

# Rural Business Development Corporation

## **ANNUAL REPORT for the year ended 30 June 2010**









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# RURAL BUSINESS DEVELOPMENT CORPORATION

## STATEMENT OF COMPLIANCE

For the year ended 30 June 2010

The Honourable Terry Redman MLA  
Minister for Agriculture and Food; Forestry  
Minister Assisting the Minister for Education

In accordance with Section 63 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 financial year ended 30 June 2010.

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 10/9/10

Date 10/9/10

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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 2009-2010 the schemes that required the majority of the Corporation's resources were:

- Exceptional Circumstances (EC) – All EC declared areas in Western Australia concluded in June 2009. The Corporation assessed and decided on the 76 applications on hand at 1 July 2009.
- FarmTraining WA provided training subsidies for primary producers (including indigenous land holders) in Western Australia to assist in building their capacity to manage changing climatic conditions, fluctuating markets and other risks associated with managing and developing their business. The scheme also engaged a range of industry groups and a Registered Training Organisation to undertake pilot projects Recognising Current Competencies (RCC) and introducing the Skills Passports to a range of industries. One benchmarking project was also initiated. The Minister for Agriculture and Food; Forestry has agreed to extend the Scheme to 30 June 2011 to enable further expansion of the Skills Passport and Recognised Current Competencies (RCC) project and another benchmarking project.
- FarmLink commenced on 1 July 2009 with the objective to provide funding for a Coordinator to assist primary producers, primary production industry groups and rural businesses and communities access Commonwealth funding to develop their businesses and communities. FarmLink aims to ensure that an equitable amount of Commonwealth based funding is accessed by West Australian primary producers, rural businesses, rural communities and indigenous land managers to further the development of their businesses and communities. In addition the scheme provides funding to support improved indigenous business skills, corporate governance skills and natural resource management skills on indigenous land holdings in WA.
- The 2007 Dry Season Assistance Scheme which concluded on 31 March 2008 was extended to provide counselling service grants, as large farming regions were experiencing economic hardship, terms of trade and drought and these factors may have a significant impact upon the mental health of the people in rural communities.
- The Climate Adaptation Assistance Scheme for the North Eastern Agricultural Region (NEAR) and Eastern Wheatbelt of the Central Agricultural Region (EWCAR) commenced in July 2009. This scheme, managed for the RBDC by the Department of Agriculture and Food, is to address the NEAR community's needs for a long term strategy for the management of issues farmers face in the event of consecutive bad years. The scheme will assist the community adapt to the changing climate while ensuring the viability of farming in this region as well as the EWCAR.

## ***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 FarmTraining WA to engage a range of industry groups and Registered Training Organisations to undertake pilot projects on Recognising Current Competencies (RCC, introducing the Skills Passports to a range of industries and a skills audit in the central wheatbelt area.*
- *Grants are available under FarmLink to indigenous land managers to further the development of their businesses and communities. In addition the scheme provides funding to support improved indigenous business skills, corporate governance skills and natural resource management skills on indigenous land holdings in WA.*

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

- *Grants were available under the Climate Adaptation (NEAR) scheme to assist the North Eastern Agricultural Region (NEAR) and Eastern Wheatbelt of the Central Agricultural Region (EWCAR) community adapt to the changing climate while ensuring the viability of farming in these regions.*

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 were available for exceptional circumstances upon the Australian Government's declaration of an event. A State Dry Season Assistance Scheme also provided counselling service grants, as large farming regions were experiencing economic hardship, terms of trade and drought and these factors may have a significant impact upon the mental health of the people in rural communities.*

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

- *The RBDC provided research grants to pilot a program on mentoring and leadership which looks at growing and reshaping the rural sector through the development of its human capital.*
- *The RBDC provided research grants for the establishment of an advisory group of young professionals in the rural community to establish a forum for young professional people in agriculture to provide strategic direction to the RBDC.*
- *The RBDC provided research grants for work to be undertaken in relation to land aggregation and land use change.*
- *A sub-committee of the RBDC, "Farm Inputs Taskforce" was formed in late 2008 to provide advice to the Minister in response to the rapid rise and subsequent fluctuations in farm input costs that occurred in calendar year 2008. The final report from this sub-committee was presented to the Minister in August 2009.*

# CHAIRMAN'S OVERVIEW

With no areas in Western Australian agricultural areas having a current Exceptional Circumstances (EC) Interest Rate Subsidy Support declaration for the first time in more than 8 years it was an opportune time in 2010 to consider an alternative approach to drought assistance. In 2008 the RBDC provided a submission to the Productivity Commission and argued that the current EC arrangements should be replaced with new measures to shape the sector as a whole, to better manage changing conditions through improved resilience in the profitability and sustainability of farm businesses. 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.

The RBDC's view was reinforced in the final report from the Productivity Commission review as part of the Australian Government Drought Policy Improvement Review. That report recommended to the Australian Government to cease the Exceptional Circumstances program and target programs on drought preparedness.

Western Australia has joined the Australian Government to trial a new approach to drought assistance in a bid to build a more secure future for the agriculture industry. A National Partnership Agreement on the Pilot of Drought Reform Measures in Western Australia has been entered into between the State and Australian Government for a scheme commencing 1 July 2010. The RBDC will be delivering the Farm Planning and Building Farm Businesses components of the Pilot and will be providing \$4 million funding to fully fund the Farm Planning component and contribute to the Building Farm Businesses component.

The 2009 season was good for most of the States grain growing areas, however increasing costs of production and low commodity prices continue to be a long term concern for rural industry. Unfortunately the 2010 season to date looks poor for many farmers and pastoralists as many areas have experienced very low winter rainfall. The Minister has recently reconstituted the Ministers Dry Season Advisory Committee. This committee will have an important role to play in providing advice to the Minister on appropriate government response to farmers and communities during this record dry season. RBDC Director, Dexter Davies, is Chairman of this Committee. The Pilot Drought program will play an important role in providing support to affected farmers and pastoralists.

A sub-committee of the RBDC, "Farm Inputs Taskforce" was formed in late 2008 to provide advice to the Minister in response to the rapid rise and subsequent fluctuations in farm input costs that occurred in calendar year 2008. The term of the taskforce expired in June 2009. The final report from this sub-committee was presented to the Minister in August 2009 and has been released to the public. There were 32 recommendations to reduce farm input costs over a wide range of matters including fertilisers, precision agriculture, transport, financing, personal living costs including health and education and supply chain management.

The RBDC continued to support capacity building programs for the States primary producers and indigenous land managers to lift the business management skills of primary producers and land managers. The State funded "FarmTraining WA" scheme was extended to 30 June 2011. This scheme was initially established to provide funding for training support to primary producers in WA post FarmBis and until the Commonwealth FarmReady program was launched in 2009. The "FarmTraining WA" scheme has engaged a range of industry groups and a Registered Training Organisation to undertake Recognising Current Competencies (RCC) projects and introducing the Skills Passports to a range of industries

A new scheme known as FarmLink commenced on 1 July 2009 with the objective to provide funding for a Coordinator to assist primary producers, primary production industry groups and rural businesses and communities access Commonwealth funding to develop their businesses and communities. FarmLink aims to ensure that an equitable amount of Commonwealth based funding is accessed by West Australian primary producers, rural businesses, rural communities and indigenous land managers to further the development of their businesses and communities. In addition the scheme provides funding to support improved indigenous business skills, corporate governance skills and natural resource management skills on indigenous land holdings in WA.

The RBDC has continued to take a proactive role in identifying whether there is a need for government involvement in issues affecting rural industry. Projects undertaken as part of this proactive role include development work in investigating whether the RBDC can play a role in land aggregation and land use change, the development of a mentoring and leadership program and engaging young professionals in rural communities.

A consultancy was engaged in 2008 to develop and broker a Better Landscapes concept. The aim of this consultancy was to develop a process where Government can promote commercial land transactions to create a "Better Landscape" by removing some of the existing barriers to this process. On the request of the Minister the Department of Agriculture and Food has established a working group to further progress this concept and the RBDC is represented on this group.

The RBDC has developed a program on mentoring and leadership which looks at growing and reshaping the rural sector through the development of its human capital. The program is entitled the "Grow Zone Mentoring Program". The program targets the high achievers in the rural sector and encourages them, through mentoring and guidance, to realise their full potential. A pilot project was successfully conducted in 2009 with 5 participants. An expanded program which will match nine high achievers in the rural sector with nine business leaders has now commenced.

Another new initiative of the RBDC during the year was the establishment of an advisory group entitled "Y Zone Advisory group" which comprises young professionals in the rural community. This has been initiated by the RBDC to establish a forum for young professional people in agriculture to provide strategic direction to the RBDC.

The \$1.75m Climate Adaptation Assistance Scheme for the North Eastern Agricultural Region (NEAR) and Eastern Wheatbelt of the Central Agricultural Region (EWCAR) commenced in July 2009. This scheme, managed for the RBDC by the Department of Agriculture and Food, is to address the NEAR community's needs for a long term strategy for the management of issues farmers face in the event of consecutive bad years. The scheme will assist the community adapt to the changing climate while ensuring the viability of farming in this region as well as the EWCAR. During the year 6 projects totalling \$1.46m were approved by the board.

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 membership of the Farm Inputs sub-committee, a number of out-of-session decisions via email and phone, meetings and discussions on review of Financial Statements, Internal Audit, Season Updates and attendance at industry forums. Directors were also involved in the grant appeals process when required.

Rob Delane was appointed in November 2009 as Acting Chief Executive Officer of the Corporation and Directors look forward to a valuable working relationship with him.

I acknowledge the valuable contributions of my fellow Board Directors; Maree Gooch, Dexter Davies and Richard Joyce. Murray Gmeiner resigned during the year and I acknowledge the dedicated contribution that Murray made during his term as a Director, particularly in establishing the Grow Zone Mentoring project. Special thanks must go to the staff for their dedication and support in undertaking the responsibilities of the Corporation during this year.

The Board is looking forward to the challenges of the 2010-2011 year, with a high priority on the successful delivery and completion of the Pilot Drought Reform Project on building resilience in farm businesses. The board is well aware of the importance of the outcomes of this project on the design of future drought assistance schemes for both Western Australia and on a national level.



