropriate, at fair value.

(l) Comparative Figures

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

3 Disclosure of changes in accounting policies and estimates

Initial application of Australian Standard

The Authority has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2007 that impacted on the Authority.

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 and while there is no financial impact, the changes have resulted in increased disclosures, both quantitative and qualitative, of the Department's exposure to risks, including enhanced disclosure regarding components of the Department's financial position and performance, and changes to the way of presenting certain items in the notes to the financial statements.

The Authority at the balance sheet date does not currently undertake these types of transactions and there is no financial impact in applying the Standard.

The following Australian Accounting Standards and Interpretations are not applicable to the Department as they have no impact or do not apply to not for profit entities:

AASB Standards and Interpretations

101 'Presentation of Financial Statements'

2005-10 'Amendments to Australian Accounting Standards'

2007-1 'Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]'

2007-4 'Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments'

2007-5 'Amendments to Australian Accounting Standard – Inventories Held for Distribution by Not-for-Profit Entities [AASB 102]'

2007-7 'Amendments to Australian Accounting Standards [AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 & AASB 128]'

ERR Erratum 'Proportionate Consolidation [AASB 101, AASB 107, AASB 121, AASB 127, Interpretation 113]'

Interpretation 10 'Interim Financial Reporting and Impairment'

Future Impact of Australian Accounting Standards not yet operative

The Authority cannot adopt Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the Authority has not applied the following Australian Accounting Standards and Australian Accounting Interpretations and Australian Accounting Interpretations that have been issued and which may impact the Department but are not yet effective. Where applicable, the Authority plans to apply these Standards and Interpretations from their application date:

The following standards are:

(a) to be applied to annual reporting periods beginning on or after 1 July 2008:

- AASB 1004 'Contributions' (December 2007).

- AASB 1050 'Administered Items' (December 2007).

- AASB 1052 'Disaggregated Disclosures' (December 2007).

- AASB 2007-9 'Amendments to Australian Accounting Standards arising from the review of AASs 27, 29 and 31 [AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 & AASB 137] (December 2007).

- Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities (December 2007).

(b) to be applied to annual reporting periods beginning on or after 1 January 2009:

- AASB 101 'Presentation of Financial Statements' (September 2007).

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

AASB

Amendment

Affected Standards

AASB 3 'Business Combinations'

AASB 8 'Operating Segments'

AASB 123 'Borrowing Costs'

AASB 127 'Consolidated and Separate Financial Statements'

AASB 1049 'Financial Reporting of General Government Sectors by Governments'

AASB 2007-2 'Amendments to Australian Accounting Standards arising from AASB Interpretation 12'

AASB 2007-3 'Amendments to Australian Accounting Standards arising from AASB 8'

AASB 2007-6 'Amendments to Australian Accounting Standards arising from AASB 123'

AASB 2007-8 'Amendments to Australian Accounting Standards arising from AASB 101'

AASB 2008-1 'Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations'

AASB 2008-2 'Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation'

AASB 2008-3 'Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127'

Interpretation 4 'Determining whether an Arrangement contains a Lease' (February 2007)

Interpretation 12 'Service Concession Arrangements'

Interpretation 13 'Customer Loyalty Programmes'

Interpretation 14 'AASB 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'

Interpretation 129 'Service Concession Arrangements: Disclosures'

	<u>2008</u> \$	<u>2007</u> \$
4 a Grants and subsidies		
Grants		
Ord Sugar Industry Assistance Scheme	3,667,129	-
Dry Season 2007 Assistance Scheme	3,874,232	-
Dry Season 2006 Assistance Scheme	199,233	1,959,069
Nullarbor Dry Seasons Assistance Scheme	-	51,136
FarmBis Scheme	2,762,331	1,223,728
Research Grants	12,435	19,565
	<u>10,515,360</u>	<u>3,253,498</u>
Subsidies - interest		
Rural Adjustment - Exceptional Circumstances	9,915,849	2,335,849
Total Grants and subsidies	<u>20,431,209</u>	<u>5,589,347</u>
4 b 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>2008</u> \$	<u>2007</u> \$
Department of Agriculture and Food contractors and service overheads		
Department of Agriculture and Food contractors	646,457	526,005
Contractor related expenses (mileage, transfer costs, training)	87,057	47,685
Service agreement overheads	238,397	221,158
	<u>971,911</u>	<u>794,848</u>
4 c Supplies and services		
Communications	8,867	4,213
Repairs and maintenance	10,438	1,189
Services and contracts	223,058	189,106
Supplies consumed	8,885	6,672
	<u>251,248</u>	<u>201,180</u>

RURAL BUSINESS DEVELOPMENT CORPORATION
Notes to the Financial Statements
as at 30 June 2008

	<u>2008</u>	<u>2007</u>
	\$	\$
5 Other expenses		
Consultancy charges from business units	164,684	131,563
Assets contribution made	1,736	2,263
Audit Fees	37,000	30,900
Other	30,508	17,534
Refund to Commonwealth for Gascoyne Murchison Strategy Grant	-	78,455
	<u>233,928</u>	<u>260,715</u>
6 Commonwealth grants and contributions		
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.	11,041,750	2,385,857
FarmBis	1,927,934	928,813
	<u>12,969,684</u>	<u>3,314,670</u>
7 Interest revenue		
Interest revenue		
Rural Business Development Corporation Operating Account	539,957	291,074
	<u>539,957</u>	<u>291,074</u>
8 Other revenue		
Refund previous years expenditure	7,500	181,731
Other	264	-
	<u>7,764</u>	<u>181,731</u>
9 Income from State Government		
Appropriation revenue received during the year		
Service appropriations (a)	16,080,000	4,262,000
	16,080,000	4,262,000
Resources received free of charge (b)		
Determined on the basis of the following estimates provided by agencies:		
Landgate	10,063	-
	10,063	-
	<u>16,090,063</u>	<u>4,262,000</u>
(a) Service appropriations are cash amounts reflecting the full cost of outputs delivered.		
(b) Where services have been received free of charge or for nominal cost, the Authority recognises revenues equivalent to the fair value of those services that can be reliably determined and which would have been purchased if not donated, and those fair values shall be recognised as expenses.		
10 Cash and Cash Equivalents		
Rural Business Development Corporation General Operating Funds	10,004,005	4,398,011
(refer note 15)	<u>10,004,005</u>	<u>4,398,011</u>
Restricted Cash and Cash Equivalents		
Current (a)		
Farm Business Improvement Program	495,429	144,851
Exceptional Circumstances Interest Rate Subsidy Scheme	3,606,757	801,283
(refer note 15)	<u>4,102,186</u>	<u>946,134</u>
(a) Cash held in each of the above accounts is to be used only for the purposes prescribed by each program and or scheme.		

RURAL BUSINESS DEVELOPMENT CORPORATION
Notes to the Financial Statements
as at 30 June 2008

	<u>2008</u>	<u>2007</u>
	\$	\$
11 Receivables		
Current		
Receivables		
Accrued interest	228,156	89,380
Accrued revenue	<u>16,434</u>	<u>40,010</u>
	<u>244,590</u>	<u>129,390</u>
Credit Risk		
Ageing of receivables past due but not impaired based on the		
Not more than 3 months	244,590	129,391

The Authority does not hold any collateral as security or other credit enhancement relating to receivables.
See also note 2(h) 'Receivables' and note 20 'Financial instruments'.

12 Impairment of assets

The Authority has no impairment of assets as it held no property, plant, equipment, infrastructure or intangible assets as at 30 June 2008.

The Authority held no goodwill or intangible assets with an indefinite useful life during the reporting period and at balance sheet date there were no intangible assets not yet available for use.

13 Payables

Current		
Accrued Grant assistance scheme expenses	1,348,320	95,410
Accrued expenses	<u>-</u>	<u>2,510</u>
	<u>1,348,320</u>	<u>97,920</u>

See also note 2(i) 'Payables' and note 20 '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. The asset revaluation reserve represents that portion of equity resulting from the revaluation of non-current assets.

Reserves

Asset revaluation reserve (i)

Balance at start of year	-	46,959
Transfer to Retained Earnings (ii)	<u>-</u>	<u>(46,959)</u>
Balance at end of year	<u>-</u>	<u>-</u>

Accumulated surplus/(deficit)

Balance at start of year	5,375,615	4,184,428
Result for the period	7,626,845	1,144,228
Transfer from Asset Revaluation Reserve (ii)	-	46,959
Balance at end of year	<u>13,002,460</u>	<u>5,375,615</u>

- (i) The Authority's 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.
- (ii) As the Authority had no assets, the Asset Revaluation Reserve was transferred to Retained Earnings in accordance with AASB 116 para 41 as at 30 June 2007.

	<u>2008</u>	<u>2007</u>
	\$	\$
15 Notes to the Cash Flow Statement		
The comparatives for cash flows 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 from operating activities have been amended to disclose receipts from Commonwealth Grants and contributions. 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 10)	10,004,005	4,398,011
Restricted cash and cash equivalents (refer note 10)	4,102,186	946,134
	<u>14,106,191</u>	<u>5,344,145</u>
<u>Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities</u>		
Net Cost of Services	<u>(8,463,218)</u>	<u>(3,117,772)</u>
Non Cash Items:	-	-
Resources received free of charge	10,063	-
(Increase)/decrease in assets:		
Current receivables	(115,199)	(72,965)
Increase/(decrease) in liabilities:		
Current payables	1,250,400	(53,631)
Net cash (used in) or from operating activities	<u>(7,317,954)</u>	<u>(3,244,368)</u>
16 Commitments		
(a) Capital expenditure commitments		
There are no capital commitments at reporting date.		
(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>1,374,940</u>	<u>78,860</u>
Grants		
Dry season 2006 Assistance Scheme – Not later than one year	-	86,193
Dry season 2007 Assistance Scheme – Not later than one year	230,095	-
FarmBis – Not later than one year	<u>-</u>	<u>49,000</u>
	230,095	135,193
Total	<u>1,605,035</u>	<u>214,053</u>
17 Contingent liabilities and contingent assets		
There are no contingent liabilities and assets at the balance sheet date, not otherwise provided for or disclosed in the financial statements.		
18 Events occurring after the balance sheet date		
There are no events in particular that occurred after the balance sheet date which would materially affect the financial statements or disclosures.		

19 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% and greater than \$50,000.

Significant variances between budget and actual result for 2008

	2008 Estimate \$'000	2008 Actual \$'000	Variation \$'000
Grants and subsidies	-	20,431	20,431
Department of Agriculture and Food contracted services	12,826	972	(11,854)
Supplies and services	-	251	251
Other expenses	30	234	204
Commonwealth Revenue-operating grants and contributions	7,248	12,970	5,722
Interest revenue	150	540	390
Service appropriations	2,940	16,080	13,140

Grants and subsidies

The budget for this item was previously included under the item "Department of Agriculture and Food contracted services". The increase on that estimate is a result of a combination of unbudgeted grant expenditure for several new assistance schemes for Exceptional Circumstances, Dry Season, Ord Sugar Industry and a reduction on budget estimate for FarmBis expenditure.

Department of Agriculture and Food contracted services

The decrease is due to a redefinition of costs included at this item. This item now represents costs associated with Department of Agriculture and Food's service delivery to the Authority. As a consequence expenditure associated with grants and subsidies, supplies and services, and other expenses paid directly by the Board are reported separately.

Supplies and services

The budget for this item was previously included under the item "Department of Agriculture and Food contracted services".

Other expenses

The budget for this item was previously included under the item "Department of Agriculture and Food contracted services".

Commonwealth Revenue – operating grants and contributions

The increase on estimate results from a combination of unbudgeted grants received for a new Exceptional Circumstances declaration and a reduction on budget estimate for FarmBis reimbursements.

Interest Revenue

The variance is due to a combination of increased interest earnings as a result of higher than anticipated cash balances and higher than expected interest rates.

Service Appropriation

The increase on estimate is due to additional State funding for 2007 Dry Season Assistance Scheme and Ord Sugar Industry Assistance Scheme.

Significant variance between actual results for 2008 and 2007

Significant variations between actual results for income and expenses are shown below.

Significant variations are considered to be those greater than 20% and greater than \$50,000.

	2008	2007	Variation
	\$'000's	\$'000's	\$'000's
<u>Income</u>			
Commonwealth Revenue-operating grants and contributions	12,970	3,315	9,655
Interest revenue	540	291	249
Other revenue	8	182	(174)
Service appropriation	16,080	4,262	11,818
<u>Expenses</u>			
Grants and subsidies	20,431	5,589	14,842
Department of Agriculture and Food contracted services	972	795	177
Supplies and services	251	201	50

Commonwealth Revenue – operating grants and contributions

The increase on funds received resulted from additional Exceptional Circumstances grants due to a new declaration and extension of existing declarations and additional funds received for FarmBis reimbursements

Interest Revenue

The increase is due to a combination of increased interest earnings as a result of higher cash balances and higher interest rates.

