

RURAL BUSINESS DEVELOPMENT CORPORATION

ANNUAL REPORT

for the year ended

30 June 2011



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RURAL BUSINESS DEVELOPMENT CORPORATION

STATEMENT OF COMPLIANCE

For the year ended 30 June 2011

The Honourable Terry Redman MLA
Minister for Agriculture and Food

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 2011

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



Date 22/9/11

Leon Ryan
Director



Date 22/9/11

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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 2010-2011 the schemes that required the majority of the Corporation's resources were:

- Pilot of Drought Reform Measures in Western Australia. In response to the national review of drought policy, the Australian and Western Australian governments launched the Pilot of Drought Reform Measures in WA commencing 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. The pilot region comprised of 67 local government areas and included approximately 6,000 farm businesses (43% of farm businesses in Western Australia). The Rural Business Development Corporation administered the Farm Planning and Building Farm Businesses programs of the pilot.
- 2010 Dry Season Assistance Scheme. The State Government approved \$4.5 million of funding for the Rural Business Development Corporation to assist farmers and rural communities deal with the effects of the unprecedented dry season in 2010. The season had a severe impact on much of the State's agricultural and pastoral regions. 101 Shires within the decile 2 and below rainfall range for 2010 were identified for support. Funding measures were made available to help rural communities cope with one of the driest winters on record.
- FarmTraining WA Scheme. This scheme 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. As part of the state Governments response to the 2010 Dry Season unspent funds within the Farming Training Scheme was made available to subsidise those training programs that would facilitate decision making for farming enterprises with livestock. The programs that subscribed to Farm Training WA included "Lifetime Ewe Management", "Taking Stock" and "The Sheep's Back".
- FarmLink Scheme. This 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. 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 Climate Adaptation Assistance Scheme for the North Eastern Agricultural Region (NEAR). This scheme which commenced in July 2009, 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.

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.

- *The Farm Planning program which is the key part of the Pilot of Drought Reform Measures in Western Australia aimed to enhance farmers skills in business, natural resource management, and personal planning and increase the number of farm businesses with comprehensive written strategic plans. Farm businesses undertook training to develop or update a strategic plan for the business. Participants indentified priority activities to help improve the management and preparedness of the farm business to respond to future challenges, including drought and climate change. The training will also cover risk management and financial planning, personal and business goals and the impact of variable climatic seasons on production.*
- *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. As part of the state Governments response to the 2010 Dry Season funds within the Farming Training Scheme were made available to subsidise those training programs that would facilitate decision making for farming enterprises with livestock. The programs that subscribed to Farm Training WA included "Lifetime Ewe Management", "Taking Stock" and "The Sheep's Back".*

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

- *The Farm Planning program which is the key part of the Pilot of Drought Reform Measures in Western Australia aimed to enhance farmers skills in business, natural resource management, and personal planning and increase the number of farm businesses with comprehensive written strategic plans. Farm businesses undertook training to develop or update a strategic plan for the business. Participants indentified priority activities to help improve the management and preparedness of the farm business to respond to future challenges, including drought and climate change. The training will also cover risk management and financial planning, personal and business goals and the impact of variable climatic seasons on production.*
- *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. There was no current Exceptional Circumstances declarations operating in Western Australia during 2010-2011.*
- *A State Dry Season Assistance Scheme also provided rural communities with social support and counselling measures during the 2010 dry season. Funding was also provided to enable the Rural Financial Counselling Service to increase its resources to assist those encountering financial difficulties caused by the dry conditions. Funding was also provided for the costs of tanks to provide emergency water supplies for both farm use and fire fighting use.*

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.*

CHAIRMAN'S OVERVIEW

Season 2010-2011 was a very difficult one for the majority of Western Australian agricultural businesses whether broadacre, pastoral, livestock, or irrigated agriculture. Most regions and businesses experienced a 1in100 year's drought event, the financial and community ramifications of which will flow through to 2011-2012 and beyond.

It is in this challenging environment that the Australian Government and Western Australian Government's Drought Pilot was introduced to 69 local government authorities. The Rural Business Development Corporation (RBDC) was responsible for the governance of the Farm Business Resilience Training Program and Farm Planning Grants measures. The Western Australian Government, the RBDC along with the Department of Agriculture and Food, were involved in these two measures with the remaining measures being administered by Centrelink.

The Australian Government commissioned an independent Review of the Drought Pilot 1 measures. The panel conducting the review has concluded that the operation of the Drought Pilot planning and grants measures was successful. For the Drought Pilot 2 in 2011-2012, the Department of Agriculture and Food has taken over responsibility for the Farm Business Resilience Training measure from the RBDC. The RBDC will retain responsibility to overseeing the Building Farm Business grants in 2011-2012.

It is very pleasing to the RBDC that the North East Agricultural Regional (NEAR) Climate Adaption Assistance Scheme in which the RBDC had invested significant funding won the Managing the Environment Category 2010 Premier's Award. A concept initiated by the then Minister Hon Kim Chance MLC, with the local NEAR community as a scheme to consolidate the learning's from the droughts suffered by the region to develop new tools and systems to allow Western Australian farm businesses to better adapt. The RBDC's significant investment was endorsed for funding by our Minister Hon Terry Redman MLA in 2009. The scheme is nearing completion and there are many useful outcomes from this scheme that have been engaged by farm businesses in season 2010-2011 and will be further refined by growers groups and DAFWA in years to come.