Rob Sands  
Chairman

# HIGHLIGHTS 2009-2010

The highlights for the Corporation in brief:

- All Exceptional Circumstances Interest Rate Subsidy (ECIRS) Declarations for Western Australia ceased at 30 June 2009. Since the current sequence of Exceptional Circumstances (EC) declarations commenced in February 2001, 1,706 EC Interest Rate Subsidies (EC IRS) totalling \$63.3 million have been approved.
- Western Australia has joined the Australian Government to trial a new approach to drought assistance in a bid to build a more secure future for the agriculture industry. A National Partnership Agreement on the Pilot of Drought Reform Measures in Western Australia has been entered into between the State and Australian Government for a scheme commencing 1 July 2010.
- The \$1.75m Climate Adaptation Assistance Scheme for the North Eastern Agricultural Region (NEAR) and Eastern Wheatbelt of the Central Agricultural Region was launched in August 2009.
- A sub-committee of the RBDC, "Farm Inputs Taskforce" formed in late 2008 to provide advice to the Minister in response to the rapid rise and subsequent fluctuations in farm input costs that occurred in calendar year 2008 presented its final report, with 32 recommendations, to the Minister in August 2009 and the report has been released to the public.
- The "Grow Zone" Leadership and Mentoring program trial was launched in October 2009. Five mentees with the support from their respective mentors successfully graduated from the trial. An expanded program which will match nine high achievers in the rural sector with nine business leaders has now commenced.
- The RBDC established an advisory group entitled "Y Zone Advisory group" which comprises young professionals in the rural community. The group will provide advice to the the RBDC on how to better target, guide and formulate any proposed projects/initiatives. The RBDC financed six WA representatives at the Innovation Generation Forum in Albury NSW in July.
- A number of Indigenous training events have been arranged utilising remaining funds held in the State funded FarmTraining WA scheme. Expenditure is matched through Indidigenous Land Council funding.
- The State funded FarmLink Scheme commenced on 1 July 2009 with the objective to provide funding for a Coordinator to assist primary producers, primary production industry groups and rural businesses and communities access Commonwealth funding to develop their businesses and communities. In addition the scheme provides funding to support improved indigenous business skills, corporate governance skills and natural resource management skills on indigenous land holdings in WA.
- RBDC funding has been provided from the FarmTraining WA scheme to trial the Skills Passport in Agricultural Colleges throughout the State. The project aims to have Skills Passports on the book list for all students from the beginning of the 2010 academic year.
- The Western Dairy Skills Passport Pilot project which was funded by the RBDC under the FarmTraining WA Scheme has awarded Skills Pasports to 17 participants, who recently completed the course. The Minister presented the passports to participants in December at Vasse.
- The RBDC has adopted a new logo to be used in correspondence and scheme promotional material such as Grow Zone to better identify the areas the RBDC are involved in.

# CORPORATE PROFILE

## ***Rural Business Development Corporation Directors***

The Rural Business Development Corporation (RBDC) Act 2000 requires that the RBDC consist of five Directors appointed by the Minister. The Board of the RBDC held six formal meetings during 2009-2010. 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 were appointed for a term which expired on 30 April 2009. The appointment/reappointment of Directors is currently being considered by the Minister. The RBDC Act stipulates that "a director whose term of office expires by the passage of time continues in office until the director is reappointed or his or her successor comes into office".

RBDC Directors during 2009-2010 were:

### **Chairman**

*Mr Robert Sands*, a farm management consultant, was appointed Chairman in August 2002. Mr Sands was initially appointed a Director in December 2000. Mr Sands attended six meetings of the Corporation in 2009-2010.

### **Directors**

*Mrs Maree Gooch*, involved in the agricultural industry, was appointed in December 2003. Mrs Gooch attended six meetings of the Corporation in 2009-2010.

*Mr Dexter Davies*, a consultant, was appointed in May 2005. Mr Davies attended five meetings of the Corporation in 2009-2010.

*Mr Richard Joyce*, a farmer, was appointed in May 2005. Mr Joyce attended five meetings of the Corporation in 2009-2010.

*Mr Murray Gmeiner*, a consultant, was appointed in August 2006 and resigned on 12 February 2010. Mr Gmeiner attended four meetings of the Corporation in 2009-2010.

## ***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. His employer is involved in Benchmarking which may relate to some initiatives of both RBDC and DAFWA. His employer is also in receipt of a grant to conduct work under the Climate Adaptation (NEAR) Scheme.

Richard Joyce, RBDC Director was a member of a farm businesses that may be eligible to receive support under various schemes administered by the Corporation.

Dexter Davies in his capacity as Chairman of the Minister's Dry Season Advisory Committee is entitled to receive sitting fees from the Department of Agriculture and Food. Dexter was a Director of WA Fishing Industry Council and Chairman Rock Lobster Committee and the fishing industry was eligible for Farmer training subsidies.

Murray Gmeiner provided consulting to organisations that may be involved in Department of Agriculture and Food and RBDC projects.

## ***Corporate Structure and Staff***

The RBDC has no staff. Mr Robert Delane, as well as the appointed Director General of Agriculture is the appointed acting CEO of the RBDC. The Department of Agriculture and Food provides all services under a Memorandum of Understanding agreement. 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. 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

## ***Administered Legislation***

### **Rural Business Development Corporation Act 2000**

The Rural Business Development Corporation (RBDC) Act 2000 which commenced on 20 December 2000, repealed the Rural Adjustment and Finance Corporation Act 1993. The RBDC (the Corporation) is established under Section 5 of the RBDC 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 Honourable Terry Redman MLA, Minister for Agriculture and Food; Forestry, Minister Assisting the Minister for Education.

### ***Other Key Legislation Impacting on the Corporation's Activities***

In the financial performance of its functions, the RBDC complies with the following relevant written laws:

- Auditor General Act 2006;
- Disability Services Act 1993;
- Financial Management Act 2006;
- Freedom of Information Act 1992;
- Occupational Safety and Health Act 1984;
- Public Sector Management Act 1994;
- State Records Act 2000; and
- State Supply Commission Act 1991

### ***Electoral Act 1907;***

In compliance with section 175ZE of the Electoral Act 1907, the RBDC incurred during the financial year in relation to advertising agencies, market research organisations, polling organisations, direct mail organisations and media advertising organisations.

Details are as follows:

1. Total expenditure for 2009-10 was \$760
2. Expenditure was incurred in the following areas:

Advertising agencies	\$760	Adcorp Australia Ltd
Market Research organisations	Nil	
Polling organisations	Nil	
Direct Mail organisations	Nil	
Media advertising organisations	Nil	

### ***Freedom of Information Act 1992;***

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 2

Legislation - Page 8

Decision Making Functions (Members) – Legislation - Page 8

Formulation of Policy - Appendix 1

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 Freedom of Information (FOI) Coordinator deals with all FOI applications. No applications were received during 2009-2010.

Under a Memorandum of Understanding, the Department of Agriculture and Food is the employer of staff and is therefore responsible for complying with the following Acts:

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

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

- Equal Opportunity Act 1984;
- Industrial Relations Act 1979;
- Minimum Conditions of Employment Act 1993;
- Occupational Health, Safety and Welfare Act 1984;
- Corruption and Crime Commission Act 2003;

- Public Sector Management Act 1994 and the WA Code of Ethics and the Department's Code of Conduct;
- Salaries and Allowances Act 1975;
- State Records Act 2000;

The Memorandum of Understanding also ensures the provision of 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;

- State Supply Commission Act 1991;
- Workers' Compensation and Injury Management Act 1981;

### ***Internal Audit Function***

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

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



# REPORT ON OPERATIONS

## **FINANCIAL**

During 2009-2010, the Rural Building Development Corporation (RBDC) advanced \$3 million assistance to rural industries. This was a reduction on recent year advances due to the cessation of the Rural Adjustment Scheme's Exceptional Circumstances (EC) Interest Rate Subsidy support due to improved seasonal conditions and earlier cessations of the Dry Season and FarmBis schemes. The Australian government administered Farm Ready scheme commenced in 2009 and replaced the FarmBis scheme.

Grants to farmers during 2009-2010 represented 82% of total expenditure.

The 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 \$7.7 million at 30 June 2010. No Australian Government funds were held at 30 June 2010.

These funds are almost fully committed to the Pilot of Drought Reform Measures in WA (\$4 million), Climate Adaptation Assistance Scheme (\$1.47 million) and the FarmTraining and FarmLink Schemes (\$0.6 million) as well as future new schemes and projects 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. All EC declared areas in Western Australia concluded by June 2009 due to improved seasonal conditions. The RBDC assessed applications from farmers, pastoralists and small businesses for the EC Interest Rate Subsidy (IRS), in line with policy guidelines issued by the Australian Government Minister for Agriculture, Fisheries and Forestry for areas declared EC.

Since the current sequence of Exceptional Circumstances (EC) declarations commenced in February 2001, 2,323 EC Interest Rate Subsidies (EC IRS) applications were assessed with \$61.49 million approved to 1,706 applicants. There have been eleven EC declarations, including extensions of declared areas, since the commencement of adverse seasons in 1998.

This financial year saw the last 76 applications that were on hand at 1 July 2009 assessed and grants paid to successful applicants.

### ***Scheme statistics***

Year	Applications received	Number Approved	Number Declined/Withdrawn	Grants Approved
2000-2009	2,323	1,656	591	\$61,856,812
2009-2010	0	50	26	\$1,489,315
Total to date	2,323	1,706	617	\$63,346,127

## **PILOT OF DROUGHT REFORM MEASURES IN WESTERN AUSTRALIA**

The Pilot of Drought Reform Measures in WA will commence on 1 July 2010. The drought pilot is a joint initiative between the State and Federal governments to identify alternative drought assistance measures. It aims to encourage a shift away from a reactive, crisis management approach to drought and towards farmers being better prepared to cope with dry conditions.

State Cabinet has approved the utilisation of \$4m of RBDC state reserves for the project and the creation of the scheme as an "Approved Assistance Scheme" under the RBDC Act 2000. Curtin University's Agribusiness Management Group have been contracted to deliver the Farm Planning measure.

The farm planning workshops will offer high-level training where farmers develop or update a whole-farm strategic plan. The training will also cover risk management and financial planning, personal and business goals and the impact of variable climatic seasons on production. The program is being co-ordinated by the Department of Agriculture and Food and delivered by Curtin University's Agribusiness Management Group, farm consultants, accountants and other experts.

Farm businesses will have to complete the modules and a strategic plan relevant to their needs to be eligible for consideration for farm business and landcare adaptation grants of up to \$60,000

## **CLIMATE ADAPTATION ASSISTANCE SCHEME (NEAR)**

On 25 August 2009 the North East Agriculture Region (NEAR) strategy was launched at the Mullewa Research Annex Spring Field day. The assistance measures are administered through the RBDC's \$1.75m Climate Adaptation Scheme. This scheme, managed for the RBDC by the Department of Agriculture and Food, is to address the NEAR community's needs for a long term strategy for the management of issues farmers face in the event of consecutive bad years. The scheme will assist the community adapt to the changing climate while ensuring the viability of farming in this region as well as the Eastern Wheatbelt of the Central Agricultural Region. The scheme will run till 30 June 2013.

During the year 6 projects totalling \$1.46m were approved by the board. These projects are:

- Project 1 – Yield Prophet Project - \$455,000
- Project 2 – Identifying characteristics of vulnerable and resilient farm businesses - \$445,000
- Project 3 – Changing Land-use on Unproductive Soils in the north and Eastern Wheatbelt - \$152,000
- Project 4 – Off Farm Employment and farm business flexibility - \$67,000
- Project 5 – Improving Adoption of Innovations through a decision support tool - \$90,000
- Project 6 - Implementation of the NEAR Strategy - \$250,000

Funding is provided on receipt of quarterly performance reporting and only \$272,071 funding was advanced in 2009-10 due to projects having only recently commenced.