Other Revenue

The variance is due to repayment of Gascoyne Murchison Strategy grants during the previous year.

Service Appropriation

There was an increase in funding for new Dry Season Assistance Scheme and new Ord Sugar Industry Assistance Scheme during 2007-08.

Grants and subsidies

The increase in expenditure is due to a combination of additional Exceptional Circumstances grants due to a new declaration and extension of existing declarations and a larger demand for FarmBis reimbursements.

Department of Agriculture and Food Contracted Services

The increase is due to increased administration associated with a significant increase in grant expenditure. Refer to "Grants and subsidies" explanatory note

Supplies and services

The increase is due to an increased external consulting to deliver the expanded assistance programs. Refer to "Grants and subsidies" explanatory note.

20 Financial Instruments

(a) Financial Risk Management Objectives and Policies

Financial instruments held by the Authority are cash and cash equivalents, restricted cash and cash equivalents, borrowings, finance leases, Treasurer's advances, loans 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

Credit risk arises when there is the possibility of the Authority's receivables defaulting on their contractual obligations resulting in financial loss to the Authority. The Authority measures credit risk on a fair value basis and monitors risk on a regular basis.

The maximum exposure to credit risk at balance sheet date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment as shown in the table at Note 20 (b).

Credit risk associated with the Authority's financial assets is minimal because the main receivable is the amounts receivable for services (holding account). For receivables other than government, 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 is exposed to liquidity risk through its trading in the normal course of business. Liquidity risk arises when the Authority is unable to meet its financial obligations as they fall due.

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.

Market risk

The Authority does not trade in foreign currency and is not materially exposed to other price risks (for example, equity).

(b) Financial Instrument disclosures

Categories of Financial Instruments

In addition to cash and bank overdraft, the carrying amounts of each of the categories of financial assets and financial liabilities at balance sheet date are detailed in the table below.

Credit Risk, Liquidity Risk and Interest Rate Risk Exposures

The exposure to liquidity risk and interest rate risk as at the balance sheet date are detailed in the table below. The Authority's maximum exposure to credit risk at the balance sheet date is the carrying amount of the financial assets as shown on the following table. The table is based on information provided to senior management of the Authority. The contractual maturity amounts in the table are representative of the undiscounted amounts at the balance sheet date.

An adjustment for discounting has been made where material.

The Authority does not hold any collateral as security or other credit enhancements relating to the financial assets it holds. The Authority does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

	Weighted Average Effective Interest Rate	Contract Maturity Dates					Total
		Variable Interest Rate	Non- Interest Bearing	Within 1 Year	Within 1 to 5 Years	Over 5 Years	
2008	%	\$	\$	\$	\$	\$	\$
Financial Assets							
Cash and cash equivalents	7.03	10,004,005	-	-	-	-	10,004,005
Restricted cash and cash equivalents	7.03	4,102,186	-	-	-	-	4,102,186
Receivables		-	244,590	-	-	-	244,590
		14,106,191	244,590	-	-	-	14,350,781
Financial Liabilities							
Payables		-	1,348,320	-	-	-	1,348,320
		-	1,348,320	-	-	-	1,348,320

RURAL BUSINESS DEVELOPMENT CORPORATION
Notes to the Financial Statements
as at 30 June 2008

	Weighted Average Effective Interest Rate	Contract Maturity Dates					Total
		Variable Interest Rate	Non- Interest Bearing	Within 1 Year	Within 1 to 5 Years	Over 5 Years	
2007	%	\$	\$	\$	\$	\$	\$
Financial Assets							
Cash and cash equivalents	5.98	4,398,011	-	-	-	-	4,398,011
Restricted cash and cash equivalents	5.98	946,134	-	-	-	-	946,134
Receivables		-	129,390	-	-	-	129,391
		5,344,145	129,390	-	-	-	5,473,536
Financial Liabilities							
Payables		-	-	-	-	-	-
		-	97,920	-	-	-	97,920
		-	97,920	-	-	-	97,920

Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of the Authority's financial assets and liabilities at the balance sheet date on the surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

	Carrying amount \$'000	-1% change		+1% change	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2008					
<i>Financial Assets</i>					
Cash and cash equivalents	10,004,005	(100,040)	(100,040)	100,040	100,040
Restricted cash and cash equivalents	4,102,186	(41,022)	(41,022)	41,022	41,022
	14,106,191	(141,063)	(141,063)	141,063	141,063
2007					
<i>Financial Assets</i>					
Cash and cash equivalents	4,398,011	(43,980)	(43,980)	43,980	43,980
Restricted cash and cash equivalents	946,134	(9,461)	(9,461)	9,461	9,461
	5,344,145	(53,441)	(53,441)	53,441	53,441

Fair Values

All financial assets and liabilities recognised in the balance sheet, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

21 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, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

	<u>2008</u>	<u>2007</u>
\$		
0 - 10,000	-	4
10,001 - 20,000	4	-
20,001 - 30,000	1	1
The total remuneration of the members of the Accountable Authority is:	92,327	59,157

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.

22 Remuneration of Auditor

	<u>2008</u>	<u>2007</u>
	\$	\$
Remuneration payable to the Auditor General for the financial year is as follows:		
Auditing the accounts, financial statements and performance indicators	37,000	33,500
The expense is included at note 5 'Other Expenses'.		

23 Related bodies

There are no related bodies with the Rural Business Development Corporation.

24 Affiliated bodies

There are no affiliated bodies with the Rural Business Development Corporation.

RURAL BUSINESS DEVELOPMENT CORPORATION

CERTIFICATION OF FINANCIAL STATEMENTS

For the year ended 30 June 2008

The accompanying financial statements of the Rural Business Development Corporation have been prepared in compliance with the provisions of the Financial Management Act 2006 from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2008 and the financial position as at 30 June 2008.

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.

Rob Sands
Chairman



Date

11/08/08

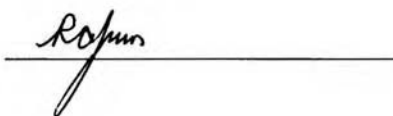
Dexter Davies
Director



Date

11/08/08

Ron Lucas
Chief Finance Officer



Date

11/08/08

OPINION OF THE AUDITOR GENERAL



Auditor General

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

RURAL BUSINESS DEVELOPMENT CORPORATION FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2008

I have audited the accounts, financial statements, controls and key performance indicators of the Rural Business Development Corporation.

The financial statements comprise the Balance Sheet as at 30 June 2008, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory Notes.

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

Board's Responsibility for the Financial Statements and Key Performance Indicators

The Board is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. 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 key 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 key performance indicators.

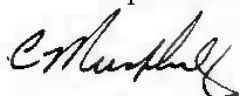
OPINION OF THE AUDITOR GENERAL (CONT'D)

Rural Business Development Corporation Financial Statements and Key Performance Indicators for the year ended 30 June 2008

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 2008 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions,
- (ii) the controls exercised by the Corporation provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions, and
- (iii) the key 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 2008



COLIN MURPHY
AUDITOR GENERAL
12 September 2008

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 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.



1.2 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 DECLARED AREAS IN WESTERN AUSTRALIA.

I, PETER JOHN MCGAURAN, Minister for Agriculture, Fisheries and Forestry, pursuant to clause 10 of the Agreement between the Commonwealth and the States and Territories (**Agreement**) made under the *Rural Adjustment Act 1992* hereby determine the following policy guidelines (**Guidelines**) as to interest rate subsidies (**Support**) to Farmers in areas of Western Australia (**State**).

INTEREST RATE SUBSIDIES

1) Interpretation

a) In these Guidelines, unless the contrary intention appears:

- i) **Applicant** means a person who applies for Support under the scheme established under the Agreement.
- ii) **Farmer** means a person engaged in the farm sector in a State, but does not include a person whose business consists principally of the provision of services.
- iii) **Eligible Farmer** means a Farmer who satisfies the criteria for eligibility set out in clause 7 of the Agreement.
- iv) **Suitably qualified adviser** means a person who:
 - (a) has relevant financial qualifications; and
 - (b) is a member of a professional association whose members normally provide financial advice.

But, if an applicant whose residence is away from a population centre is not practicably able to seek advice from a person referred to in the definition above then, a suitably qualified adviser is a person who:

- (a) has experience in financial matters because of his or her occupation (whether or not he or she normally provides, or provided, advice); and
- (b) is a member of a relevant professional association.

Occupations that give a person experience in financial matters include the following:

- (a) accountant;
- (b) bank manager; and
- (c) tax agent.

2) Purpose of Support

- a) Pursuant to sub-clause 5(2) of the Agreement, the purpose of the Support is to:
 - i) assist Eligible Farmers in areas of the State specified in the Schedules to these Guidelines during the period 24 October 2006 until 31 March 2008, who would otherwise have prospects of long-term profitability and sustainability, but for the exceptional circumstances which has detrimentally affected the Eligible Farmer's income, leading to financial difficulty.
- b) The Support will facilitate one or more of the following strategies:
 - i) improvements in productivity, including for recovery purposes;
 - ii) the provision of carry-on finance; and
 - iii) debt restructuring.

3) Payment of Support

- a) The Commonwealth will contribute 90% of the Support, and the State will contribute 10% of the Support provided under the State component of the RAS.
- b) Support is subject to the following conditions:
 - i) the Applicant for Support is an Eligible Farmer;
 - ii) the Support will not exceed 80 per cent of the interest payable on, and associated costs of, the borrowings being subsidised
 - iii) when determining the level of commercial borrowings to be supported for an initial interest subsidy, following a purchase of additional farming property since the beginning of the drought, the Farm Business Development Division of the Western Australia Department of Agriculture will deduct from the balance of existing commercial borrowings, the full cost of the property purchase;
 - iv) any commercial borrowings or associated costs of borrowings already subsidised by the Commonwealth will not be considered for Support.
 - v) the period for which a subsidy is provided will be determined in each case by the Farm Business Development Division of the Western Australia Department of Agriculture, subject to clause 2)a), and will only be available for a maximum period of 12 months in respect of each application;
 - vi) a maximum of two tranches of Support are available to Eligible Farmers, one in each Exceptional Circumstances Year (**EC Year**). The first tranche will be in the first EC Year and applications must be received no later than 28 business days after 24 October 2007. The second tranche must be in the second EC Year or part thereof [applications must be received no later than 28 business days after the scheduled expiry date]. In addition:
 - (1) eligibility must be assessed in each EC year; and
 - (2) the provision of Support in previous years does not guarantee support in a subsequent year or part thereof. Farmers not receiving support in the declaration year may be eligible in the subsequent year(s).
 - vii) to be eligible to apply for Support over a cumulative total of \$300,000 applicants must have a viable farm enterprise.
 - (1) Viability of the farm enterprise is to be determined by an independent business assessment, conducted by a suitably qualified adviser who:
 - (a) does not have an interest in the farm enterprise; and/or
 - (b) has not had professional dealings with the farm enterprise within the past two years.
 - (2) The determination of farm enterprise viability in an independent business assessment undertaken by a suitably qualified adviser does not guarantee support. The final decision to provide support will be determined by the Farm Business Development Division of the Western Australia Department of Agriculture in accordance with these guidelines;
 - viii) in determining the amount of Support to be paid, Farm Business Development Division of the Western Australia Department of Agriculture will take into account the level of assistance which has been made already under the RAS; accordingly the total amount of Support payable in each EC Year may not exceed \$100,000 per Eligible Farmer, or part thereof if the declaration is less than 12 months, or a cumulative total of support of \$500,000 over 5 years.
- c) Support may be made to the lender or the Farmer.
- d) Farmers receiving other support under the *Rural Adjustment Act 1992* may also be eligible for this Support.

- e) Farmers located in an Exceptional Circumstances area can only apply for an interest rate subsidy no earlier than 9 months after the date of their last successful interest rate subsidy application for a full 12 month EC year and only receive one subsidy payment in each Exceptional Circumstances year.

4) Assessment Criteria

- a) In assessing the eligibility of an Applicant for Support, the Farm Business Development Division of the Western Australia Department of Agriculture must be satisfied that:
 - i) the farm enterprise is located in the area specified in the relevant Schedule to these Guidelines and meets the conditions specified in that Schedule;
 - ii) the farm enterprise is in financial difficulty due to exceptional circumstances, defined in clause 2;
 - (1) on considering whether a farm enterprise is in financial difficulty, the Farm Business Development Division of the Western Australia Department of Agriculture must consider:
 - (a) the total amount of interest payable per annum;
 - (b) the estimated farm surplus over the medium term;
 - (c) the Applicant's equity in the farm enterprise in relation to the amount of current and future indebtedness, together with both farm and off-farm assets and income.
 - (2) when considering whether a farm enterprise is in financial difficulty due to exceptional circumstances, the Farm Business Development Division of the Western Australia Department of Agriculture must disregard the ability of the farm enterprise to purchase farming property since the beginning of the drought;
 - iii) the provision of the Support is necessary to achieve the strategies as outlined in clause 2 of these Guidelines;
 - iv) without the Support the farm enterprise would not have the capacity to achieve or maintain sustainable long-term profitability;
 - (1) in assessing the likelihood of the farm enterprise being profitable in the long-term, the following factors must be taken into account by the
 - (a) the expected future capacity of the farm enterprise to operate profitably (without Government assistance) as measured by its ability to meet, from estimated surpluses, its future financial commitments relating to:
 - (i) the farm operating costs;
 - (ii) living costs of the farm family;
 - (iii) servicing of the farm debts;
 - (iv) future capital requirements for plant and improvements; and
 - (v) investment requirements to return the farm to profitability.
 - (b) the long-term economic trends which impact on the farm enterprise;
 - (c) the demonstrated technical, financial and business management performance of the Farmer responsible for the relevant farm enterprise; and
 - (d) the provision of financial support for the farm enterprise by commercial lenders through the exceptional circumstance and beyond.
 - v) the Applicant has disposed of:
 - (1) all non-essential farm assets; and
 - (2) off-farm assets, such that the net value of off-farm assets is not in excess of double the Newstart Allowance Assets Test for homeowners (partnered). Note: the Newstart Allowance Assets Test for homeowners (partnered) is currently \$229,000;
 - (a) investments in bona fide insurance and superannuation funds are exempt from the off-farm assets test.
 - vi) the disposal of assets has been on commercial terms and has applied the proceeds to the farm enterprise (except where this would result in extreme financial hardship to the Applicant).
 - vii) 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 2 years;
 - viii) the Applicant's property was affected by exceptional circumstances as defined in clause 2; and
 - ix) 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.

5) Level of Support

- a) The level of Support to be provided to an Eligible Farmer will be determined by the extent of Support needed for the strategies as outlined in clause 2 and will be subject to clause 3; and
- b) the level of Support will 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).

6) Terms and Conditions to Attach to Support

- a) The Farm Business Development Division of the Western Australia Department of Agriculture must obtain agreement from the Eligible Farmer that the Eligible Farmer will use the Support only for the purposes specified in clause 2;
- b) the period of Support in respect of any application is limited to a maximum period of 12 months or part thereof if the declaration is less than 12 months, in accordance with clause 3;
- c) the Farm Business Development Division of the Western Australia Department of Agriculture may terminate Support where the Eligible Farmer does not rectify breaches of the relevant terms and conditions of that support;
- d) the Farm Business Development Division of the Western Australia Department of Agriculture may attach other terms and conditions to the Support considered necessary for the particular case subject to obtaining the prior written consent of the Commonwealth; and
- e) the Eligible Farmer and the relevant financial institution must agree to the terms and conditions of Support before the payment of Support.

7) Outcomes Expected from Support

- a) The outcomes expected from the Support for the Eligible Farmer include:
 - 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;
 - ii) increased farm productivity;
 - iii) the restructuring of debt has been implemented;
 - iv) the financial demands on the farm business are reduced
 - v) a farm enterprise which can be demonstrated by the farmer to the satisfaction of the Farm Business Development Division of the Western Australia Department of Agriculture to be productive, profitable, sustainable and financially viable (without Government support) in the long-term is maintained in the farm sector; and
 - vi) the farm enterprise is assisted to recover from the exceptional circumstances.

8) Variation or Revocation

- a) The Minister reserves the right to revoke or vary these Guidelines at any time.

Signed
PETER JOHN MCGAURAN
Minister for Agriculture, Fisheries and Forestry

SCHEDULE 1

DESCRIPTION OF THE NORTH EASTERN WHEATBELT DECLARED AREA IN WESTERN AUSTRALIA AFFECTED BY EXCEPTIONAL CIRCUMSTANCES

All producers whose properties are Exceptional Circumstances affected and located in the North Eastern Wheatbelt declared area of Western Australia described below and who provide information to the satisfaction of the Farm Business Development Division of the Western Australia Department of Agriculture that their income has been affected by the impact of Exceptional Circumstances.

The area includes the Shires of:

- Mullewa, east of the following in the agricultural region — from the northern edge of the agricultural region, follow the Murchison Mullewa Road to Mullewa then along the Mullewa Wubin Road to the Mullewa/Morawa Shire boundary;
- Morawa, east of the Mullewa Wubin Road in the agricultural region; and

- Perenjori, the agricultural region east and north bounded by the Morawa/Perenjori Shire boundary along the Mullewa Wubin Road through the Town of Perenjori to Rothsay Road, to the eastern edge of the agricultural region.

Buffer zone:

A buffer zone extends 15km to the west of the Murchison Mullewa Road, the Mullewa Wubin Road and south of the Rothsay Road from the Mullewa Wubin Road.

Eligible 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 that buffer zone, and where, in the opinion of the Farm Business Development Division of the Western Australia Department of Agriculture, the farm enterprise has suffered a down turn in income caused by the EC event, the Farm Business Development Division of the Western Australia Department of Agriculture can exercise judgement in providing support to those properties.

SCHEDULE 2

DESCRIPTION OF THE SOUTHERN RANGELANDS DECLARED AREA IN WESTERN AUSTRALIA AFFECTED BY EXCEPTIONAL CIRCUMSTANCES

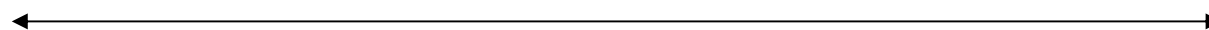
All producers whose properties are Exceptional Circumstances affected and located in the Southern Rangelands declared area of Western Australia described below and who provide information to the satisfaction of the Farm Business Development Division of the Western Australia Department of Agriculture that their income has been affected by the impact of Exceptional Circumstances.

The revised Southern Rangelands region comprises:

- the parts of the Shark Bay, Northampton, Coolgardie, Kalgoorlie/Boulder, Dundas, Kondinin, Ravensthorpe and Esperance shires contained within the original Southern Rangelands EC area.

Buffer zone:

There is no buffer zone.



1.3 RURAL ADJUSTMENT ACT 1992

POLICY GUIDELINES APPLYING TO INTEREST RATE SUBSIDIES FOR SMALL BUSINESSES IN WESTERN AUSTRALIA

Declared 7 November 2006, revoked and replaced on 25 September 2007.

1) Interpretation

- a) In these Guidelines, unless the contrary intention appears:
 - i) **Applicant** means a Small Business applying for Support under the scheme.
 - ii) **Business activity** is defined as legal activity for profit directly associated with the applicant's viable commercial business (not a hobby) and is measured by business turnover. The activity should occur with farming enterprises located in the Exceptional Circumstances area or in the case of businesses in towns that are substantially reliant on farmer income, have less than 10,000 population and are located in an Exceptional Circumstances (including prima facie or interim) declared areas.
 - iii) **Business Assets** are the assets owned by the Small Business.
 - iv) **Business Turnover** means the value of all goods and services supplied by the Small Business (or likely to be supplied) from its business activity during the current month or from the last completed Business Activity Statement (BAS) period plus the value of all those supplied during the past 11 months or respective BAS periods to calculate the annual business turnover. When calculating annual business turnover, do **not** include:
 - (1) Any GST charged;
 - (2) Goods and services supplied that are not connected with the business (such as sales of a private nature of personally owned goods); or

- (3) Transfer of capital assets (such as amounts received from the sale of business assets).

For most applicants, annual business turnover will be the sum of business sales of goods and services for the year ending on the last day of the current month (excluding GST).

The Rural Business Development Corporation of Western Australia may use other methods for determining or assessing business turnover.

- v) **Exceptional Circumstances area** - an area that has been declared by the Australian Government as suffering Exceptional Circumstances.
- vi) **Exceptional Circumstances** - a rare climatic or other event that:
 - (1) has resulted in a rare and severe downturn in farm income over a prolonged period (i.e. greater than 12 months);
 - (2) cannot be planned for or managed as part of farmers' normal risk management strategies; and
 - (3) is a discrete event that is not part of long-term structural adjustment processes or of normal fluctuations in commodity prices.
- vii) **Employee** means a person paid for his/her labour. If the person is contributing capital or other resources, has a say in what work is done and how it is done, is paid according to the results he or she achieves, and shares in the profits and losses, then they are likely to be either/or a partner, a director or an independent contractor, not an employee.
- viii) **Farming enterprise** means an enterprise carried on by a farmer within the farm sector in a State, the Northern Territory or the Australian Capital Territory.
- ix) **Full time** work is not less than 35 hours per week. Businesses with a range of employment arrangements should calculate the number of hours worked by employees such as casuals and part-time workers and divide that total by 35 to determine full time equivalents. (For example 3 casual employees working 12 hours per week work a total of 36 hours per week, equates to one full time employee.)
- x) **Small Business** means a commercial enterprise that:
 - (1) has up to 100 full time employees or equivalent;
 - (2) holds a registered Australian Business Number;
 - (3) derives 70 per cent or more of its normal total business turnover from the provision of goods or services from farming enterprises in EC declared areas; **or** operates in towns that are substantially reliant on farmer income, have less than 10,000 population and are located in an Exceptional Circumstances (prima facie or interim) declared areas.
- xi) **Viable** means having prospects of long term viability if not for exceptional circumstances which have detrimentally affected the business turnover of the small business concerned.

2) Purpose of Support

- (1) The purpose of the Support is to assist Small Businesses who are:
 - (a) reliant on farming activities carried out in exceptional circumstances areas during the period 7 November 2006 until the end of the exceptional circumstances declaration for the relevant area, **and**
 - (b) during the period 25 September 2007 until 30 June 2009 or until the end of the exceptional circumstances declaration for the relevant area for Small Businesses that operate in towns that are substantially reliant on farmer income, have less than 10,000 population and are located in an Exceptional Circumstances (including prima facie or interim) declared areas, and who would otherwise have prospects of long-term viability, but for the exceptional circumstances which have detrimentally affected the Small Business' business turnover, leading to financial difficulty.
- b) The Support will facilitate one or more of the following strategies:
 - i) improvements in business viability;
 - ii) business continuity; and
 - iii) debt restructuring.

3) Payment of Support

- a) The Australian Government will contribute 90% of the Support, and the State will contribute 10% of the Support.
- b) Support is subject to the following conditions:
 - i) the Applicant for Support is a Small Business;
 - ii) the Support will not exceed 80 per cent of the interest payable on, and associated costs of, the commercial borrowings being subsidised;

- iii) the Support during the first twelve months of assistance for any new Exceptional Circumstances declared areas after 7 November 2006 should be no greater than a maximum of 50 per cent of the interest rate payable on, and associated costs of borrowings being subsidised, where the small business derives income from within the new Exceptional Circumstances declared area;
- iv) the Support during the second and subsequent years of assistance will not exceed 80 per cent of the interest payable on, and associated costs of, the borrowings being subsidised;
- v) when determining the level of commercial borrowings to be supported for an initial interest rate subsidy, the Rural Business Development Corporation of Western Australia may deduct from the balance of existing commercial borrowings, the full cost of the capital purchase where the capital purchase was:
 - (1) made since 7 November 2006 in the case of small businesses who derive 70% of their income from farm related activities; **or**,
 - (2) made since 25 September 2007 in the case of Small Businesses that operate in towns that are substantially reliant on farmer income, have less than 10,000 population and are located in an Exceptional Circumstances (including prima facie or interim) declared areas;
 - (3) and who would otherwise have prospects of long-term viability, but for the exceptional circumstances which have detrimentally affected the Small Business' business turnover, leading to financial difficulty.
- vi) any commercial borrowings or associated costs of borrowings already subsidised by the Australian Government will not be considered for Support;
- vii) the period for which a subsidy is provided will be determined in each case by the Rural Business Development Corporation of Western Australia, subject to clause 2)(1), and will only be available for a maximum period of 12 months in respect of each application;
- viii) for the first tranche of Support applications must be received no later than 28 days after tranche 1 ends. For the second tranche of Support applications must be received no later than 28 days after the declaration end date. In addition:
 - (1) eligibility must be assessed for each tranche; and
 - (2) the provision of Support in previous years does not guarantee support in a subsequent year or part thereof. Small Businesses not receiving support in the declaration year may be eligible in the subsequent year;
- ix) to be eligible to apply for Support applicants must, under normal circumstances, have a viable Small Business;
 - (1) the total amount of Support payable in each EC Year may not exceed \$100,000 per Small Business or part thereof if the declaration is less than 12 months.
- c) Support may be made to the lender or the Small Business.
- d) Small Businesses can apply for an additional interest rate subsidy within the same tranche as their last successful interest rate subsidy application on additional debt incurred in relation to drought carry-on on a prorata basis, provided the total amount of Support does not exceed \$100,000.
- e) A Small Business can only apply for the next tranche period on interest rate subsidy no earlier than 3 months prior to the expiry of the current tranche period of Support.