Delivery of the Scheme is well underway and project plans were completed for all projects. Most of the early survey work conducted by projects has been completed and is being analysed. There is early evidence that the products of Project 1 will be picked up as a tool by consultants and industry groups in the NEAR region beyond the completion of the scheme.

Project 3 is investigating land use planning tools that can be used to facilitate the separate management of 'unproductive' soils having determined that farmers are willing to divide and manage separately these poorer soils. Project 4 is developing a series of recommendations around what is required to support off farm employment during drought periods.

The evaluation plan as part of Project 6 has been developed for the program and a contract awarded to a specialist in project evaluation has been awarded. There is a communications and relationship management plan in place and opportunities to promote the Scheme are being maximised. The Scheme is attracting interest from other States and at the Federal level because of the innovative work so far and the potential for application nationally.

## **FARMTRAINING WA**

The State funded scheme, FarmTraining WA, commenced on 1 July 2008 with \$1.5 million funding for one year to maintain the momentum and contacts established through the FarmBis schemes. This business capacity building initiative supports primary producers and indigenous land managers to 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.

The scheme was established to provide funding for training support to primary producers in WA post FarmBis and until the Commonwealth FarmReady program was launched. With the commencement of FarmReady in February 2009, participants and trainers were referred to this scheme to subsidise training.

FarmTraining WA also provided funding for two sub-projects:-

- Recognised Current Competencies (RCC) and
- Benchmarking.

The scheme has been extended to 30 June 2011 and unspent funds as at 30 June 2009 will be used to expand the Recognised Current Competencies (RCC) and Benchmarking projects.

Projects financed under these two sub projects include:

- The Western Dairy Skills Passport Pilot project which has awarded Skills Passports to 17 participants, who recently completed the course. The Minister presented the passports to participants on the 3<sup>rd</sup> December at Vasse.
- The Wheatbelt Regional Skills Audit Survey Project in the central wheatbelt area.
- Introduction of a skills passport in the Pork industry.

During 2009-10 scheme, \$32,796 was reimbursed for indigenous training on indigenous held properties throughout Western Australia. In addition, this was matched by funding from the Indigenous Land Council.

## **FARMLINK SCHEME**

The State funded FarmLink Scheme commenced on 1 July 2009 with total funding of \$0.5 million over 2 years. The objective of the scheme is to provide funding for a Coordinator to assist primary producers, primary production industry groups and rural businesses and communities access Commonwealth funding to develop their businesses and communities. In addition the scheme provides funding to support improved indigenous business skills, corporate governance skills and natural resource management skills on indigenous land holdings in WA.

In addition to funding the Coordinator position one application for \$37,100 was approved during the year for governance training to an Aboriginal Corporation.

## **2007 DRY SEASON ASSISTANCE SCHEME**

The 2007 Dry Season Assistance Scheme which concluded on 31 March 2008 was extended to provide counselling service grants, as large farming regions were experiencing economic hardship, terms of trade and drought and these factors may have a significant impact upon the mental health of the people in rural communities.

In addition to the \$150,000 interim funding provided by RBDC to Wheatbelt Men's Health Inc in March 2009 a further \$37,000 was provided to assist in maintaining the existing program to 31 December 2009 whilst the organisation sought funding for a new expanded program through Royalties for Regions funding.

## **GROW ZONE MENTORING AND LEADERSHIP PROGRAM**

The RBDC has developed a program on mentoring and leadership which looks at growing and reshaping the rural sector through the development of its human capital. The program is entitled the "Grow Zone Mentoring Program". The program targets the high achievers in the rural sector and encourages them, through mentoring and guidance, to realise their full potential. The program focuses on economic development through business excellence underpinned by sustainable production and the delivery of improved social outcomes.

A pilot project was successfully conducted for a three month period in 2009 with 5 participants. The final presentations for the pilot "Grow Zone" Leadership and Mentoring program was held in February 2010. A independent review panel reviewed each mentees business case.

Research will continue with a further iteration of the program in 2010. It will be an expanded program over a six month period which will match nine high achievers in the rural sector with nine business leaders.

The RBDC provided \$27,838 funding as a research grant project.

## **RURAL LAND SALES LIAISON COMMITTEE**

The Rural Land Sales Liaison Committee was established in 1985 by arrangement between the State Government and the Australian Bankers Association. It is a means of providing an independent facilitator between farmers in financial difficulties and their financiers.

The operational procedures for the committee are to provide an opportunity for independent and voluntary facilitation between the lender and the borrower, to ensure that all suitable means and available options have been explored.

The Debt Mediation Process is seen as a means of ensuring that all suitable and available steps have been taken by both the lender and the borrower before the notice of demand was issued, where financial difficulties are apparent and where a mutually agreed solution does not exist.

During 2009-10 there were two enquiries, both of which are still under consideration.

## **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:

- EC Interest Rate Subsidy,
- Dry Season Assistance Schemes,
- FarmTraining WA Scheme.
- FarmLink Scheme, and
- Climate Adaptation Assistance (NEAR) Scheme

The cessation of all Exceptional Circumstances drought declarations in Western Australia due to improved conditions was the main reason for a \$12.6 million reduction of grant assistance compared to the previous year. Nearly \$3 million of assistance to rural industries was provided across a range of programs. The above schemes were efficiently run with only 18.3% of total expenditure spent on administration.

### Financial Targets: Actual performance compared to budget targets

	Target <sup>(1)</sup> \$'000's	Actual \$'000's	Variation <sup>(2)</sup> \$'000's
Total cost of services (expense limit)	10,513	3,819	(6,694) <sup>(a)</sup>
Net Cost of services	2,993	1,925	(1,068) <sup>(b)</sup>
Total equity	3,907	7,847	3,940 <sup>(c)</sup>
Net increase / (decrease) in cash held	(2,797)	(2,160)	637 <sup>(d)</sup>
Approved full time equivalent (FTE) staff level <sup>(3)</sup>	N/A	N/A	N/A

- (1) As specified in the budget statements for 2009-2010.
- (2) Further explanations are also contained in Note 19 "Explanatory Statement" to the financial statements.
- (a) The variation is a on estimate results from a combination of lower Exceptional Circumstances expenditure due to no areas in WA currently having a current EC declaration, and unbudgeted grant expenditure for new assistance schemes for Climate Adaptation, FarmLink and extension of the FarmTraining WA scheme.
- (b) The variation is a result of reduced expenditure as detailed in note (a) above as well as reduced Commonwealth revenue for grant expenditure for EC.
- (c) Total equity increase is mainly a result of less than anticipated drawdown on funds held due to reduced EC expenditure.
- (d) Net decrease in cash held is less than budget estimate due to unused funding as detailed in note (c) above.
- (3) Staffing resources are provided through the Department of Agriculture and Food.

### Key Performance Indicators: Actual performance compared to budget targets

	Target <sup>(1)</sup>	Actual	Variation <sup>(2)</sup>
<b>Outcome:</b> Improved ecologically sustainable development of agri-industry  <b>Key Effectiveness Indicator:</b> The extent to which recipients were satisfied with the way schemes are administered	91%	93.1%	2.1% (a)
<b>Outcome:</b> Improved ecologically sustainable development of agri-industry  <b>Key Efficiency Indicators:</b> Proportion of expenditure as administrative expenditure	8.9%	18.3%	(9.4%) (b)

- (1) As specified in the budget statements for 2009-2010.
- (2) Further explanations as to Key Performance Indicator measurements are contained on pages 18-19 of this report.
- (a) The Customer satisfaction survey conducted of 64 applicants.
- (b) The 2009-2010 increase is due to cessation of all major grant assistance schemes at 30 June 2009. There were 81 EC applications on hand at 30 June 2009 and these were decided in 2009-2010 and involved a detailed analysis of the application to determine eligibility. The proportion of expenditure as administrative expenditure and the program expenditure per dollar of administrative expenditure for 2009-2010 was 18.3% compared to the 10 year average of 11.28%.

## 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 specific 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
Stronger focus on the regions: Greater focus on service delivery, infrastructure investment and economic development to improve the overall quality of life in remote and regional areas	Improved ecologically sustainable development of agri-industry	Farm Business Development

## CONTRIBUTION TO GOVERNMENT GOALS

The State Government has outlined five major goals in terms of service delivery. These are:

- State Building – Major Projects,
- Financial and Economic Responsibility,
- Outcomes based Service Delivery,
- Stronger Focus on the Regions, and
- Social and Environmental Responsibility.

The RBDC delivers services in a range of these areas, with a strong focus on regions, and social and environmental responsibility.

The achievements in contributing to governmental goals and compliance with mandated policies are detailed in the Highlights and Legislation sections of the annual report.

### Financial and Economic Responsibility

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

### Stronger Focus on the Regions

With a strong focus on regional WA, the RBDC contributes through its EC, Dry Season Assistance, FarmTraining and Climate Adaptation Assistance (NEAR) programs to farmers which flows back financially to regional communities and businesses as well as resulting in more skilled regional communities.

### The Social and Environmental Responsibility

The RBDC contributes 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 RBDC contributes to this goal through its Dry Season Assistance schemes which aim to minimise damage to the landscape during dry seasons and through the FarmTraining program in encouraging farmers to participate in learning activities to improve their management skills in areas including Natural Resources management.

**APPLICATION STATISTICS****TABLE 1****APPLICATIONS FOR THE YEAR ENDED 30 JUNE 2010**

<b>FORM OF SUPPORT</b>	<b>NUMBER OF APPLICATIONS</b>					<b>Approved \$</b>
	On Hand @ 1.7.2009	Received	Approved	Declined/ Withdrawn	On Hand @ 30.6.2010	
Exceptional Circumstances	76	0	50	26	0	1,489,315
Farm Training WA Scheme	1	23	22	2	0	203,983
Farm Link Scheme	0	1	1	0	0	37,100
Climate Adaptation Assistance Scheme (NEAR)	0	6	6	0	0	1,459,000
RBDC Research Grants	0	1	1	0	0	30,000
<b>TOTAL</b>	<b>77</b>	<b>31</b>	<b>80</b>	<b>28</b>	<b>0</b>	<b>3,219,398</b>

**TABLE 2**  
**EXCEPTIONAL CIRCUMSTANCES STATISTICS FROM 1 JULY 2000 TO 30 JUNE 2010**

	Applications Received	# of Approvals	# of Declines/ Withdrawals	% Approved	Value Approved	Average Grant
South East Wheatbelt Declared 02.02.2001	523	365	158	70%	\$13,379,683	\$36,657
Area C&D Declared 03.08.2001	86	57	29	66%	\$1,632,314	\$28,637
Northern Wheatbelt Declared 07.03.2002	278	203	75	73%	\$5,998,482	\$29,549
Southern Rangelands Declared 02.07.2003	178	166	12	93%	\$5,749,563	\$34,636
Central Wheatbelt Declared 24.07.2003	289	181	108	63%	\$6,908,897	\$38,171
North East Wheatbelt Declared 07.04.2005	224	184	40	82%	\$6,860,440	\$37,285
North East Wheatbelt B Declared 24.10.2006	240	178	62	74%	\$7,063,467	\$39,682
Southern Pastoral Declared 24.10.2006	27	20	7	74%	\$776,714	\$38,836
Small Business Declared 07.11.2006 Revoked/ Replaced 25.09.07 Reissued 12.06.2009	17	7	10	41%	\$82,076	\$11,725
Northern Wheatbelt & N parts of Central Wheatbelt Declared 08.10.2008	419	310	109	74%	\$14,188,538	\$45,770
Southern Pastoral B Declared 19.02.2007	40	33	7	83%	\$613,330	\$18,585
Southern Pastoral E Declared 12.02.2009	2	2	0	100%	\$92,623	\$0
<b>TOTAL</b>	<b>2,323</b>	<b>1,706</b>	<b>617</b>	<b>74%</b>	<b>\$63,346,127</b>	<b>\$37,131</b>



## **PERFORMANCE INDICATORS 2009-2010**

### **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**

<b>Effectiveness Indicator 1(a)</b>	<b>Target</b>	<b>Unit</b>	<b>2007-2008 Survey</b>	<b>2008-2009 Survey</b>	<b>2009-2010 Survey</b>
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	%	94.03	92.6	93.1
Sample size			237	198	76

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

<b>Year</b>	<b>Exceptional Circumstances</b>	<b>Dry Season Assistance Scheme</b>	<b>2005 Pastoral Dry Season Assistance Scheme</b>
2007-2008	✓	✓	✓
2008-2009	✓	✓	
2009-2010	✓		

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 64 responded, which is a response rate of 84.2% from a population of 76.

<b>Effectiveness Indicator 1(b)</b>	<b>Target</b>	<b>Unit</b>	<b>2007-2008 Survey</b>	<b>2008-2009 Survey</b>	<b>2009-2010 Survey</b>
The extent which training funding recipients were satisfied with the way schemes are administered by the Corporation	Maintain at least a 90% level of satisfaction with services provided by the Corporation	%	91.89	97.3	100%
Sample size			5,007	1,354	24

The Customer Satisfaction Index for FarmTraining WA 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 FarmTraining WA 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	2007-2008	12	5	0.55%
		2008-2009	22	11	4.68%
		2009-2010	3	2	2.63%

All application decisions made by the Corporation are appealable. Application numbers decreased from 907 in 2007-2008 to 470 in 2008-2009 and 76 in 2009-2010. The Exceptional Circumstances (EC) schemes are more likely to have applications where decisions are appealed. As Farm Training WA (commenced July 2008) 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 2007-2008 the number of appeals upheld was 42% with twelve appeals received and five being upheld. In 2008-2009 the number of appeals upheld was 50% with 22 appeals received and 11 being upheld. In 2009-2010 the number of appeals upheld was 66.7% with 3 appeals received and 2 appeals upheld. EC application decisions made in 2009-2010 totalled 76 compared to 469 in 2008-2009 and 315 in 2007-2008 and this resulted in a lower number of appeals 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	2007-2008	2008-2009	2009-2010	2009-2010 target
The activity cost (administrative expenditure per application approved or rejected)	Reduction in the activity costs to administer the schemes of assistance	\$	329	1,685	6,168	8,545

The 2009-2010 increase, though less than target, is due to cessation of all major grant assistance schemes at 30 June 2009. There were 81 EC applications on hand at 30 June 2009 and these were decided in 2009-2010 and involved a detailed analysis of the application to determine eligibility. The proportion of expenditure as administrative expenditure and the program expenditure per dollar of administrative expenditure for 2009-2010 was 18.3% compared to the 10 year average of 11.28%.

## RURAL BUSINESS DEVELOPMENT CORPORATION

### CERTIFICATION OF PERFORMANCE INDICATORS

For the year ended 30 June 2010

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 2010.

Rob Sands  
Chairman of Accountable Authority



Date:

30/7/10

Richard Joyce  
Member of Accountable Authority



Date:

30/7/2010

# **RURAL BUSINESS DEVELOPMENT CORPORATION**

## **FINANCIAL STATEMENTS**

### **FOR THE PERIOD ENDED**

**30 JUNE 2010**

**RURAL BUSINESS DEVELOPMENT CORPORATION**  
**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 30 June 2010

	<b>Note</b>	<b>2010</b>	<b>2009</b>
		<b>\$</b>	<b>\$</b>
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
Grants and subsidies	4a	2,973,526	15,573,675
Department of Agriculture and Food contracted services	4b	409,910	954,493
Supplies and services	4c	37,914	90,830
Board member fees	21	83,936	89,546
Other expenses	5	314,145	464,994
<b>Total costs of services</b>		<u>3,819,431</u>	<u>17,173,538</u>
<b>Income</b>			
<b>Revenue</b>			
Commonwealth grants and contributions	6	1,463,987	11,056,650
Interest revenue	7	339,574	571,553
Other revenue	8	90,980	417,008
		<u>1,894,541</u>	<u>12,045,211</u>
<b>Total revenue</b>			
<b>Total income other than income from State Government</b>		1,894,541	12,045,211
<b>NET COST OF SERVICES</b>		<u><b>1,924,890</b></u>	<u><b>5,128,327</b></u>
<b>INCOME FROM STATE GOVERNMENT</b>	9		
Service appropriation		196,000	1,694,000
Resources received free of charge		675	7,476
<b>Total income from State Government</b>		<u>196,675</u>	<u>1,701,476</u>
<b>SURPLUS /(DEFICIT) FOR THE PERIOD</b>		<u><u>(1,728,215)</u></u>	<u><u>(3,426,851)</u></u>
<b>OTHER COMPREHENSIVE INCOME</b>			
Gains/(Losses) recognised directly in equity		-	-
<b>Total other comprehensive income</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>		<u><u>(1,728,215)</u></u>	<u><u>(3,426,851)</u></u>

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

**RURAL BUSINESS DEVELOPMENT CORPORATION**  
**Statement of Financial Position**  
**As at 30 June 2010**

	<b>Note</b>	<b>2010</b>	<b>2009</b>
		<b>\$</b>	<b>\$</b>
<b>ASSET</b>			
<b>Current Assets</b>			
Cash and cash equivalents	10,15	7,728,566	8,654,311
Restricted cash and cash equivalents	10,15	-	1,234,784
Receivables	11	176,174	383,849
<b>Total Current Assets</b>		<u>7,904,740</u>	<u>10,272,944</u>
<b>TOTAL ASSETS</b>		<u>7,904,740</u>	<u>10,272,944</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	13	57,346	697,335
<b>Total Current Liabilities</b>		<u>57,346</u>	<u>697,335</u>
<b>Total Liabilities</b>		<u>57,346</u>	<u>697,335</u>
<b>NET ASSETS</b>		<u>7,847,394</u>	<u>9,575,609</u>
<b>EQUITY</b>	14		
Accumulated surplus		<u>7,847,394</u>	<u>9,575,609</u>
<b>TOTAL EQUITY</b>		<u>7,847,394</u>	<u>9,575,609</u>

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

**RURAL BUSINESS DEVELOPMENT CORPORATION**  
**STATEMENT OF CHANGES IN EQUITY**  
For the year ended 30 June 2010

	Note	Contributed equity \$	Reserves \$	Accumulated surplus/ (deficit) \$	Total equity \$
<b>Balance at 1 July 2008</b>	14	-	-	13,002,460	13,002,460
Changes in accounting policy or correction of prior period errors		-	-	-	-
<b>Restated Balance at 1 July 2008</b>		-	-	13,002,460	13,002,460
Total comprehensive income/(loss) for the year		-	-	(3,426,851)	(3,426,851)
Transactions with owners in their capacity as owners:		-	-		-
Capital appropriations		-	-		-
Other contributions by owners		-	-		-
Distributions to owners		-	-		-
Total		-	-		-
<b>Balance at 30 June 2009</b>				9,575,609	9,575,609
<b>Balance at 1 July 2009</b>		-	-	9,575,609	9,575,609
Total comprehensive income/(loss) for the year		-	-	(1,728,215)	(1,728,215)
Transactions with owners in their capacity as owners:		-	-		-
Capital appropriations		-	-		-
Other contributions by owners		-	-		-
Distributions to owners		-	-		-
Total		-	-		-
<b>Balance at 30 June 2010</b>				7,847,394	7,847,394

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

**RURAL BUSINESS DEVELOPMENT CORPORATION**  
**Statement of Cash Flows**  
**For the year ended 30 June 2010**

	<b>Note</b>	<b>2010</b>	<b>2009</b>
		<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Service appropriation		196,000	1,694,000
<b>Net cash provided by State Government</b>		<u>196,000</u>	<u>1,694,000</u>
<b>Utilised as follows:</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Grants and subsidies		(3,613,515)	(16,258,847)
Department of Agriculture and Food contracted services		(409,910)	(953,655)
Supplies and services		(37,914)	(65,481)
Board member fees		(83,936)	(89,546)
Other payments		(313,470)	(457,519)
		<u>(4,458,745)</u>	<u>(17,825,048)</u>
<b>Receipts</b>			
Commonwealth grants and contributions		1,463,987	11,056,650
Other receipts		638,229	857,302
		<u>2,102,216</u>	<u>11,913,952</u>
<b>Net cash used in operating activities</b>	15	(2,356,529)	(5,911,096)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>(2,160,529)</u>	<u>(4,217,096)</u>
Cash and cash equivalents at the beginning of the period		<u>9,889,095</u>	<u>14,106,191</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	15	<u><u>7,728,566</u></u>	<u><u>9,889,095</u></u>

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



**RURAL BUSINESS DEVELOPMENT CORPORATION**  
**Notes to the Financial Statements**  
**For the year ending 30 June 2010**

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**1 Australian Accounting Standards**

**General**

The Authority's financial statements for the year ended 30 June 2010 have been prepared in accordance with Australian Accounting Standards. The term "Australian Accounting Standards" refers to Standards and interpretations issued by the Australian Accounting Standards Board (AASB).

The authority has adopted any applicable, new and revised Australian Accounting Standards from their operative dates.

**Early adoption of standards**

The Authority cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. No Australian Accounting Standards that have been issued or amended but not operative have been early adopted by the Authority for the annual reporting period ended 30 June 2010.

**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.

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**

AASB Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, 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, other than as a result of a restructure of administrative arrangements, 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 receivable. 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.

*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 to the bank account or credited to the "Amounts received for services" (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.