4) Assessment Criteria

- a) In assessing the eligibility of an Applicant for Support, the Rural Business Development Corporation of Western Australia must be satisfied that:
 - i) the Small Business has derived 70 per cent or more of its normal total business turnover from the provision of goods or services for farming activities in EC declared or part thereof areas specified in the relevant Schedule to these guidelines or, in the case of Small Businesses that operate in towns that are substantially reliant on farm income, have less than 10,000 population and are located in an Exceptional Circumstances (prima facie or interim) declared areas.
 - ii) The Small Business is in financial difficulty due to the impact of exceptional circumstances on farm enterprises, or farming clients, in EC declared areas.
 - (1) On considering whether a Small Business is in financial difficulty the Rural Business Development Corporation of Western Australia must consider:
 - (a) the total amount of interest payable per annum;
 - (b) the estimated business surplus over the medium term;
 - (c) the owner/lessor/operator's equity in the Small Business in relation to the amount of current and future indebtedness, together with both business and non-business assets and income.

- iii) the provision of the Support is necessary to achieve the strategies as outlined in Clause 2)b) of these Guidelines;
- iv) without the Support the Small Business would not have the capacity to achieve or maintain long-term viability:
 - (1) In assessing the likelihood of the Small Business being viable in the long-term, the following factors must be taken into account:
 - (a) the expected future capacity of the Small Business to be viable (without Government assistance) as measured by its ability to meet, from estimated surpluses, its future financial commitments relating to:
 - (i) the Small Business operating costs;
 - (ii) living costs of the Small Business owner's family;
 - (iii) servicing of the Small Business debts;
 - (iv) future capital requirements for plant and improvements; and
 - (v) investment requirements to return the Small Business to financial viability.
 - (b) the long-term economic trends which impact on the Small Business enterprise;
 - (c) the demonstrated technical, financial and business management performance of the Small Business; and
 - (d) the provision of financial support for the Small Business by commercial lenders through the exceptional circumstance and beyond.
- v) the owner/lessor/operator has disposed of:
 - (1) all non-essential Small Business assets; and
 - (2) non-business assets, such that the net value of non-business assets is not in excess of double the Newstart Allowance Assets test for homeowners (partnered) **or** if an application is received during the period 25 September 2007 to 30 September 2008 (inclusive of the 28 day grace period) or prior to the closure of the Exceptional Circumstances areas, which ever occurs first, in which case the net value of non-business assets is not to exceed \$750,000. This limit applies for up to one 12 month period of support.
 - (a) investments in bona fide insurance and superannuation funds are exempt from the non-business assets test.
- vi) the disposal of assets has been on commercial terms and has applied the proceeds to the Small Business enterprise (except where this would result in extreme financial hardship to the applicant);
- vii) under normal circumstances, the owner/lessor/operator contributes at least 75 per cent of his/her labour to the Small Business enterprise (or in the case of the owner/lessor/operator also being a farmer, at least 75 per cent of his/her labour being contributed to the Small Business and the farming enterprise), at least 50 per cent of total business turnover is derived from the Small Business, and has operated the business for at least 2 years;
- viii) the Applicant's Small Business was affected by the impact of exceptional circumstances on farming enterprises in EC declared areas as defined in clause 2;
- ix) 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;
- x) Applicants who own/lease/operate more than one Small Business will collectively only be eligible for one interest rate subsidy on the commercial debts associated with the applicant's small business subject to the provisions of these guidelines; and
- xi) Applicants who are farmers and own/lease/operate one or more than one Small Business will collectively only be eligible for one interest rate subsidy on the commercial debts associated with either the applicant's farm or the small business subject to the provisions of these guidelines and the provisions of the guidelines applying to interest rate subsidies for farmers under the *Rural Adjustment Act 1992*.

5) Level of Support

- a) The level of Support to be provided to a Small Business will be determined by the extent of Support needed for the strategies as outlined in Clause 2)b) and will be subject to Clause 3; and
- b) the level of Support will be determined from budgets for the Small Business which make due allowance for financial demands on the enterprise appropriate to the exceptional circumstance.

6) Terms and Conditions to Attach to Support

- a) The Rural Business Development Corporation of Western Australia must obtain agreement from the Small Business that it will use the Support only for the purposes specified in Clause 2;
- b) the period of Support in respect of any application is limited to a maximum period of 12 months or part thereof if the declaration is less than 12 months, in accordance with Clause 3 b) vi);
- c) the Rural Business Development Corporation of Western Australia may terminate Support where the Small Business does not rectify breaches of the relevant terms and conditions of that support;
- d) the Rural Business Development Corporation of Western Australia may attach other terms and conditions to the Support considered necessary for the particular case subject to obtaining the prior written consent of the Australian Government; and
- e) the Small Business and the relevant financial institution must agree to the terms and conditions of Support before the payment of Support.

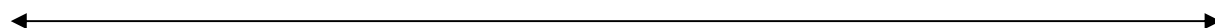
7) Outcomes Expected from Support

- a) The outcomes expected from the Support for the Small Business include:
 - i) a program has been undertaken or maintained to increase business productivity which will lead to improved long-term viability and financial self-reliance;
 - ii) the restructuring of debt has been implemented;
 - iii) the financial demands on the Small Business are reduced;
 - iv) a business which can be demonstrated by the business owner to the satisfaction of the Rural Business Development Corporation of Western Australia to be productive and financially viable (without Government support) in the long-term is maintained; and
 - v) the Small Business is assisted to recover from the impacts on farm enterprises being located in areas declared to be in exceptional circumstances.

8) Variation or Revocation

- a) The Minister reserves the right to revoke or vary these Guidelines at any time.

PETER JOHN MCGAURAN
Minister for Agriculture, Fisheries and Forestry



1.4 RURAL ADJUSTMENT ACT 1992

POLICY GUIDELINE APPLYING TO INTEREST RATE SUBSIDIES FOR FARMERS UNDER THE EXCEPTIONAL CIRCUMSTANCES PROVISIONS OF THE RURAL ADJUSTMENT SCHEME (RAS) FOR THE SOUTH RANGELANDS DECLARED AREA IN WESTERN AUSTRALIA.

I, PETER JOHN MCGAURAN, Minister for Agriculture, Fisheries and Forestry, pursuant to clause 10 of the Agreement between the Commonwealth and the States and Territories (**Agreement**) made under the *Rural Adjustment Act 1992* hereby determine the following policy guideline (**Guideline**) as to interest rate subsidies (**Support**) to Farmers in areas of Western Australia (**State**).

INTEREST RATE SUBSIDIES

1) Interpretation

- a) In this Guideline, unless the contrary intention appears:
 - i) **Applicant** means a person who applies for Support under the scheme established under the Agreement.
 - ii) **Farmer** means a person engaged in the farm sector in a State, but does not include a person whose business consists principally of the provision of services.
 - iii) **Eligible Farmer** means a Farmer who satisfies the criteria for eligibility set out in clause 7 of the Agreement.
 - iv) **Suitably qualified adviser** means a person who:
 - (a) has relevant financial qualifications; and

(b) is a member of a professional association whose members normally provide financial advice.

But, if an applicant whose residence is away from a population centre is not practicably able to seek advice from a person referred to in the definition above then, a suitably qualified adviser is a person who:

- (a) has experience in financial matters because of his or her occupation (whether or not he or she normally provides, or provided, advice); and
- (b) is a member of a relevant professional association.

Occupations that give a person experience in financial matters include the following:

- (a) accountant;
- (b) bank manager; and
- (c) tax agent.

2) Purpose of Support

- a) Pursuant to sub-clause 5(2) of the Agreement, the purpose of the Support is to:
 - i) assist Eligible Farmers in the Southern Rangelands area of the State as specified in Schedule 1 of this Guideline during the period 19 February 2007 until 31 March 2008, and who would otherwise have prospects of long-term profitability and sustainability, but for the exceptional circumstances which has detrimentally affected the Eligible Farmer's income, leading to financial difficulty; and
- b) The Support will facilitate one or more of the following strategies:
 - i) improvements in productivity, including for recovery purposes;
 - ii) the provision of carry-on finance; and
 - iii) debt restructuring.

3) Payment of Support

- a) The Commonwealth will contribute 90 per cent of the Support, and the State will contribute 10 per cent of the Support provided under the State component of the RAS.
- b) Support is subject to the following conditions:
 - i) the Applicant for Support is an Eligible Farmer;
 - ii) the Support during the first year of assistance from 19 February 2007 and subsequent years will not exceed 80 per cent of the interest payable on, and associated costs of, the borrowings being subsidised;
 - iii) when determining the level of commercial borrowings to be supported for an initial interest subsidy, following a purchase of additional farming property since the beginning of the drought, the Business Development Unit, Department of Agriculture and Food, Western Australia, will deduct from the balance of existing commercial borrowings, the full cost of the property purchase;
 - iv) any commercial borrowings or associated costs of borrowings already subsidised by the Commonwealth will not be considered for Support;
 - v) the period for which a subsidy is provided will be determined in each case by the Business Development Unit, Department of Agriculture and Food, Western Australia, subject to clause 2)a), and will only be available for a maximum period of 12 months in respect of each application;
 - vi) a maximum of two tranches of Support are available to Eligible Farmers, one in each Exceptional Circumstances Year (**EC Year**). The first tranche will be in the first EC Year and applications must be received no later than 28 business days after 18 February 2008. The second tranche must be in the second EC Year or part thereof [applications must be received no later than 28 business days after 31 March 2008]. In addition:
 - (1) eligibility must be assessed in each EC year; and
 - (2) the provision of Support in previous years does not guarantee support in a subsequent year or part thereof. Farmers not receiving support in the declaration year may be eligible in the subsequent year(s).
 - vii) to be eligible to apply for Support over a cumulative total of \$300,000 applicants must have a viable farm enterprise; and
 - (1) Viability of the farm enterprise is to be determined by an independent business assessment, conducted by a suitably qualified adviser who:
 - (a) does not have an interest in the farm enterprise; and/or
 - (b) has not had professional dealings with the farm enterprise within the past five years.

- (2) The determination of farm enterprise viability in an independent business assessment undertaken by a suitably qualified adviser does not guarantee support. The final decision to provide support will be determined by the Business Development Unit, Department of Agriculture and Food, Western Australia, in accordance with this Guideline;
- viii) in determining the amount of Support to be paid, the Business Development Unit, Department of Agriculture and Food, Western Australia, will take into account the level of assistance which has been made already under the RAS; accordingly the total amount of Support payable in each EC Year may not exceed \$100,000 per Eligible Farmer, or part thereof if the declaration is less than 12 months, or a cumulative total of support of \$500,000 over 5 years.
- c) Support may be made to the lender or the Farmer.
- d) Farmers receiving other support under the *Rural Adjustment Act 1992* may also be eligible for this Support.
- e) Farmers located in an Exceptional Circumstances area can only apply for an interest rate subsidy no earlier than 9 months after the date of their last successful interest rate subsidy application and only receive one subsidy payment in each Exceptional Circumstances year.