Financial Instruments 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.

**(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.

**(j) 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.

**(k) 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 policy and estimates**

**Initial application of an Australian Accounting Standard**

The Authority has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2009 that impacted on the Authority:

<i>AASB 101</i>	<i>Presentation of Financial Statements</i> (September 2007). This Standard has been revised and introduces a number of terminology changes as well as changes to the structure of the Statement of Changes in Equity and the Statement of Comprehensive Income. It is now a requirement that owner changes in equity be presented separately from non-owner changes in equity. There is no financial impact resulting from the application of this revised Standard.
<i>AASB 2007-10</i>	<i>Further Amendments to Australian Accounting Standards arising from AASB 101</i> . This Standard changes the term 'general purpose financial report' to 'general purpose financial statements', where appropriate in Australian Accounting Standards and the Framework to better align with IFRS terminology. There is no financial impact resulting from the application of this Standard.
<i>AASB 2008-13</i>	<i>Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners [AASB 5 &amp; AASB 110]</i> . This Standard amends AASB 5 Non-current Assets Held for Sale and Discontinued Operations in respect of the classification, presentation and measurement of non-current assets held for distribution to owners in their capacity as owners. This may impact on the presentation and classification of Crown land held by the Authority where the Crown land is to be sold by the Department of Regional Development and Lands (formerly Department for Planning and Infrastructure). The Authority does not expect any financial impact when the Standard is first applied prospectively.
<i>AASB 2009-2</i>	<i>Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments AASB 4, AASB 7, AASB 1023 &amp; AASB 1038</i> . This Standard amends AASB 7 and will require enhanced disclosures about fair value measurements and liquidity risk with respect to financial instruments. There is no financial impact resulting from the application of this Standard.

**Future Impact of Australian Accounting Standards not yet operative**

The Authority cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. Consequently, the Authority has not applied early any following Australian Accounting Standards that have been issued that may impact the Authority. Where applicable, the Authority plans to apply these Australian Accounting Standards from their application date.

		<b>Operative for reporting periods beginning on/after</b>
<i>AASB 2009-11</i>	<i>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 &amp; 1038 and Interpretations 10 &amp; 12]</i> .  The amendment to AASB 7 requires modification to the disclosure of categories of financial assets. The Authority does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change.	1 Jan 2013

**RURAL BUSINESS DEVELOPMENT CORPORATION**  
**Notes to the Financial Statements**  
**For the year ending 30 June 2010**

	<u>2010</u> \$	<u>2009</u> \$
<b>4 a Grants and subsidies</b>		
<b>Grants</b>		
Dry Season 2007 Assistance Scheme	112,000	394,608
Climate Adaptation Assistance Scheme	272,071	-
FarmLink Scheme	14,840	-
Farm Training WA Scheme	186,281	748,371
Research Grants	56,070	-
	<u>641,262</u>	<u>1,142,979</u>
<b>Subsidies - interest</b>		
Rural Adjustment - Exceptional Circumstances	2,332,264	14,430,696
	<u>2,973,526</u>	<u>15,573,675</u>
<b>Total Grants and subsidies</b>		
	<u>2,973,526</u>	<u>15,573,675</u>
<b>4 b Department of Agriculture and Food contracted services</b>		
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.		
<b>Department of Agriculture and Food contractors and service overheads</b>		
Department of Agriculture and Food contractors	271,576	677,388
Contractor related expenses (mileage, transfer costs, training)	24,889	26,162
Service agreement overheads	113,445	250,943
	<u>409,910</u>	<u>954,493</u>
<b>4 c Supplies and services</b>		
Communications	2,257	3,705
Repairs and maintenance	-	992
Services and contracts	34,443	82,173
Supplies consumed	1,214	3,960
	<u>37,914</u>	<u>90,830</u>
<b>5 Other expenses</b>		
Consultancy charges from business units	82,656	83,042
Assets contribution made	216	736
Doubtful debts expense	3,636	
Audit Fees	38,400	30,200
Legal Fees	4,733	
Other	4,768	14,153
Refund to Commonwealth for grants held at cessation of Farmbis		
And Rural Adjustment programs	179,736	336,863
	<u>314,145</u>	<u>464,994</u>
<b>6 Commonwealth grants and contributions</b>		
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. The grants have been recognised in its <b>entirety</b> upon receipt as the only condition set by the grantor relates as to how the grant can be expended. At 30 June 2010, all grant moneys have been spent.		
<b>Funds provided:</b>		
RAS Exceptional Circumstances	1,463,987	11,056,650
	<u>1,463,987</u>	<u>11,056,650</u>

**RURAL BUSINESS DEVELOPMENT CORPORATION**  
**Notes to the Financial Statements**  
**For the year ending 30 June 2010**

	<u>2010</u> \$	<u>2009</u> \$
<b>7 Interest revenue</b>		
Interest revenue		
Rural Business Development Corporation Operating Account	339,574	571,553
	<u>339,574</u>	<u>571,553</u>
<b>8 Other revenue</b>		
Refund previous years expenditure	-	10,402
Refund of Grants	84,025	372,624
Recoup of expenditure	6,784	33,866
Other	171	116
	<u>90,980</u>	<u>417,008</u>
<b>9 Income from State Government</b>		
Appropriation revenue received during the year		
Service appropriations <sup>(a)</sup>	196,000	1,694,000
	<u>196,000</u>	<u>1,694,000</u>
Resources received free of charge <sup>(b)</sup>		
Determined on the basis of the following estimates provided by agencies:		
Landgate	675	7,476
	<u>675</u>	<u>7,476</u>
	<u>196,675</u>	<u>1,701,476</u>
 (a) Service appropriations are cash amounts reflecting the full cost of outputs to be delivered.		
(b) Where assets or services have been received free of charge or for nominal cost, the Authority recognises revenues equivalent to the fair value of the assets and/or the fair value of those services that can be reliably measured and which would have been purchased if they were not donated, and those fair values shall be recognised as assets or expenses, as applicable. Where the contribution of assets or services are in the nature of contributions by owners, the Authority makes an adjustment direct to equity.		
<b>10 Cash and Cash Equivalents</b>		
Rural Business Development Corporation General Operating Funds	7,728,566	8,654,311
(refer note 15)	<u>7,728,566</u>	<u>8,654,311</u>
<b>Restricted Cash and Cash Equivalents</b>		
Current (a)		
Farm Business Improvement Program	-	16
Exceptional Circumstances Interest Rate Subsidy Scheme	-	1,234,768
(refer note 15)	<u>-</u>	<u>1,234,784</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**  
**For the year ending 30 June 2010**

	<u>2010</u>	<u>2009</u>
	\$	\$
<b>11 Receivables</b>		
<b>Current</b>		
Accrued interest	95,264	88,265
Accrued revenue	80,910	295,584
	<u>176,174</u>	<u>383,849</u>

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'.

<b>Total receivables</b>	<u>176,174</u>	<u>383,849</u>
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**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 2010.

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**

<b>Current</b>		
Accrued Grant assistance scheme expenses	26,946	697,335
Accrued expenses	30,400	-
	<u>57,346</u>	<u>697,335</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.

**Accumulated surplus/(deficit)**

Balance at start of year	9,575,609	13,002,460
Result for the period	(1,728,215)	(3,426,851)
Transfer from Asset Revaluation Reserve	-	-
Balance at end of year	<u>7,847,394</u>	<u>9,575,609</u>

**RURAL BUSINESS DEVELOPMENT CORPORATION**  
**Notes to the Financial Statements**  
**For the year ending 30 June 2010**

	<u>2010</u>	<u>2009</u>
	\$	\$
<b>15 Notes to the Cash Flow Statement</b>		
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)	7,728,566	8,654,311
Restricted cash and cash equivalents (refer note 10)	-	1,234,784
	<u>7,728,566</u>	<u>9,889,095</u>
<u>Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities</u>		
Net Cost of Services	<u>(1,924,890)</u>	<u>(5,128,327)</u>
<b>Non Cash Items:</b>		
Resources received free of charge	675	7,476
<b>(Increase)/decrease in assets:</b>		
Current receivables	207,675	(139,260)
<b>Increase/(decrease) in liabilities:</b>		
Current payables	(639,989)	(650,985)
Net cash (used in) or from operating activities	<u>(2,356,529)</u>	<u>(5,911,096)</u>
<b>16 Commitments</b>		
(a) <b>Capital expenditure commitments</b>		
There are no capital commitments at reporting date.	-	-
(b) <b>Subsidy and grant commitments</b>		
These commitments represent support approved to farmers but not payable until determined conditions are met.		
<b>Interest Subsidy</b>		
Exceptional Circumstances – Not later than one year	<u>-</u>	<u>710,387</u>
<b>Grants</b>		
Climate Adaptation Assistance Scheme – Not later than one year	1,186,929	-
Dry season 2007 Assistance Scheme – Not later than one year	-	119,942
FarmLink Scheme – Not later than one year	22,260	-
Farm Training WA – Not later than one year	42,915	85,570
	<u>1,252,104</u>	<u>205,512</u>
<b>Total</b>	<u>1,252,104</u>	<u>915,899</u>
(c) <b>New Scheme Funding</b>		
Western Australian Drought Pilot Scheme	<u>4,000,000</u>	<u>-</u>
<b>17 Contingent liabilities and contingent assets</b>		
There are no contingent liabilities and assets at the balance sheet date, not otherwise provided for or disclosed in the financial statements.		
<b>18 Events occurring after the balance sheet date</b>		
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 the financial year**

	<b>2010 Estimate \$'000</b>	<b>2010 Actual \$'000</b>	<b>Variation \$'000</b>
Grants and subsidies	9,650	2,974	(6,676)
Department of Agriculture and Food contracted services	-	410	410
Supplies and services	120	38	(82)
Other expenses	653	314	(339)
Commonwealth Revenue-operating grants and contributions	7,320	1,464	(5,856)
Interest revenue	-	340	340
Other revenues	200	91	(109)

**Grants and subsidies**

The reduction on estimate results from a combination of lower Exceptional Circumstances (EC) expenditure due to no areas in WA currently having a current EC declaration, and unbudgeted grant expenditure for new assistance schemes for Climate Adaptation, FarmLink and extension of the FarmTraining WA scheme.

**Department of Agriculture and Food contracted services**

The budget for this item is included in "Other Expenses".

**Supplies and services**

The reduction on estimate is due to the cessation of major schemes resulting in less Supplies and Services expenditure.

**Other expenses**

The under budget result is a combination of unbudgeted refund to the Australian Government of funds held for the Rural Adjustment Scheme Exceptional Circumstances program which ceased during 2009-10 due to no areas in WA currently having a current EC declaration, and the inclusion in "Other expenses" of the budget estimate for "Department of Agriculture and Food contracted services".

**Commonwealth Revenue – operating grants and contributions**

The reduction on estimate resulted from less Exceptional Circumstances (EC) applications due to no areas in WA currently having a current EC declaration.

**Interest Revenue**

The budget for Interest was included in the estimate for "Other revenues". The interest earnings were greater than estimate due to higher than expected cash balances.

**Other revenues**

The under budget result is a combination of unbudgeted refunds of overpaid Exceptional Circumstances and Dry Season Assistance Scheme grants, and the inclusion in "Other revenues" of the budget estimates for interest.



**Significant variance between actual and prior year actual**

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.

	<b>2010 Actual \$'000's</b>	<b>2009 Actual \$'000's</b>	<b>Variation \$'000's</b>
<b><u>Income</u></b>			
Commonwealth Revenue-operating grants and contributions	1,464	11,057	(9,593)
Other revenue	91	417	(326)
Service appropriation	196	1,694	(1,498)
<b><u>Expenses</u></b>			
Grants and subsidies	2,974	15,574	(12,600)
Supplies and services	38	91	(53)
Other expenses	314	465	(151)

**Commonwealth Revenue – operating grants and contributions**

The reduction on funds received resulted from the cessation of the Exceptional Circumstances program due to no areas in WA currently having a current EC declaration.

**Other Revenue**

The variance is due to fewer refunds of overpaid Exceptional Circumstances and Dry Season Assistance Scheme grants.

**Service Appropriation**

The reduction in service appropriations resulted from cessation of funding for FarmTraining WA scheme.

**Grants and subsidies**

The decrease in expenditure is due mainly to no areas in Western Australia having a current EC declaration resulting in less Exceptional Circumstances expenditure as well as reduced expenditure on FarmTraining WA scheme due to commencement of Australian Government Farm Ready program.

**Supplies and services**

The decrease in expenditure is due to the cessation of major schemes resulting in less Supplies and Services expenditure.

**Other expenses**

The reduction in expenditure is due to a lesser amount being refunded to the Australian Government at the cessation of Schemes.

## **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, 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 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 (c) 'Financial Instruments Disclosures' and Note 11 'Receivables'.

Credit risk associated with the Authority's financial assets is minimal because the main receivable is accrued interest. 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. At the balance sheet date there are no significant concentrations of credit risk.

The Authorities policy for managing any past due receivables is to issue late payment notices at the 42 day outstanding mark for debts outstanding beyond the 30 days trading terms and to refer to the Authority's debt collection agency by the 50 day mark if not paid or an instalment payment plan agreed to.

Allowance for impairment of financial assets is calculated based on objective evidence such as observable data indicating changes in clients credit ratings. For financial assets that are either past due or impaired, refer to Note 20 (c) 'Financial Instruments Disclosures'.

#### **Liquidity risk**

Liquidity risk arises when the Authority is unable to meet its financial obligations as they fall due. The Authority is exposed to liquidity risk through its trading in the normal course of business.

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**

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Authority's income or the value of its holdings of financial instruments. The Authority does not trade in foreign currency and is not materially exposed to other price risks (for example, equity securities or commodity prices changes). Other than as detailed in the Interest rate sensitivity analysis table at Note 20 (c), the Authority is not exposed to interest rate risk.

### **(b) 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 as follows:

	<u>2010</u> \$	<u>2009</u> \$
<b>Financial Assets</b>		
Cash and cash equivalents	7,728,566	8,654,311
Restricted cash and cash equivalents	-	1,234,784
Receivables <sup>(a)</sup>	176,174	383,849
<b>Financial Liabilities</b>		
Payables	57,346	697,335

(a) The amount of receivables excludes GSL recoverable from the ATO (statutory receivable).

### **(b) Financial Instrument Disclosures**

#### **Credit Risk and Interest rate Exposures**

The following table disclose the Authority's maximum exposure to credit risk, interest rate exposures and the ageing analysis of financial assets. The Authority's maximum exposure to credit risk at the balance sheet date is the carrying amount of financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the Authority.

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.

**RURAL BUSINESS DEVELOPMENT CORPORATION**  
**Notes to the Financial Statements**  
**For the year ending 30 June 2010**

Interest rate exposures and ageing analysis of financial assets

	Weighted Average Effective Interest Rate	Carrying Amount	Interest Rate Exposure		Past due but not impaired			Impaired financial assets
			Variable Interest Rate	Non- Interest Bearing	Up to 3 Months	1 to 5 Years	More than 5 Years	
			\$	\$	\$	\$	\$	
<b>Financial Assets</b>								
<b>2010</b>								
Cash and cash equivalents	4.00	7,728,566	7,728,566	-	-	-	-	-
Restricted cash and cash equivalents	4.00	-	-	-	-	-	-	-
Receivables <sup>(a)</sup>		176,174	-	176,174	-	78,365	-	-
		7,904,740	7,728,566	176,174	-	78,365	-	-
<b>2009</b>								
Cash and cash equivalents	5.39	8,654,311	8,654,311	-	-	-	-	-
Restricted cash and cash equivalents	5.39	1,234,784	1,234,784	-	-	-	-	-
Receivables <sup>(a)</sup>		383,849	-	383,849	8,000	-	-	-
		10,272,944	9,889,095	383,849	8,000	-	-	-

(a) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).

**Liquidity Risk**

The following table details the contractual maturity analysis for financial liabilities. The contractual maturity amounts are representative of the undiscounted amounts at the balance sheet date. The table includes interest and principal cash flows. An adjustment has been made where material.

**Interest rate exposure and maturity analysis of financial liabilities**

	Weighted Average Effective Interest Rate	Interest rate exposure				Maturity dates		
		Carrying Amount	Variable Interest Rate	Non Interest bearing	Adjustment for discounting	Total Nominal Amount	Up to 3 Months	1 to 5 Years
		\$	\$			\$	\$	More than 5 Years
<b>Financial Liabilities</b>								
<b>2010</b>								
Payables		57,346	-	57,346	-	-	57,346	-
		57,346	-	57,346	-	-	57,346	-
<b>2009</b>								
Payables		697,335	-	697,335	-	-	697,335	-
		697,335	-	697,335	-	-	697,335	-

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities.

**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 \$	-100 basis points		+100 basis points	
		Surplus \$	Equity \$	Surplus \$	Equity \$
<b>2010</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	7,728,566	(77,286)	(77,286)	77,286	77,286
Restricted cash and cash equivalents	-	-	-	-	-
	7,728,566	(77,286)	(77,286)	77,286	77,286
<b>2009</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	8,654,311	(86,543)	(86,543)	86,543	86,543
Restricted cash and cash equivalents	1,234,784	(12,348)	(12,348)	12,348	12,348
	9,889,095	(98,891)	(98,891)	98,891	98,891

**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.

	<u>2010</u>	<u>2009</u>
	\$	\$
<b>21 Remuneration of members of the accountable authority</b>		
<u>Remuneration of Members of the Accountable Authority</u>		
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:		
\$		
0 - 10,000	1	-
10,001 - 20,000	3	4
20,001 - 30,000	1	1
The total remuneration of the members of the Accountable Authority is:	<u>83,939</u>	<u>89,546</u>
The superannuation included here represents the superannuation expense incurred by the Corporation in respect of members of the Accountable Authority. No members of the Accountable Authority are members of the Pension Scheme.		
The Accountable Authority has no employees. All services are provided by the Department of Agriculture and Food under a service agreement. No payments were made by the Accountable Authority to Senior Officers.		
<b>22 Remuneration of Auditor</b>		
Remuneration payable to the Auditor General in respect to the audit for the current financial year is as follows:		
Auditing the accounts, financial statements and performance indicators	25,000	25,000
The expense is included at note 5 'Other Expenses'.		
<b>23 Related bodies</b>		
There are no related bodies with the Rural Business Development Corporation.		
<b>24 Affiliated bodies</b>		
There are no affiliated bodies with the Rural Business Development Corporation.		
<b>25. Supplementary financial information</b>		
<b>Write-Offs</b>		
Public property written-off by the Rural Business Development Corporation Board during the financial year	<u>3,636</u>	<u>-</u>
There are no other write-offs, losses, thefts, defaults or gifts or public property during the financial year.		

## RURAL BUSINESS DEVELOPMENT CORPORATION

### CERTIFICATION OF FINANCIAL STATEMENTS

For the year ended 30 June 2010

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 2010 and the financial position as at 30 June 2010.

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 of Accountable Authority



Date:

30/7/10

Richard Joyce

Member of Accountable Authority



Date:

30/7/2010

Ron Lucas

Chief Finance Officer



Date:

30/7/10



## 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 2010**

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

The financial statements comprise the Statement of Financial Position as at 30 June 2010, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows 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 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. This document is available on the OAG website under "How We Audit".

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 2010**

#### **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 2010 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards 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 2010.

  
COLIN MURPHY  
AUDITOR GENERAL  
26 August 2010



# 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**

The RBDC is the administering body in Western Australia, for the Australian and State Governments' funded EC program under the Rural Adjustment Scheme. All EC declared areas in Western Australia concluded by June 2009 due to improved seasonal conditions. The RBDC assessed applications from farmers, pastoralists and small businesses for the EC Interest Rate Subsidy (IRS), in line with policy guidelines issued by the Australian Government Minister for Agriculture, Fisheries and Forestry for areas declared EC.

An example of the Policy Guidelines issued for an Exceptional Circumstances Declaration follows. Copies of past Policy Guidelines for individual Exceptional Circumstances declarations are available in past years RBDC Annual Reports.

#### **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, which 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.

## **1.2 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 the .....11TH.....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



### 1.3 2007 DRY SEASON ASSISTANCE SCHEME EXTENSION

Confirmation received from the Treasurer dated 25 January 2009 to the Minister for Agriculture and Food's request dated 3 December 2009, agreeing to the extension of the scheme to support rural counselling.



### 1.4 POLICY GUIDELINES APPLYING TO FARMTRAINING WA

#### POLICY GUIDELINES

*Applying to training subsidies for primary producers (including indigenous land holders) in Western Australia to assist in building their capacity to manage changing climatic conditions, fluctuating markets and other risks associated with managing and developing their business. The subsidies will be available for the period 1 July 2008 through to 30 June 2009, unless funds are fully committed prior to the end of this period.*

#### 1. Interpretation

In these guidelines, unless the contrary intention appears:

**'benchmarking project'** refers to a project with industry to identify financial and production benchmarking standards across a range of industries.

**'eligible indigenous land manager'** is defined as a person who is involved in the management decisions of indigenous lands that are zoned for rural purposes if the land is owned, managed, controlled or operated by:

- a) an indigenous community or trust; or
- b) an Aborigine or Torres Strait Islander.

Indigenous land managers are eligible to attend all Farm Training WA supported training activities, irrespective of their status as a primary producer, where the training is related to the improved management of the rural land and/or primary production business practice on the respective property.

Indigenous land managers are exempt from the requirement to contribute to the cost of training where a third party is prepared to pay for their share of the cost of training.