4) Assessment Criteria

- a) In assessing the eligibility of an Applicant for Support, the Business Development Unit, Department of Agriculture and Food, Western Australia, must be satisfied that:
 - i) the farm enterprise is located in the area specified in the relevant Schedule to this Guideline and meets the conditions specified in that Schedule;
 - ii) the farm enterprise is in financial difficulty due to exceptional circumstances, defined in Clause 2;
 - (1) on considering whether a farm enterprise is in financial difficulty, the Business Development Unit, Department of Agriculture and Food, Western Australia, must consider:
 - (a) the total amount of interest payable per annum;
 - (b) the estimated farm surplus over the medium term;
 - (c) the Applicant's equity in the farm enterprise in relation to the amount of current and future indebtedness, together with both farm and off-farm assets and income.
 - (2) when considering whether a farm enterprise is in financial difficulty due to exceptional circumstances, the Business Development Unit, Department of Agriculture and Food, Western Australia must disregard the ability of the farm enterprise to purchase farming property since the beginning of the drought.
 - iii) the provision of the Support is necessary to achieve the strategies as outlined in clause 2 of this Guideline;
 - iv) without the Support the farm enterprise would not have the capacity to achieve or maintain sustainable long-term profitability;
 - (1) in assessing the likelihood of the farm enterprise being profitable in the long-term, the following factors must be taken into account:
 - (a) the expected future capacity of the farm enterprise to operate profitably (without Government assistance) as measured by its ability to meet, from estimated surpluses, its future financial commitments relating to:
 - (i) the farm operating costs;
 - (ii) living costs of the farm family;
 - (iii) servicing of the farm debts;
 - (iv) future capital requirements for plant and improvements; and
 - (v) investment requirements to return the farm to profitability.
 - (b) the long-term economic trends which impact on the farm enterprise;
 - (c) the demonstrated technical, financial and business management performance of the Farmer responsible for the relevant farm enterprise; and
 - (d) the provision of financial support for the farm enterprise by commercial lenders through the exceptional circumstance and beyond.
 - v) the Applicant has disposed of:
 - (1) all non-essential farm assets; and
 - (2) off-farm assets, such that the net value of off-farm assets is not in excess of double the Newstart Allowance Assets Test for homeowners (partnered). Note: the Newstart Allowance Assets Test for homeowners (partnered) is currently \$229,000;

- (a) investments in bona fide insurance and superannuation funds are exempt from the off-farm assets test.
- vi) the disposal of assets has been on commercial terms and has applied the proceeds to the farm enterprise (except where this would result in extreme financial hardship to the Applicant);
- vii) 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 2 years;
- viii) the Applicant's property was affected by exceptional circumstances as defined in clause 2; and
- ix) 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.

5) Level of Support

- a) The level of Support to be provided to an Eligible Farmer will be determined by the extent of Support needed for the strategies as outlined in clause 2 and will be subject to clause 3; and
- b) the level of Support will 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).

6) Terms and Conditions to Attach to Support

- a) The Business Development Unit, Department of Agriculture and Food, Western Australia, must obtain agreement from the Eligible Farmer that the Eligible Farmer will use the Support only for the purposes specified in clause 2;
- b) the period of Support in respect of any application is limited to a maximum period of 12 months or part thereof if the declaration is less than 12 months, in accordance with clause 3;
- c) the Business Development Unit, Department of Agriculture and Food, Western Australia, may terminate Support where the Eligible Farmer does not rectify breaches of the relevant terms and conditions of that support;
- d) the Business Development Unit, Department of Agriculture and Food, Western Australia, may attach other terms and conditions to the Support considered necessary for the particular case subject to obtaining the prior written consent of the Commonwealth; and
- e) the Eligible Farmer and the relevant financial institution must agree to the terms and conditions of Support before the payment of Support.

7) Outcomes Expected from Support

- a) The outcomes expected from the Support for the Eligible Farmer include:
 - 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;
 - ii) increased farm productivity;
 - iii) the restructuring of debt has been implemented;
 - iv) the financial demands on the farm business are reduced;
 - v) a farm enterprise which can be demonstrated by the Farmer to the satisfaction of the Business Development Unit, Department of Agriculture and Food, Western Australia, to be productive, profitable, sustainable and financially viable (without Government support) in the long-term is maintained in the farm sector; and
 - vi) the farm enterprise is assisted to recover from the exceptional circumstances.

8) Variation or Revocation

- a) The Minister reserves the right to revoke or vary this Guideline at any time.

Signed
 PETER JOHN MCGAURAN
 Minister for Agriculture, Fisheries and Forestry

SCHEDULE 1

DESCRIPTION OF THE SOUTH RANGELANDS DECLARED AREA IN WESTERN AUSTRALIA AFFECTED BY EXCEPTIONAL CIRCUMSTANCES

All producers whose properties are Exceptional Circumstances affected and located in the Southern Rangelands declared area of Western Australia described below and who provide information to the satisfaction of the Business Development Unit, Department of Agriculture and Food, Western Australia, that their income has been affected by the impact of Exceptional Circumstances.

The area includes:

- parts of the Shires of Murchison, Yalgoo, Sandstone, Leonora, Menzies, Kalgoorlie/Boulder and Dundas;
- the pastoral areas of the Shires of Esperance, Ravensthorpe, Kondinin, Mt Marshall, Dalwallinu, Perenjori, Mullewa, Chapman Valley and Northampton; and
- the whole of the Shires of Coolgardie and Shark Bay.

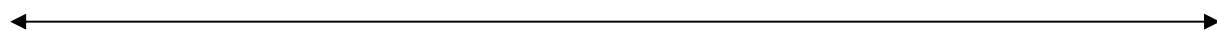
More specifically, the following stations are located in the northern area of the Southern Rangelands. Note there may also be a small number of stations or special leases not identified below.

Badja Station, Barnong Station, Billabalong Station, Bimbijy Station, Bullardoo Station, Bunnawarra Station, Carlaminda Station, Coolcalalaya Station, Curbur Station, Gabyon Station, Jibberding Station, Jingemarra Station, Mallee Station, Maranalgo Station, Meeberrie Station, Mellenbye Station, Mouroubra Station, Mt Gibson Station, Mt Narryer Station, Muralgarra Station, Murgoo Station, New Forest Station, Ninghan Station, Oudabunna Station, Perangery Station, Pindabunna Station, Pinegrove Station, Pullagaroo Station, Remlap Station, Talisker Station, Talling Station, Thundelarra Station, Twin Peaks Station, Wagga Wagga Station, Wanarra Station, Wandina Station, Warriadar Station, Weelhamby, Wooleen Station, Yallalong Station, and Yuin Station.

Buffer zone:

The following stations are located in the buffer zone. Note there maybe a small number of stations or special leases not identified below.

Adelong Station, Arubiddy Station, Balgair Station, Boonderoo Station, Bulga Downs Station, Clover Downs Station, Credo Station, Edjudina Station, Gindalbie Station, Gunnadorah Station, Jeedamya Station, Kanandah Station, Kinclaven Station, Kookynie Station, Koonjarra Station, Kybo Station, Madura Station, Melita Station, Menangina South Station, Menangina Station, Mendleyarri Station, Moonera Station, Morapoi Station, Mt Burges Station, Mt Veters Station, Mundrabilla Station, Perrinvale Station, Pinjin Station, Pondana Station, Rawlinna Station, Riverina Station, Special Lease 3116/6641, Sturt Meadows Station, Vanesk Station, Virginia Station, Walling Rock Station, Woolba Station, Yerilla Station, and Yindi Station.



1.5 *RURAL ADJUSTMENT ACT 1992*

POLICY GUIDELINE APPLYING TO INTEREST RATE SUBSIDIES FOR FARMERS IN WESTERN AUSTRALIA UNDER THE EXCEPTIONAL CIRCUMSTANCES PROVISIONS OF THE RURAL ADJUSTMENT SCHEME (RAS) FOR THE NORTHERN WHEATBELT AND NORTHERN AREAS OF THE EASTERN WHEATBELT DECLARED AREA IN WESTERN AUSTRALIA.

I, PETER JOHN MCGAURAN, Minister for Agriculture, Fisheries and Forestry, pursuant to clause 10 of the Agreement between the Commonwealth and the States and Territories (**Agreement**) made under the *Rural Adjustment Act 1992* hereby determine the following policy guideline (**Guideline**) as to interest rate subsidies (**Support**) to Farmers in areas of Western Australia (**State**).

INTEREST RATE SUBSIDIES

1) Interpretation

a) In this Guideline, unless the contrary intention appears:

- i) **Applicant** means a person who applies for Support under the scheme established under the Agreement.
- ii) **Farmer** means a person engaged in the farm sector in a State, but does not include a person whose business consists principally of the provision of services.
- iii) **Eligible Farmer** means a Farmer who satisfies the criteria for eligibility set out in Clause 7 of the Agreement.
- iv) **Suitably qualified adviser** means a person who:
 - (a) has relevant financial qualifications; and
 - (b) is a member of a professional association whose members normally provide financial advice.

But, if an applicant whose residence is away from a population centre is not practicably able to seek advice from a person referred to in the definition above then, a suitably qualified adviser is a person who:

- (a) has experience in financial matters because of his or her occupation (whether or not he or she normally provides, or provided, advice); and
- (b) is a member of a relevant professional association.

Occupations that give a person experience in financial matters include the following:

- (a) accountant;
- (b) bank manager; and
- (c) tax agent.

2) Purpose of Support

- a) Pursuant to sub-Clause 5(2) of the Agreement, the purpose of the Support is to:
 - i) assist Eligible Farmers in the Northern Wheatbelt declared area as specified in Schedule 1 of this Guideline during the period 8 October 2007 until 31 March 2009, and who would otherwise have prospects of long-term profitability and sustainability, but for the exceptional circumstances which has detrimentally affected the Eligible Farmer's income, leading to financial difficulty; and
- b) The Support will facilitate one or more of the following strategies:
 - i) improvements in productivity, including for recovery purposes;
 - ii) the provision of carry-on finance; and
 - iii) debt restructuring.

3) Payment of Support

- a) The Commonwealth will contribute 90 per cent of the Support, and the State will contribute 10 per cent of the Support provided under the State component of the RAS.
- b) Support is subject to the following conditions:
 - i) the Applicant for Support is an Eligible Farmer;
 - ii) the Support during the first year of assistance should be no greater than a maximum of 50 per cent of the interest payable on, and associated costs of borrowings being subsidised;
 - iii) the Support during the second and subsequent years of assistance will not exceed 80 per cent of the interest payable on, and associated costs of, the borrowings being subsidised;
 - iv) where a property has been purchased since Exceptional Circumstances was declared, the property purchase price shall be deducted from the level of commercial borrowings to be supported in an initial application unless the purchase took place more than twelve months prior to the date of application.
 - v) any commercial borrowings or associated costs of borrowings already subsidised by the Commonwealth will not be considered for Support;
 - vi) the period for which a subsidy is provided will be determined in each case by Rural Business Development Corporation, subject to Clause 2)a), and will only be available for a maximum period of 12 months in respect of each application;
 - vii) For the first tranche of Support, applications must be received no later than 28 days after 7 October 2008. For the second tranche of Support, applications must be received no later than 28 days after 31 March 2009. In addition:
 - (1) eligibility must be assessed in each EC year; and

- (2) the provision of Support in previous years does not guarantee support in a subsequent year or part thereof. Farmers not receiving support in the declaration year may be eligible in the subsequent year(s).
- viii) to be eligible to apply for Support over a cumulative total of \$300,000 applicants must have a viable farm enterprise;
 - (1) Viability of the farm enterprise is to be determined by an independent business assessment, conducted by a suitably qualified adviser who:
 - (a) does not have an interest in the farm enterprise; and/or
 - (b) has not had a professional dealing with the farm enterprise within the past five years.
 - (2) The determination of farm enterprise viability in an independent business assessment undertaken by a suitably qualified adviser does not guarantee support. The final decision to provide support will be determined by the Rural Business Development Corporation, in accordance with this guideline.
- ix) in determining the amount of Support to be paid, the Rural Business Development Corporation will take into account the level of assistance which has been made already under the RAS; accordingly the total amount of Support payable in each EC Year may not exceed \$100,000 per Eligible Farmer, or part thereof if the declaration is less than 12 months, or a cumulative total of support of \$500,000 over 5 years.
- c) Support may be made to the lender or the Farmer.
- d) Farmers receiving other support under the *Rural Adjustment Act 1992* may also be eligible for this Support.
- e) Farmers located in an Exceptional Circumstances area can only apply for an additional interest rate subsidy within the same tranche as their last successful interest rate subsidy application, provided that this is for additional debt incurred in relation to drought carry-on, on a prorate basis, provided the total amount of Support payable for that tranche period may not exceed \$100,000.