**'eligible 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.

**'eligible primary producer'** is defined as an owner/operator of a primary production enterprise (farming or fishing). The whole management team, which comprises the principal owner/operator, manager, immediate family members and employed staff are eligible for assistance under the Scheme.

**'eligible rural land managers'** 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 non-indigenous training activities'** refers to training conducted in the areas of marketing, general business management, financial management, managing people, integrated approaches to production and natural resource management and to be delivered at a competency level of at least Certificate Level III under the Rural Training Package. Training on specific production issues are not included.

**'eligible indigenous training activities'** refers to training conducted in the areas of marketing, general business management, financial management, managing people, production management and natural resource management and to be delivered at a competency level of at least Certificate Level II under the Rural Training Package.

**'group'** is defined as two or more eligible participants.

**'ILC'** refers to the Indigenous Land Corporation.

**'previous FarmBis Scheme'** refers to the AAA FarmBis program 2005-2008.

**'primary production enterprises'** 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;

**'RBDC'** refers to the Rural Business Development Corporation.

**'RCC program'** refers to the program that will assist in identifying and recognising and recording participants current competencies (Recognised Current Competencies). This may lead to the Recognition of Prior Learning (RPL) to satisfy competency requirements under a formal course of education.

**'self funded Training Needs Analysis'** refers to the conduct of a training needs assessment of eligible group members through the conduct of a survey and/or mediated focus group that identifies the specific training requirements of the group. A report providing details of participants, survey (if used), prioritised training identified and a proposal to provide training to meet these needs, must be submitted and approved.

**'Training Needs Analysis (TNA)'** refers to the report produced by groups through the Targeted Industry Initiatives under the previous FarmBis Scheme.

**'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. Purpose of funding**

A targeted approach to encourage eligible primary production businesses/enterprises, and eligible participants to participate in learning activities to improve their skills to manage changing climatic conditions, fluctuating markets, and other risks associated with managing and developing their business.

The program will:

- a) Provide funding support for training activities to groups that had undertaken a training needs analysis under the Training Industry Initiative of Schedule A of the AAA FarmBis Scheme 2005-2008 or who have undertaken a self funded Training Needs Analysis under this Scheme.
- b) Provide funding to support the Indigenous land holdings of WA to address a range of land management and fishing issues and will have emphasis on improving Indigenous business skills, corporate governance skills and natural resource management skills.
- c) Provide funding for a benchmarking project; and
- d) Provide funding for a project to assess Recognised Current Competencies (RCC) of eligible participants.

The proportional amount of the training and other costs that will be reimbursed as a grant will be determined in Policy Guidelines approved by the RBDC.

## **3. Objectives**

- 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 and rural community groups to education and training issues; and
- g) to encourage the development of a competitive and diverse rural education and training industry.

## **4. Strategies to achieve the objectives:**

The strategies to achieve the Farm Training WA objectives are:

- a) to assist primary producers and rural land managers to participate in learning activities by contributing to the costs of their participation;
- b) to continue the coordination network established under the previous FarmBis Scheme 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 producers needs
- d) to establish structured consultative mechanisms with key stakeholders to provide the opportunity to meet their education and training needs identified through the group training needs analysis undertaken under the previous FarmBis Scheme;
- e) to promote, through the Rural Business Development Corporation, greater industry sector involvement and commitment by engaging priority industries in targeted collaborative funding initiatives.

## **5. Types of activities**

### **5.1 Group Training**

Eligible group training activities supported under Farm Training WA must focus on enhancing the capability and skills of primary producers and rural land managers to improve their skills to manage changing climatic conditions, fluctuating markets, and other risks associated with managing and developing their business. These learning opportunities are to have been identified through a group Training Needs Analysis undertaken under the previous FarmBis Scheme. Alternatively, a group may independently undertake a preliminary self funded Training Needs Analysis, with subsequent training being eligible for a grant subsidy under this agreement. Activities that will not be supported under Farm Training WA include the following:

- a) the provision of professional advice and services, including "one-on-one" consulting;
- b) stand-alone technical or operational training activities;
- c) conferences, study tours and other similar activities that do not have clearly defined learning outcomes;
- d) materials that are not an integral part of the learning activity, for example, software;
- e) specific education and training activities that are undertaken to satisfy government regulatory and statutory requirements, except where undertaken on an Indigenous estate;
- f) maintenance of ongoing group facilitation/mentoring, with the exception of some costs for the establishment and initial development cycle of such groups which may be considered, except where undertaken on an Indigenous estate; or
- g) costs associated with identifying the training needs of a group, except where undertaken on an Indigenous estate.

### **5.2 Benchmarking project**

Funding of up to \$150,000 will be available for a benchmarking project. Industry is to be engaged in this process, with submissions to participate to include details of contribution in cash or kind to match this Scheme's contribution.

Industry groups will be targeted; the Scheme's contribution, matching industry contribution and terms of the project will be decided in consultation with the RBDC.

### **5.3 Recognised Current Competencies (RCC) program**

The RCC program will assess and equip individual primary producers with identifiable, transferable skills. This process can work towards ensuring that participants are acquiring cross industry skills. This meets a dual need of providing labour for local industries and options to farmers for off farm work in difficult seasons.

Industry/community/ partnering is also required to identify common skill requirements of industries operating within a region.

Target areas, industry, community involvement and/or local government, Scheme funding and partners co-contribution are to be decided in consultation with the RBDC.

## **6. Delivery principles**

Farm Training WA and the RBDC will have regard to the following principles in delivery of training events under this Scheme:

- a) target participants are as defined in Section 1: Interpretation of these guidelines;
- b) group learning activities will have been identified through a Training Needs Analysis undertaken under the previous FarmBis Scheme, or as identified under a self funded Group Training Needs Analysis;
- c) a strategic, planned approach to learning by participants will be encouraged.
- 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 Farm Training WA 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 Farm Training WA will be on short and medium-term learning activities;
- h) over time, activities under Farm Training WA will, where appropriate, be linked to industry competency standards to achieve recognition of skills achievements and qualifications, and to encourage cross-industry credit transfer. Farm Training WA will 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. The level of contribution will be determined by the RBDC.
- j) Co-funding will be sort through third parties to contribute to the cost of providing training to Indigenous land managers;
- k) competition between training providers and transparency of costs will be encouraged; and
- l) best practice approaches to program delivery will be pursued to promote transparency, accountability and contestability and to maximise program outcomes.

## **7. Funds allocation**

A total amount of \$1,500,000 is available to administer and deliver this Scheme.

Signed 5/6/08  
Kim Chance MLC  
MINISTER FOR AGRICULTURE AND FOOD

## 1.5 POLICY GUIDELINES APPLYING TO FARMLINK SCHEME

*Applying to funding for a Coordinator to assist Western Australian primary producers and rural businesses access and leverage against Commonwealth funding to develop their businesses.*

*Applying to funding for a Coordinator to advise the Rural Business Development Corporation on emerging issues, economic and other conditions within Rural Communities.*

*Applying to training subsidies for indigenous land managers to assist to build their capacity to manage and develop their businesses.*

*The funding will be available for the period 1 July 2009 through to 30 June 2011, unless funds are fully committed prior to the end of this period.*

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### 1. Interpretation

In these guidelines, unless the contrary intention appears:

**‘eligible indigenous land manager’** is defined as a person who is involved in the management decisions of indigenous lands that are zoned for rural purposes if the land is owned, managed, controlled or operated by:

- c) an indigenous community or trust; or
- d) an Aborigine or Torres Strait Islander.

Indigenous land managers are eligible to attend all supported training activities, irrespective of their status as a primary producer, where the training is related to the improved management of the rural land and/or primary production business on the respective property.

**‘eligible participant’** means an eligible indigenous land manager or a member of the management team, which comprises the principal owner/operator, manager, immediate family members and employed staff. At the discretion of the Project Manager, indigenous employees on the property may also be considered eligible where the training undertaken will assist in the management and development of the property. A participant may only be eligible for funding under this scheme where Commonwealth FarmReady funding is not available either because the participant is not a member of the management team, has claimed their limit of \$1500 per financial year and/or FarmReady have declined the registration of the course as it does not meet the objectives of the program.

**‘eligible indigenous training activities’** refers to training conducted in the areas of marketing, general business management, financial management, managing people, production management and natural resource management and to be delivered at a competency level of at least Certificate Level II under the Rural Training Package. Pre-approval to run a specific course/activity must be obtained in writing by the trainer.

**‘eligible trainer’** refers to a Registered Training Organisation (RTO) or a business, enterprise or individual with relevant industry experience.

**‘group’ for training purposes**, is defined as two or more eligible participants.

**‘ILC’** refers to the Indigenous Land Corporation.

**‘previous FarmBis Scheme’** refers to the AAA FarmBis program 2005-2008.

**‘previous FarmTraining WA Scheme’** refers to the RBDC funded training subsidy scheme that operated from 1 July 2008 to 30 June 2009.

**‘primary production enterprises’** means:

- a) a rural enterprise carried on within the State; or
- b) a wild catch fishing and/or farmed 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;

**‘RBDC’** refers to the Rural Business Development Corporation.

## **2. Purpose of funding**

To provide funding for a Coordinator to assist primary producers, primary production industry groups and rural businesses and communities access Commonwealth funding to develop their businesses and communities.

To provide funding for a Coordinator to advise the RBDC on emerging issues, economic and other conditions within Rural Communities.

To provide funding to support the indigenous land holdings of WA and to address a range of land management and fishing issues. The Scheme will have an emphasis on improving indigenous business skills, corporate governance skills and natural resource management skills.

The proportional amount of the training and other costs that will be reimbursed as a grant will be determined in Policy Guidelines approved by the RBDC.

## **3. Objectives**

- To ensure that an equitable amount of Commonwealth based funding is accessed by West Australian primary producers, rural businesses, rural communities and indigenous land managers to further the development of their businesses and communities.
- To provide assistance to primary producers, rural businesses, rural communities and indigenous land managers to access Commonwealth funding to further develop their businesses and communities.
- To increase the capacity of indigenous land managers to identify, plan and access quality learning activities;
- To increase indigenous land manager participation in targeted learning activities;
- To increase the adoption of management practices across all sectors, that lead to greater resource sustainability, profitability and competitiveness;
- To provide a Network for the RBDC to ensure that they are informed on emerging issues, economic and other conditions within Rural Communities.

## **4. Strategies to achieve the objectives:**

The strategies to achieve the FarmTraining WA objectives are:

- establish a structured consultative mechanism with key stakeholders to provide the opportunity to meet their identified needs and convey this to the RBDC;
- promote, through the Rural Business Development Corporation, greater industry sector involvement and commitment by engaging priority industries in targeted collaborative funding initiatives;
- continue the coordination network established under the previous FarmBis and FarmTraining WA Scheme to work at a strategic level with indigenous and non-indigenous participants and other key stakeholders in facilitating the uptake of priority learning activities;
- promote improvement in the quality, diversity and responsiveness of the rural training market to industry and producers needs;
- assist indigenous land managers to participate in learning activities by contributing to the costs of their participation that are not met by the Commonwealth FarmReady program;

## **5. Types of activities**

### **5.1 Coordinator**

The Coordinator will:

- develop and maintain effective communication networks with key stakeholders, including relevant Commonwealth Departments;
- encourage increased commitment and involvement by industry organisations and producer groups in education and training activities for their members;
- seek co-funding from affiliated third parties, such as the ILC, to contribute to the cost of providing training to Indigenous land managers;
- establish a network to facilitate and coordinate collaborative partnerships with key stakeholders in the development and delivery of learning activities, utilising FarmReady and other Commonwealth funding where applicable;
- identify Commonwealth funding and/or grants that may be utilised by industry groups, rural communities and/or rural businesses to improve and develop these groups;
- identify Commonwealth funding and/or grants that may be utilised by industry groups, rural communities and/or rural businesses to conduct research that will improve their businesses and/or communities;
- provide strategic oversight and advice to the RBDC on emerging issues within the rural sector;
- oversee, manage and report on projects initiated through the RBDC.

### **5.2 Group Indigenous Training**

Pre-approved eligible group training activities supported under this Scheme must focus on enhancing the capability and skills of indigenous land managers to assist them manage and develop their properties. Funding will only be available under this Scheme where applicants have been unable to obtain funding through the Commonwealth FarmReady Scheme because either the participant is not a member of the management team, has claimed their limit of \$1,500 per financial year and/or FarmReady have declined the registration of the course as it does not meet the objectives of the program.

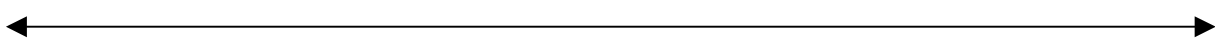
Activities that will not be supported under this Scheme include the following:

- The provision of professional advice and services, including “one-on-one” consulting;
- Conferences, study tours and other similar activities that do not have clearly defined learning outcomes;
- Materials that are not an integral part of the learning activity, for example, software;

## **6. Funds allocation**

A total amount of \$500,000 is available to administer and deliver this Scheme from 1 July 2009 to 30 June 2011.

Approved 3/6/09  
Terry Redman  
MINISTER FOR AGRICULTURE AND FOOD



## 1.6 North East Agricultural Region (NEAR) and Central Agricultural Region (CAR) Strategy Scheme

### POLICY GUIDELINES

Applies to the funding to be made available through the Rural Business Development Corporation (RBDC) to develop a Climate Adaptation Assistance Scheme. The scheme will assist primary producers in the NEAR and Central Agricultural Regions develop a long term strategy for the management of issues that they face in the event of consecutive poor years.

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#### 1. Interpretation

In these guidelines, unless the contrary intention appears:

**“ARWA”** refers to the Agricultural Research Western Australia. A research alliance between The University of Western Australia, CSIRO, Murdoch University, Curtin University and the Department of Agriculture and Food

**‘benchmarking’** refers to activities with industry to identify financial and production benchmarking standards across a range of industries.

**‘DAFWA’** refers to the Department of Agriculture and Food of Western Australia.

**‘farming industry groups’** refer to an incorporated group representing the direct interests of the farmer members. Such interests may include conducting of research trials, provision of training to members and/or a conduit for transmission of information direct to the farmer member.

**‘indigenous land manager’** is defined as a person who is involved in the management decisions of indigenous lands that are zoned for rural purposes if the land is owned, managed, controlled or operated by:

- e) an indigenous community or trust; or
- f) an Aborigine or Torres Strait Islander.

**‘primary producer’** for the purpose of this scheme is defined as an owner/operator of a primary production enterprise (farming or fishing) operating in North East Agriculture Region or the Central Agricultural Region.

**‘primary production enterprises’** means:

9) a rural enterprise carried on within the State; or

b) a wild catch fishing and/or farmed fishing enterprise:

- (iii) carried on by a business registered in the State; or
- (iv) where the enterprise is carried on by an individual, by a person who is resident in the State;

**‘RBDC’** refers to the Rural Business Development Corporation.

## **2. Purpose of funding**

After a year of community consultation involving more than 300 farming, agribusiness, agency and community representatives with the Department of Agriculture and Food (DAFWA), a strategy has been developed to address the needs and issues identified during this consultative period. The strategy focuses on what can be done realistically to “make a difference through excellence and innovation to grow Western Australia’s world class agriculture and food sectors” in these regions. The scheme will be managed by DAFWA and ensure direct benefits to participating primary producers through their direct involvement in the processes and/or through their membership of industry groups.

The scheme will:

- a) Provide direct financial assistance to primary producers and/or farming industry groups to improve their capacity to interpret climate indicators and implement appropriate risk management decisions as the season progresses. This component of the scheme may also investigate appropriate risk management practices in a changing climatic environment
- b) Provide funding to investigate farming financial structures that are capable of adapting to changing climatic conditions. These findings are to be reported back to the RBDC with recommendations of possible financial assistance, if any, that can be provided to primary producers to adapt their financial structures to better cope with changing climatic conditions
- c) Provide funding to benchmark farming practices across a range of primary production enterprises. This information can lead to the calculation of the gross margin contributions for various crops/tasks and assist in identifying non-profitable practices in a changing climatic environment. The study may also identify means of adjusting work practices to allow excess on-farm labour to be employed in other areas during low activity periods. These findings are to be presented to the RBDC with recommendations of further assistance that may assist primary producers adopting the recommendations
- d) To provide funding to provide advice on the restructuring or retirement of land with poor soils. The study would identify areas of non-productive land in the NEAR and CAR, the extent of these holdings, how primary producers were currently utilising these holdings and the cost effectiveness of restructuring or retiring these areas. The study would report back to the RBDC and the Minister advising on policy changes required to effectively manage these areas of land.

The proportional amount of the funds to be allocated to these proposals will be determined in the Procedural Guidelines to be approved by the RBDC.

## **3. Objectives**

- a) To increase the capacity of primary producers and indigenous land managers to manage risks associated with changing climatic conditions in the NEAR and CAR
- b) To increase primary producers and indigenous land managers participation in identifying the risks of climate change
- c) To increase primary producers and indigenous land managers participation in identifying farming practice options in a changing climatic environment
- d) To enhance the capability and increase the adoption of primary producers and indigenous managers to effectively manage changing climatic conditions and risks associated with these conditions
- e) For greater stakeholder contribution with increased commitment from industry organisations and rural community groups to manage the risks of climate change
- f) To provide Government and RBDC advice on policy changes that may be required to assist primary producers and indigenous land managers adapt to climate change
- g) To provide Government and RBDC advice on policy changes that may be required to assist primary producers and indigenous land managers enhance their capabilities to manage climate change

## **4. Types of activities**

### **4.1. Implementation of the NEAR Strategy document**

#### **4.1.1. Decision making and tactical tools for 2008 and beyond**

Develop working groups of farmers, consultants, CSIRO and possibly representatives from groups such as the Birchipp Cropping Group to assess emerging seasonal information, including climatic indicators, and provide practical advice on the risk management decisions for the current season. These groups would be formed throughout the NEAR and CAR on a range of soil types. Information from these working groups would also be made available to the broader farming community via various means of communication. The study would also extend to investigating enterprise management and mixes suitable for the changing climatic environments.

#### **4.1.2. Adapting to climate change in the NEAR and CAR**

These activities would be closely aligned with activity 4.1.1, providing innovative options to be considered while managing the emerging seasons conditions and climatic indicators.

If the funding application for ARWA's Climate Adaptation Project is successful, then the scheme will work closely with ARWA's partners to further develop climate adaptability within the region.

#### **4.1.3. Viability of farming in the NEAR**

Preliminary studies have indicated that there are common characteristics of enterprises that are more vulnerable to a changing climatic environment while similarly, there are common characteristics of enterprises in the same region that are showing resilience in the same environment. It is proposed that this study be extended to clearly identify factors that will assist resilience in an environment with changing climatic conditions.

A major component of this activity is to engage local primary producers to develop strategies that will assist in the uptake of findings. Findings of the study and subsequent engagement of primary producers are to be presented back to the RBDC with recommendations to ensure that primary producers are assisted to evaluate their structures and adapt these where possible to increase their resilience to the changing climatic environment.

#### **4.1.4. Benchmarking of farming practices**

The benchmarking activity would review farming practices across a range of primary production enterprises, providing gross margin data for practices/enterprise mixes, together with information on annual labour requirements.

The study would provide information to assist in identifying non-profitable and alternative practices in a changing climatic environment.

#### **4.1.5. Create an investment statement for Government to consider restructure or retirement of land with poor soils within the area.**

This activity would provide the Government with advice on the best management option for restructuring or retiring land within the NEAR and CAR on poor soils.

The activity would involve the collection of existing and new data to segment and describe the area by soil type, identify gross margin contribution of this land if currently used for productive purposes, comment on the ongoing viability of this land, advise on research and development (R&D) options for alternate use of these soils. This information may then be used to provide advice to the Minister and the RBDC on possible policy changes to effectively manage these areas.



#### **4.1.6. Implementation of the plan**

This will transgress over all activities under this scheme. At all stages, stakeholder involvement is required to ensure that thorough studies are undertaken and primary producers are engaged to ensure effective take up of practices.

An underlying requirement is to ensure that primary producers have the capacity to make an informed decision on the take up of suggested changes to ensure that their enterprise practices can be adapted to meet the challenges of the changing climatic environment.

### **5. Strategies to achieve the objectives**

The strategies to achieve the scheme's objectives are imbedded in the Strategic Plan (attached). This plan was prepared by DAFWA in response to a request from the Hon. Kim Chance, previous Minister for Agriculture and Food; The Midwest and The Wheatbelt.

The aim of the strategy was to combine and mobilise the resources of DAFWA and the broader community in meeting Minister Chance's request for, and the community's need for a "long term strategy for the management of issues farmers face in the event of consecutive bad years" in the NEAR.

After extensive community consultation, a working group of key stakeholders has been formed, with DAFWA taking a leadership role in the formation of this group. The endorsement of this scheme by the working group, the extensive industry consultation to develop the scheme, the future involvement of primary producers as individuals and through their relevant farming industry group and the overall aim to equip farmers with the necessary skills and capabilities to adapt to the changing climatic environment will ensure sustainable and profitable land management in the NEAR and CAR.

### **6. Funds allocation**

Total funding of up to \$1.75 million, including identifiable administrative costs, will be provided by the Rural Business Development Corporation for this scheme to operate until 31 December, 2010.

Approved 9/6/09  
Terry Redman  
MINISTER FOR AGRICULTURE AND FOOD

Approval received from the Minister for Agriculture and Food on 16 February 2010 to extend the scheme till 30 June 2013 to provide sufficient time to evaluate the change of behaviour and uptake of practice change in the regions.