4) Assessment Criteria

- a) In assessing the eligibility of an Applicant for Support, the Rural Business Development Corporation, must be satisfied that:
 - i) the farm enterprise is located in the area specified in the relevant Schedule to this Guideline and meets the conditions specified in that Schedule;
 - ii) the farm enterprise is in financial difficulty due to exceptional circumstances, defined in Clause 2;
 - (1) on considering whether a farm enterprise is in financial difficulty, the Rural Business Development Corporation, must consider:
 - (a) the total amount of interest payable per annum;
 - (b) the estimated farm surplus over the medium term;
 - (c) the Applicant's equity in the farm enterprise in relation to the amount of current and future indebtedness, together with both farm and off-farm assets and income.
 - (2) when considering whether a farm enterprise is in financial difficulty due to exceptional circumstances, the Rural Business Development Corporation must disregard the ability of the farm enterprise to purchase farming property since the beginning of the drought.
 - iii) the provision of the Support is necessary to achieve the strategies as outlined in Clause 2 of this Guideline;
 - iv) without the Support the farm enterprise would not have the capacity to achieve or maintain sustainable long-term profitability;
 - (1) in assessing the likelihood of the farm enterprise being profitable in the long-term, the following factors must be taken into account by the;
 - (a) the expected future capacity of the farm enterprise to operate profitably (without Government assistance) as measured by its ability to meet, from estimated surpluses, its future financial commitments relating to:
 - (i) the farm operating costs;
 - (ii) living costs of the farm family;
 - (iii) servicing of the farm debts;
 - (iv) future capital requirements for plant and improvements; and
 - (v) investment requirements to return the farm to profitability.
 - (b) the long-term economic trends which impact on the farm enterprise;

- (c) the demonstrated technical, financial and business management performance of the Farmer responsible for the relevant farm enterprise; and
 - (d) the provision of financial support for the farm enterprise by commercial lenders through the exceptional circumstance and beyond.
- v) the Applicant has disposed of:
 - (1) all non-essential farm assets; and
 - (2) off-farm assets, such that the net value of off-farm assets is not in excess of double the Newstart Allowance Assets test for homeowners (partnered) unless the application is received during the period 25 September 2007 to 30 September 2008 (inclusive of the 28 day grace period) or the closure of the Exceptional Circumstances area, whichever ever occurs first, then the net value of off-farm assets is not in excess of \$750,000 and this only applies for one 12 month period of support. Note: assets held in bona fide insurance and superannuation funds are exempt from the off-farm assets test.
- vi) the disposal of assets has been on commercial terms and has applied the proceeds to the farm enterprise (except where this would result in extreme financial hardship to the Applicant);
- vii) 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 2 years;
- viii) the Applicant's property was affected by exceptional circumstances as defined in Clause 2; and
- ix) 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.

5) Level of Support

- a) The level of Support to be provided to an Eligible Farmer will be determined by the extent of Support needed for the strategies as outlined in Clause 2 and will be subject to Clause 3; and
- b) the level of Support will 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).

6) Terms and Conditions to Attach to Support

- a) The Rural Business Development Corporation must obtain agreement from the Eligible Farmer that the Eligible Farmer will use the Support only for the purposes specified in Clause 2;
- b) the period of Support in respect of any application is limited to a maximum period of 12 months or part thereof if the declaration is less than 12 months, in accordance with Clause 3;
- c) the Rural Business Development Corporation, may terminate Support where the Eligible Farmer does not rectify breaches of the relevant terms and conditions of that support;
- d) the Rural Business Development Corporation, may attach other terms and conditions to the Support considered necessary for the particular case subject to obtaining the prior written consent of the Commonwealth; and
- e) the Eligible Farmer and the relevant financial institution must agree to the terms and conditions of Support before the payment of Support.

7) Outcomes Expected from Support

- a) The outcomes expected from the Support for the Eligible Farmer include:
 - 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;
 - ii) increased farm productivity;
 - iii) the restructuring of debt has been implemented;
 - iv) the financial demands on the farm business are reduced;
 - v) a farm enterprise which can be demonstrated by the Farmer to the satisfaction of the Rural Business Development Corporation, to be productive, profitable, sustainable and

- financially viable (without Government support) in the long-term is maintained in the farm sector; and
- vi) the farm enterprise is assisted to recover from the exceptional circumstances.

8) Variation or Revocation

The Minister reserves the right to revoke or vary this Guideline at any time.

Dated this....11th....day of October....2007.

Signed
PETER JOHN MCGAURAN
Minister for Agriculture, Fisheries and Forestry

SCHEDULE 1

DESCRIPTION OF THE NORTHERN WHEATBELT AND NORTHERN AREAS OF THE EASTERN WHEATBELT DECLARED AREA IN WESTERN AUSTRALIA AFFECTED BY EXCEPTIONAL CIRCUMSTANCES

All producers whose properties are Exceptional Circumstances affected and located in the Northern Wheatbelt and northern areas of the Eastern Wheatbelt declared area of Western Australia described below.

The Northern Wheatbelt and Northern parts of the Eastern Wheatbelt, Exceptional Circumstance region includes entire Shires and portions of Shires covering some 25 Shires in total.

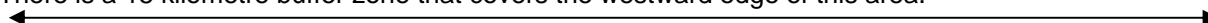
The area incorporates the Shires of Greenough, Irwin, Carnamah, Mingenew, Three Springs, Coorow, Dalwallinu, Wyalkatchem, Moora Wongan-Ballidu, Koorda, Mt Marshall, Mukinbudin, Dowerin, Trayning, Nungarin, Westonia, Kellerberrin, Merredin and Yilgarn; and those parts of the following shires not already EC declared: Northampton, Chapman Valley, Mullewa, Morawa and Perenjori,

More specifically the area (excluding the buffer) is best described as starting at the coast in the township of Geraldton then:

- travelling south following the coastline on Campton Road turning east a McCarthy Road,
- then taking down through the following roadways in South Easterly direction along Evans Road, Allanooka Springs Road, Tabletop Road, Milo Road, Warradong Spring Rd, Yandandoka West Rd, Mount Adams Rd, Tomkins Rd, Sundalara Rd, Robinson Rd, Bunney Rd, First North Rd, Kangaroo Rd, Turkey Flat Rd, Carnamah Eneabba Rd, Chatfield Clarke Rd, Hughes Rd, Brand Mudge Rd, Coorow Green Head Rd, Carger Rd, Marchagee Track, Elliot Rd, Midlands Rd, Namban East Rd, Carino Rd, Miling Watheroo Rd, Lions East Rd, Nadji Mia Rd, Ballidu Bindi Bindi Rd, Wells Rd, Kondut West Rd, Wondut South East Rd, Stokes Rd, Manmanning Rd, Sewell Rd, Ward Rd, Clinic Rd, Moonjin East Rd, Dowerin Kalannie Rd, Ejanding East Rd, Rabbit Proof Fence North, Goomalling Wyalkatchem Rd, Tamin Wyalkatchem Rd, Rifle Range Rd, Handword Rd, Davies Rd, Tilbrook Rd, Shiells Rd, York Range West Rd, McQueen Rd, Nanyning Rd, Kellerberrin Yelben Rd, Scott Rd, Bencubbin Rd, Wilkins Rd, Missen Rd, Goldfields Rd and then State Forest Rd.
- then due east along Mather Rd then south on Burracoppin South Rd and then east on Hackling Rd and then,
- south on to Reynolds Rd then south east on Meranda North Rd then due east on Cramphorn Rd then north east along the Emu Fence Rd and then south east on Dunbar Rd to the border with the pastoral region.

Buffer zone:

There is a 15 kilometre buffer zone that covers the westward edge of this area.



1.6 RURAL ADJUSTMENT ACT 1992

CLAUSE 8 VARIATION TO POLICY GUIDELINES APPLYING TO INTEREST RATE SUBSIDIES FOR FARMERS UNDER THE EXCEPTIONAL CIRCUMSTANCES PROVISIONS OF THE RURAL ADJUSTMENT SCHEME

THIS VARIATION is made on the11TH.....day of ...OCTOBER... Two Thousand and Seven.

BETWEEN

COMMONWEALTH OF AUSTRALIA ('the Commonwealth')

AND

THE STATE OF WESTERN AUSTRALIA ('Western Australia')

RECITALS

8) Variation or Revocation

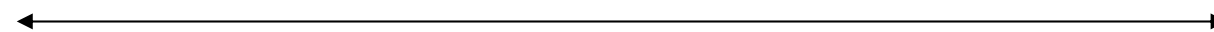
- a) The Minister reserves the right to revoke or vary these Guidelines at any time.

IT IS AGREED AS FOLLOWS:

1. Subclause 3)e) of all current Guidelines as at 25 September 2007 are to be amended to read 'Farmers located in an Exceptional Circumstances area can only apply for an additional interest rate subsidy within the same tranche as their last successful interest rate subsidy application, provided that this is for additional debt incurred in relation to drought carry-on, with the subsidy calculated on a pro rata basis and the total amount of support payable within a tranche period does not exceed \$100,000. A farmer located in an EC area can apply for another tranche of interest rate subsidy no earlier than 3 months prior to the expiry of the current tranche of support.'
2. Subclause 4)a)v)(2) of all Guidelines that cover the period 25 September 2007 to 30 September 2008, are to be amended to read 'off-farm assets, such that the net value of off-farm assets is not in excess of double the Newstart Allowance Assets test for homeowners (partnered) unless the application is received during the period 25 September 2007 to 30 September 2008 (inclusive of the 28 day grace period) or the termination date for the Exceptional Circumstances area, which ever occurs first, then the net value of off-farm assets is not to exceed \$750,000.
This applies for up to one 12 month period of support.

EXECUTED AS A DEED

SIGNED SEALED and DELIVERED for and on behalf of the Commonwealth of Australia by the Honourable PETER MCGAURAN Minister for Agriculture, Fisheries and Forestry of the COMMONWEALTH OF AUSTRALIA



1.7 POLICY GUIDELINES APPLYING TO THE FARMBIS SCHEME

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

RECITALS

- A. The Commonwealth and the State:
 - (a) recognise the need for continuous learning in business and natural resource management for eligible primary producers and eligible rural land managers because

- of its strong influence on the profitability, sustainability and competitiveness of their business enterprises;
 - (b) recognise the importance of working in partnership with key stakeholders, including industry organisations and eligible primary producer groups, to ensure the success of FarmBis;
 - (c) recognise that influencing demand for learning activities represents an investment in the strategic and sustainable development of Australia's primary production industries;
 - (d) acknowledge that the AAA FarmBis Program ('FarmBis') is a component of the Commonwealth Government's *Agriculture – Advancing Australia* (AAA) package; and
 - (e) recognise the AAA FarmBis Program Framework endorsed by the Minister and the State Minister.
- B. The Commonwealth has agreed to enter into this Agreement with the State pursuant to section 22AD of the *Rural Adjustment Act 1992*.

AGREEMENT 20 January 2005

COMMENCEMENT AND OPERATION

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

1. INTERPRETATION

In this Agreement, unless the contrary intention appears:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

'primary production business enterprise' means:

- (a) a rural enterprise carried on within the State; or

- (b) a wild catch fishing enterprise:
 - (i) carried on by a business registered in the State; or
 - (ii) where the enterprise is carried on by an individual, by a person who is resident in the State;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. OBJECTIVES

2.1 The objectives of FarmBis are:

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

3. STRATEGIES TO ACHIEVE THE OBJECTIVES

3.1 The strategies to achieve the FarmBis objectives are:

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

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

4. TYPES OF ELIGIBLE LEARNING ACTIVITIES

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

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

5. TARGETED INDUSTRY INITIATIVE

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

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

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

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

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

6. DELIVERY PRINCIPLES

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

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

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

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

7. ADMINISTRATION

7.1 State Planning Group

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

7.2 State Planning Group Chair

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

7.3 Functions of the State Planning Group

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

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

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

7.8 **Communication**

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

8. **PERFORMANCE**

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

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

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

13. USE OF ADVANCES AND OTHER MONIES

13.1 Money to be used to achieve objectives

The State must ensure that:

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

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

13.2 Money not to be used for usual State administrative expenses

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

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

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

14. SUPPORTING FINANCIAL EVIDENCE

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

15. GOODS AND SERVICES TAX

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

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

16. AUDIT

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

17. PROVISION FOR LOSSES

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

18. ASSETS

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

19. FARMBIS MATERIAL

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

20. AMENDMENT OF THE AGREEMENT

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

21. PERFORMANCE OF AGREEMENT

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

22. PROVISION OF INFORMATION

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

23. PUBLICITY

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

24. ADDRESSES

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

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

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

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

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

EXECUTED as an Agreement.

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

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

1.8 POLICY GUIDELINES APPLYING TO FINANCIAL SUPPORT FOR THE 2006 DRY SEASON ASSISTANCE SCHEME

PURPOSE OF SUPPORT

With the driest start to winter on record for many areas and poor seasonal conditions over much of the State, high input prices and low commodity prices, the farming community in Western Australia were facing challenging times.

The 2006 Dry Season Assistance Scheme is part of a \$5.325M package announced by the State Government on 21 August 2006 and amended on 11 January 2007. The package includes direct farmer grants to assist those farmers worst affected by the 2006 dry season, \$400,000 to assist with rural counselling services, \$2.0M to the Department of Water to be allocated for new farm water grants and other water initiatives, and \$240,000 to affected Shire Councils or Community Organisations for social or community activities.

Grants of up to \$7,500 in total (exclusive of GST) are available to help farmers deal with the impacts of the dry season. The major objective of the direct grants is to address animal welfare issues and to assist eligible farmers to retain their livestock while minimising the risk of land degradation due to overgrazing, and to engage specialists to provide business advice or to prepare farm business plans or obtain specialist technical advice.

It is preferred that successful applicants will, wherever possible, spend the approved funds through local contractors/suppliers to provide a flow-on benefit to assist local businesses in rural communities during this difficult time.

Applications for this Scheme must be received by 31 March 2007.

1. ASSISTANCE MEASURES

A) Farmer Direct Grants

Farmer direct grants are available for any one or a combination of any of the following six areas of assistance to a maximum of \$7,500, for eligible expenditure from 1 May 2006:-

a) Freight on Fodder

A reimbursement is provided to assist farmers to retain breeding stock. Farmers may opt to retain stock on the farm and feedlot them by purchasing grain or hay. The reimbursement is for the cost of transporting fodder to the

farm and will be paid on the provision of the contractor's invoice and receipt that supports your tax invoice

b) Freight to Agistment

This reimbursement is to assist farmers to retain breeding stock. It will help fragile pastures to regenerate or re-establish. The reimbursement is for the cost of transport of stock to agistment and will be paid on the provision of a copy of the contractor's invoice and receipt that supports your tax invoice.

c) Water and Its Transport

A reimbursement of 100% is available for the cost of water and its transport for use on farms for domestic and stock purposes. A reimbursement will only apply for stock water carted less than 40 kms from the applicant's farm (one way). No distance limit applies for water used for domestic purposes. However, if your Shire is declared water deficient, domestic water will be able to be sourced through that declaration.

Where own transport is used, a tax invoice will need to be detailed to indicate how reasonable expenditure has occurred.

d) Water enhancement - dam cleaning, catchment improvement and piping

A reimbursement is available for the cost of dam cleaning and repairs, catchment improvements, piping, bores and related equipment and will be paid on the provision of a copy of the contractor's invoice and receipt that supports the tax invoice. This relates to existing water sources – not to find new sources.

e) Feedlot Infrastructure

Assistance for the construction of feedlot infrastructure to reduce land degradation risks will be available under the following conditions:

- Labour employed and materials purchased for the feedlot construction should be locally derived where possible.
- The location of the Feedlot on farm needs to be approved by the local office of the Department of Agriculture and Food for soil conservation purposes. They will notify the Farm Business Development group in writing. This approval is required before payment can be made.
- The "feedlot" need not be a formal post and rail high density stocking rate area; however it should be a comparatively restricted area of the farm that is not likely to suffer excessive soil erosion. Unsuitable areas would include exposed light soils and watercourses.

A reimbursement is available for the cost of labour and materials for the construction of the approved feedlot and will be paid on the provision of a copy of the contractor's and suppliers invoice(s) and receipts that support your tax invoice.

f) Professional and Technical Advice

Grants are available to engage specialist business consultants such as Agricultural Consultants or Accountants to provide business options advice or the preparation of farm business plans directly related to the dry season, and associated technical advisory services.

The consultant/accountant will define the technical and financial issues and identify needs for further counselling, access to Commonwealth and State programs and modification of business plans as a result of the impact of the dry season.

Technical advisory services would also cover veterinary advice and soil testing services for next season's cropping or pasture programs.

Even though the application must be received by 31 March 2007, invoices from the professional supporting the claim for Professional Advice must be provided by 31 May 2007. An extension may be allowed if there is difficulty engaging a consultant prior to 31 March 2007.

B) Shire and Community Support Grants

As a means of supporting rural communities, grants will be made available to maintain community spirit and stimulate local activity through the difficult times. Applications would also be considered from social service groups other support services to farmers in the affected shires.

Grants will also be made available for service clubs, farm organisations, church groups or incorporated regional bodies, to provide community events in consultation with shires.

Grants of \$5000 per project with a maximum of two projects per shire are available.

C) Counselling

Grants applications will also be considered from social service groups offering counselling to farmers in the affected shires.

Grants of \$5000 per project with a maximum of two projects per shire are available.

2. APPLICATIONS FOR FUNDS

A) Funding for the 2006 Dry Season Assistance Scheme is limited. Applications will be processed on a first in, first considered basis, and will be subject to the availability of funds.

B) Applications must be received by 31 March 2007. Applications can be approved in principle prior to the work being completed. Applicants should be requested to show how and when the funds will be expended, on the Application Form or by supporting information.

C) To obtain a payment, applicants are required to submit their own Tax Invoice, accompanied by copies of the invoices from suppliers/contractors on which the claim is based. Tax invoices from suppliers must be provided by 31 May 2007 following an approval in principle.

D) Assistance sought should be based on receipts for purchases and actions from 1 May (as the impact of the current dry season was not evident prior to 1 May). The Rural Business Development Corporation will assess all applications on a case by case basis with the determinant being that expenditure and actions must relate to the current dry season. Earlier expenditure may be considered on its merits.

3. ELIGIBILITY/ASSESSMENT CRITERIA

A) Applicants for farmer direct grants must:

(a) Operate a commercial scale farming enterprise and farm most or all of their operations in one or more of the Shires of Northampton, Chapman Valley, Mullewa, Greenough, Irwin, Carnamah, Mingenew, Morawa, Three Springs, Perenjori, Coorow, Dalwallinu, Koorda, Mt Marshall, Mukinbudin and Shark Bay, or one of the Nullarbor stations of Arubiddy, Balgair, Gunnadorrah, Kinclaven, Kybo and Mundrabilla.

(b) Have been a farm/station business since April 2005 and either own the farmland/station or hold a minimum three (3) year agreement to share farm or lease.

(c) Devote at least 75% of their labour to the farm/station business.

(d) Confirm that the farm/station business usually generates at least 50% of its income from farming in the defined area in a normal year.

(e) If the majority of farm income is obtained from cropping in a normal year, your farm businesses must demonstrate that there will be at least a 50 percent decline in grain production in 2006 when compared to the average of 1995 to 1999 crop years. You cannot use the stock production decline if the majority of your income is received from cropping.

(f) If the majority of your farm income is obtained from livestock in a normal year, your farm business must demonstrate a minimum 40% decline in total stock numbers when compared to normal stock numbers carried. You cannot use the crop production decline if the majority of your income is received from livestock.

(g) Have a total equity (all assets less all liabilities for all farm/station and off farm assets of all partners/shareholders/beneficiaries) of \$2,500,000 or less for 1 or 2 partners/shareholders/ beneficiaries, or \$3,500,000 or less for 3 or more partners/shareholders/beneficiaries, as at 1 February 2006. A copy of the farm business's Statements of Assets & Liabilities as at 1 February 2006 is

required to be attached to the application form. Also see General Information below.

- (h) Explain in the application the impact the dry season has had on your business.

B) Applicants for community and social support or counselling grants must:

- (a) Provide the support/event in the affected shires.
- (b) The application for these grants should have the support of the local Shire.
- (c) The application for funding requires a brief outline of the "Community" or "Social Support Services" activity with an estimate of costings and the date(s) of the activity. If accepted, an "approval in principle" will be given, with final payment made to the applicant on provision of invoices and supporting documents. The Chief Executive Officer of the Shire/s in which the activity is to be held would need to indicate their support for the activity and countersign the application.
- (d) An "activity" could be a joining of "forces" with other providers by leveraging with other funding sources to form one large "activity".

4. GENERAL INFORMATION

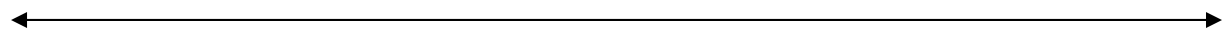
- A) An audit may be conducted on a sample of approved applicants.
- B) A financial institution manager, agricultural consultant, accountant or rural financial counsellor must certify the financial data in the Application form.

Dated .../8/2006

Signed

Kim Chance MLC

MINISTER FOR AGRICULTURE AND FOOD



1.9 POLICY GUIDELINES APPLYING TO FINANCIAL SUPPORT FOR THE 2007 DRY SEASON ASSISTANCE SCHEME

BACKGROUND

Given the uncertainty of future rainfall in the coming winter months, and its unknown eventual impact on crop yield and feed situation for both farmers and pastoralists, a range of measures will be provided under a new package – the 2007 Dry Season Assistance Scheme. This Scheme will be administered by the Rural Business Development Corporation (RBDC). A sequential introduction of assistance would be implemented as areas are declared on a region/shire basis as the extent and severity of the dry season becomes evident.

Assistance measures include the following.

1. Direct Assistance grants of up to \$8,000 to Farm Businesses

A State Government Direct Assistance Scheme to the most affected farmers/pastoralists is recommended. A major objective of this assistance is to address welfare issues and to assist farmers to retain their livestock while minimising the risk of land degradation due to overgrazing. This may be achieved by restricting the stock to a relatively small area of land which is able to withstand heavy stocking rates and providing brought in fodder or removing them from the property altogether.

Level of assistance to farmers/pastoralists

A grant of up to a total of \$8000 (exclusive of GST) is recommended for the components of the package to eligible farmers/pastoralists. The eligible farm/pastoral business would be able to select from a 'menu of options'. The grant could therefore be used for any one, or combination, of the assistance measures in the menu. The applicant will be required on the application form to show how the funds will be expended.

Direct grants to farm businesses would cover eligible expenditure (as defined below) from 1 April 2007 and applications for the Scheme will need to be received by 31 March 2008.

General conditions

- Farmers/pastoralists would be required to submit tax invoices for reimbursement of costs. Where own costs are incurred, a self-generated tax invoice will be required to indicate reasonable expenditure that has occurred.
- Farmers/pastoralists must endeavour to use local contractors where possible.

Components of direct assistance that may be taken up by eligible farm/pastoral businesses include the following.

1.1 Freight on Fodder

Purpose

Assistance is required to ensure that farmers can retain breeding stock. For farmers unable to agist their stock, the best option may be to keep stock on the farm and feedlot them using purchased stockfeed grain or hay. This option will protect fragile land from wind erosion and assist pastures to regenerate or be re-established next season.

1.2 Freight to Agistment

Purpose

Assistance is required to ensure that farmers can retain breeding stock. Some farmers have/will manage to agist their stock, though it is now very difficult to find agistment. This option will also allow fragile pastures to regenerate or be re-established. The reimbursement is for the cost of transport of stock to agistment.

1.3 Water and its transport

Purpose

A reimbursement of 100 per cent will be available for the cost of water and its transport for use on farms for domestic and stock purposes. A reimbursement will only apply for stock water carted less than 40 kms from the applicant's farm (one way). No distance limit applies for water used for domestic purposes. However, if the Shire is declared water deficient, domestic water will be able to be sourced through that declaration.

1.4 Destocking

Purpose

Reimbursement of costs associated with destocking the property because of the dry seasonal conditions (transport of stock to sale, disposal of stock of no commercial value).

1.5 Water enhancement - dam cleaning, catchment improvement and piping

Purpose

- This relates to existing water sources, not to find new sources, and includes improving their water supplies, including dam repairs and bore repairs.
- This would also stimulate local contracting businesses.
 - Available for dam cleaning and repairs, catchment improvements and piping, bores and related equipment.

1.6 Feedlot Infrastructure

Purpose

Assistance for the construction of feedlot infrastructure to reduce land degradation risks will be available under the following conditions.

- Labour employed and materials purchased for the feedlot construction should be locally derived where possible.
- The location of the feedlot on farm needs to be approved by the local office of the Department of Agriculture and Food for soil conservation purposes. They will notify the Farm Business Development group in writing. This approval is required before payment can be made.
- The 'feedlot' need not be a formal post and rail high density stocking rate area; however it should be a comparatively restricted area of the farm that is not likely to suffer excessive soil erosion. Unsuitable areas would include exposed light soils and watercourses.

1.7 Professional and Technical Advice

Purpose

- Grants are available to engage specialist business consultants such as agricultural consultants or accountants to provide business options advice or the preparation of farm business plans directly related to the dry season, and associated technical advisory services.
- The consultant/accountant will define the technical and financial issues and identify needs for further counselling, access to Commonwealth and State programs and modification of business plans as a result of the impact of the dry season.
- Technical advisory services would also cover veterinary advice and soil testing services for next season's cropping or pasture programs.

1.8 Other

Purpose

- Any other essential farm business expense as agreed to by the Department of Agriculture and Food.
- This includes specific support to pastoralists.

Eligibility criteria for Grants

Direct grants to farm/pastoral businesses would cover eligible expenditure (as defined below) from 1 April 2007 and applications for the Scheme will need to be received by 31 March 2008.

The following eligibility criteria will ensure that support goes to those most affected and in need. This will also manage the rate of applications for the finite Government funds.

It is intended to provide assistance to Shires in a sequential pattern of need. The Department of Agriculture and Food (DAFWA) has developed a model of ranking the Shires into a list of 26 of the worst effected Agricultural Shires from highest to lowest. The model has the ability to accommodate the rolling out of agricultural shires in a three stage process.

Applicants should

- (a) operate a commercial scale farming enterprise and farm most or all of their operations in one or more of the declared Shires within each agreed sequential pattern of need. The 26 Agricultural Shires identified that are at risk from the current 2007 Dry Season are Northampton, Chapman Valley, Mullewa, Greenough, Irwin, Carnamah, Mingenew, Morawa, Three Springs, Perenjori, Coorow, Dalwallinu, Wyalkatchem, Moora Wongan-Ballidu, Koorda, Mt Marshall, Mukinbudin, Trayning, Nungarin, Westonia, Kellerberrin, Merredin, Yilgarn, Bruce Rock and Narembeen. The 10 Pastoral Shires are Upper Gascoyne, Meekatharra, Murchison, Cue, Yalgoo, Mt Magnet, Menzies, Kalgoorlie/Boulder, Coolgardie and Dundas.
- (b) Have been a farm/station business since April 2005 and either own the farmland/station or hold a minimum three year agreement to sharefarm or lease.
- (c) Usually devote at least 75 per cent of their labour to the farm business.
- (d) confirm that the farm/station business usually generates at least 50 per cent of its income from farming in the defined area in a normal year.
- (e) If the majority of farm income is obtained from cropping in a normal year, the farm businesses must demonstrate that there will be at least a 50 per cent decline in grain production in 2007 when compared to the average of 1995 to 1999 crop years. The farmer cannot use the stock production decline if the majority of their income is received from cropping.
- (f) If the majority of the farm income is obtained from livestock in a normal year, the farm business must demonstrate a minimum 40 per cent decline in total stock numbers when compared to normal stock numbers carried. The farmer cannot use the crop production decline if the majority of their income is received from livestock.
- (g) Have a total equity (all assets less all liabilities for all farm/station and off farm assets of all partners/shareholders/beneficiaries) of \$2,500,000 or less for 1 or 2 partners/shareholders/ beneficiaries, a further \$1,000,000 or less for every additional partner/shareholder/beneficiary up to a maximum of \$5,000,000 as at 1 February 2007. A copy of the farm business's Statements of Assets and Liabilities as at 1 February

2007 is required to be attached to the application form. Also see General Information below.

- (h) Explain in the application the impact the dry season has had on their business.

The applicant must sign a statutory declaration confirming that all information in the application is correct. The asset and liabilities figures provided are also to be certified by an approved person (financial institution manager, agricultural consultant, accountant or other person approved by the Department of Agriculture and Food).

2. Other Support Services to farmers

Additional support, direct and indirect, is also recommended to be provided to the farming community through the following.

2.1 Community Service Grants through/in consultation with Shires

Purpose

This measure of support was provided in the previous 2006 Dry Season Assistance Scheme and feedback from farming communities is that it, along with social support service grants, was seen as one of the most beneficial and appreciated measures provided.

It is important to maintain community spirit and welfare by stimulating local activity through the difficult times. This has proved to be a very effective and appreciated means of supporting rural communities. It is proposed to make grants available of \$5000 per project with a maximum of two projects per shire.

2.2 Social Support Service Grants through/in consultation with Shires

Purpose

This measure of support was provided in the previous 2006 Dry Season Assistance Scheme and feedback from farming communities is that it along with Community grants to shires was seen as one of the most beneficial and appreciated measures provided.

Grants applications would be considered from social service groups offering counselling and other support services to farmers in the affected shires.

It is proposed to make grants available of \$5000 per social service group with support from the local shire.

Grants could also be made available for providers of statewide social counselling services, service clubs, farm organisations, church groups or incorporated regional bodies, to provide community events in consultation with shires.

2.3 Rural Counselling Program

Purpose

Rural Financial and Social Counselling services will need expanding. The dry conditions have identified the need to provide and expand social counselling support to farmers' rural communities given the difficult season.

Assistance measures would be expanded to include with the Men's Health focus a Women's Health Focus and a Family (Children) Health Focus.

An allowance of up to \$500,000 be made available on a state-wide as needs basis for other additional financial and social counsellors.

4. Funding

It is intended to provide assistance to Shires in a sequential pattern of need. The Department of Agriculture and Food (DAFWA) has developed a model of ranking the Shires into a list of 26 of the worst effected Agricultural Shires from highest to lowest. The model has the ability to accommodate the rolling out of agricultural shires in a three stage process.

The model provides a way of ranking the 26 Agricultural Shires into a three staged roll out with the first ten Shires for declaration being Mullewa, Morawa, Perenjori, Dalwallinu, Mount Marshall, Westonia, Yilgarn, Merredin, Trayning and Three Springs. In addition to these Shires an additional four shires being Northampton, Chapman Valley, Koorda and Mukinbudin have been identified through intelligence gathered from those areas and to keep a consistent spread of Shires,

There is an estimated 4000 farmers/pastoralists in the 26 Agricultural Shires and ten Pastoral Shires. Based on the eligibility criteria and historical patterns, 25 per cent of farmers will apply for support.

The 1000 applications at the maximum of \$8000 each, plus additional funding for other support measures as well as direct administration costs of the package, would require \$9.340 million funding.

Approval date: 27 August 2007

Kim Chance MLC
MINISTER FOR AGRICULTURE AND FOOD

Scheme extended to include additional Shires. Shires eligible to apply:-
Bruce Rock, Chapman Valley, Carnamah, Coolgardie, Coorow, Cue, Dalwallinu, Dundas, Greenough, Irwin, Kalgoorlie/Boulder, Kellerberrin, Koorda, Merredin, Meekatharra, Menzies, Mingenew, Moora, Morawa, Mt Magnet, Mt Marshall, Mukinbudin, Mullewa, Murchison, Narembeen, Northampton, Nungarin, Perenjori, Shark Bay, Three Springs, Trayning, Upper Gascoyne, Westonia, Wongan-Ballidu, Wyalkatchem, Yalgoo and Yilgarn. (List includes some pastoral shires.)

Approved: 31 October 2008.

Kim Chance MLC
MINISTER FOR AGRICULTURE AND FOOD

1.10 POLICY GUIDELINES APPLYING TO FINANCIAL SUPPORT FOR THE ORD SUGAR INDUSTRY ASSISTANCE SCHEME

PURPOSE OF SUPPORT

Assistance to Ord Sugar Cane growers to enable the 2007 sugar cane crop to be harvested and milled by Ord River Canegrowers Pty Ltd (Grower Company) and any unprocessed sugar cane to be disposed of in an environmentally acceptable manner approved by the Department of Agriculture and Food (DAFWA). The assistance, up to a maximum of \$4 million in grants will be made subject to agreed conditions. The assistance should enable the Mill to operate for the 2007 sugar cane season and meet all employee entitlements including redundancy payments should the Mill close at the end of the season.

1. ASSISTANCE MEASURES

1.1 Disposal of Sugar Cane unable to be Processed

A payment of \$7.50 for each tonne of sugar cane which is in excess of the Mill's capacity and needs to be destroyed will be paid to sugar cane growers for sugar cane which is disposed of in an environmentally acceptable manner. DAFWA will develop in consultation with the sugar cane growers a disposal plan including what "environmentally acceptable" manner means.

Payments will be made to the Grower Company. Payments made to the Grower Company will be made on the condition that payments received by the Grower Company will in turn be paid to individual sugar cane growers.

1.2 Processing Grant

A payment of \$10.00 for each tonne of sugar cane will be made to the Grower Company towards its cost of harvesting and transport of sugar cane which is sent to the Mill for processing.

1.3 Scheme Administration Costs

Rural Business Development Corporation (RBDC) administration costs of up to \$40,000 may be deducted from scheme funds.

2. ESTABLISHMENT OF ADVISORY PANEL

DAFWA will in consultation with sugar cane growers establish an advisory panel (the Panel) comprised of a Grower Company employee, the harvest contractor and a DAFWA representative. The role of the Panel will be to verify harvesting, transport, processing and destruction returns provided by the Mill on which grant payments made by the RBDC are made. Aggrieved growers can present a case to the Minister for Agriculture and Food to decide in the event of a dispute concerning the estimated cane yields.

The Directors of the Grower Company will sign a Letter of Undertaking agreeing to provide requested information supporting payments to the RBDC and to cooperate with the Panel in the verification of harvest and processing information.

3. ELIGIBILITY CRITERIA FOR PAYMENT

Payments for the Scheme only relate to the present 2007 harvest of sugar cane, estimated to be 375,000 tonnes. The tonnage of sugar cane destroyed, harvested and milled will be verified by the Panel.

Grower Company took over the management of the Mill on 2 July 2007.

The Grower Company will require initial working capital as it has no working capital. It will also require ongoing working capital for the 2007 harvest. The first income to the Grower Company from sugar sales is due in September 2007. The RBDC will pay grants in advance to the Grower Company based on the submitted cash flow requirements by the Grower Company.

In recognition of the urgent need to commence processing sugar cane and the need for immediate working capital to pay costs including wages of Mill employees the RBDC will advance funds to the Grower Company in advance of and conditional upon an executed Funding Agreement being entered into.

Planned payments in advance of an executed Funding Agreement will be \$250,000 by Tuesday 10 July and \$100,000 by Friday 20 July with the balance paid in accordance with the terms of the executed Funding Agreement. Further advances will be made upon receipt of Tax Invoices from the Grower Company, supported by documentation verified by the Panel.

For measure 1.1 "Disposal of Sugar Cane unable to be processed"

The Panel, in conjunction with the Grower Company, will estimate the amount of sugar cane that will be unable to be processed.

- a) The Grower Company will assume the obligation to arrange harvesting and stacking of the sugar cane and the burning. However individual growers may also arrange destruction of sugar cane in consultation and agreement with the Panel and the Grower Company.
- b) It is acknowledged that there may be a need to destroy more sugar cane than initially calculated if circumstances warrant. This will be determined by the Panel.
- c) The Grower Company will provide a Tax Invoice to the RBDC for payment of agreed sugar cane destroyed. This will be supported by documentation, verified by the Panel, as to tonnes destroyed and destruction in an agreed "environmentally acceptable" manner.
- d) The RBDC will deduct from the Grower Company Tax Invoice any grants for this purpose that have been paid in advance.
- e) The Grower Company agrees that payments received by it for sugar cane destroyed will in turn be paid to individual sugar cane growers, less Grower Company expenses.

For measure 1.2 "Processing Grant"

The RBDC will pay direct to the Grower Company \$10 per tonne of sugar cane towards the costs of harvesting and transport of sugar cane to the mill for processing

- a) The Grower Company is responsible for arranging and payment for the harvest and transport of sugar cane from grower properties.
- b) The RBDC will make payments in advance, in accord with the Funding Agreement.
- c) The Grower Company will provide a tax invoice to the RBDC for payment. This will be supported by documentation, verified by the Panel, as to tonnes harvested to date, yet to be harvested, processed and yet to be processed.
- d) The RBDC may deduct from the Grower Company Tax Invoice any grants for this purpose that have been paid in advance.

4. FUNDING

The RBDC will take a first lien over the processed sugar and the proceeds from sale thereon. These proceeds will be released to the Grower Company in accordance with the funding agreement. RBDC may withhold the balance of the proceeds of the second shipment, net of that required to meet the redundancy and employee entitlements, until these redundancies and entitlements have been met in full.

Total funding of up to \$4 million will be provided by the Rural Business Development Corporation for this scheme.

Signed 5/7/07
Kim Chance MLC
MINISTER FOR AGRICULTURE AND FOOD

APPENDIX 2

LIST OF PUBLICATIONS as at 30 June 2008

EXCEPTIONAL CIRCUMSTANCES

Declaration 7 April 2005

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

Declarations (2) 24 October 2006

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

Declaration 7 November 2006

Boundaries, Boundary and Buffer Zone Map, Application Form, Policy Information Document, Lender Certificates

Declaration 19 February 2007

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

Declaration 8 October 2007

Boundaries, Boundary and Buffer Zone Map, Application Form, Policy Information Document, 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
Targeted Industry Initiative
Brokerage Fee
65% reimbursements for training completed prior to June 2008
Overview of Industries
List of Registered Courses/Trainers information
Newsletters
Course Directory

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)

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