For some time the RBDC has been investing in a research project "Better Landscapes" which is aimed at developing different thinking around land use in agricultural regions. It is expected that in 2011-2012 as a result of the outcomes of the Sustainable farmland re-development project in the NEAR strategy were the "Better Landscapes" concept will be trialled that the RBDC will be able to provide advice to the Minister on how this concept could be implemented.

Other successful programs that the RBDC was engaged in 2010/11 which reflect the State Government's priorities for agriculture that I can report on are the Grow Zone Mentoring program and the Y-Zone Youth project. Launched by Minister Hon Terry Redman MLA in 2009, the Grow Zone program has completed its second year of operation in 2010-2011. A total of 13 mentees have now completed the program, with another 10 involved in 2011-2012. The purpose of the program was to target motivated and high achieving individuals in the rural sector and allow them to gain invaluable insights and guidance from successful leaders and entrepreneurs from the wider business community.

The Grow Zone Program has encouraged business innovation, creativity and excellence, for the ultimate benefit of Western Australian agriculture and food industries, and has helped developing closer and mutually beneficial ties between metropolitan and rural businesses. The RBDC has invested in the Grow Zone program for 2011-2012 and looks forward to the new batch of mentees. The plan to have the program externally funded in the future is progressing well with several large organisations expressing an interest in the program beyond June 2012.

The Y-Zone program has been initiated by the RBDC to specifically support young people in agriculture to develop networks and capacities. Commencing in 2011-2012, the RBDC looks forward to reporting in the future on the operations of this important innovation project.

Thanks to RBDC Board member Richard Joyce whose appointment concluded in 2010-2011. Richard was replaced by Leon Ryan, and David Bedbrook was appointed to fill a vacancy left by Murray Gmeiner's resignation. May I also thank the hardworking DAFWA staff who pulled together the WA planning and grant measures for Drought Pilot 1. It was an outstanding effort, and widely acknowledged as being a successful program. I would also like to thank Curtin University and the professional facilitators involved with the development of an innovative delivery method for the Farm Business Resilience Training Modules. The program has resulted in significant changes in the attitudes of the participants and making changes to their businesses, and is therefore making a difference to the resilience of our agricultural industries to cope with the inevitable challenges of the future.

A handwritten signature in black ink, appearing to read 'Rob Sands', with a stylized, cursive script.

Rob Sands
Chairman

HIGHLIGHTS 2010-2011

The highlights for the Corporation in brief:

- 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 was entered into between the State and Australian Government for a scheme commencing 1 July 2010.
- Under the Pilot of Drought Reform Measures over 400 farm businesses developed or updated strategic plans as part of the Farm Planning Program. Interest in the Farm Planning Program was high and the program was fully subscribed in November 2010. Achievements included:
 - The program delivered courses to more than 400 farm businesses, or more than 6.9 per cent of farm businesses in the pilot region, in 12 months
 - Farm Planning participants represented 59 of the 67 local government areas within the pilot region.
 - A key objective of the program is to support greater resilience and drought preparedness. Results indicate that the participants feel they have improved drought preparedness from 23.5 per cent to 59 per cent following completion of the farm planning.
 - At completion of the Farm Planning program 93.4 per cent have a business plan with coverage across all farm planning
- Under the Pilot of Drought Reform Measures over 120 farm businesses received Building Farm Businesses grants of up to \$60,000 to implement measures under their strategic plans.
- The State Government approved \$4.5 million of funding for the Rural Business Development Corporation for the 2010 Dry Season Assistance Scheme to assist farmers and rural communities deal with the effects of the unprecedented dry season in 2010. The season had a severe impact on much of the State's agricultural and pastoral regions. 101 Shires within the decile 2 and below rainfall range for 2010 were identified for support.
- The 2010 Dry Season Community Service grants and Social Support Service grants made a significant contribution towards nurturing and sustaining rural communities through one of the driest winters on record. The events and support services were well received and bolstered community spirit and welfare.
 - Community grants totalling \$1,920,000 was advanced to 96 Shires
 - A total of 31 Social support grants ranging from \$3,000 to \$50,000 were approved totalling \$0.8 million
 - Water Tanks funding committed for the first round was \$675,000 for 90 tanks in 51 shires. A second funding round was offered and shires have until 30 September 2011 to submit claims for payment
- The "Grow Zone" Leadership and Mentoring program pilot launched in October 2009 continued in 2010 with a second iteration of the program that had 8 graduates. The process and concepts have continued to be tested in 2011 with 10 new participants selected for the program. In 2011 the subscription to the program exceeded the capacity to supply mentors. Focus for the program is shifting towards fine tuning procedures, establishing a long term sponsor and home for the program.
- The entitled "Y Zone Advisory group" that the RBDC established as an advisory group comprising of young professionals in the rural community has established their charter which is to *"Bring together young professionals from rural and regional Western Australia to recognise, promote and to expand the contribution they make to their communities and Government Policy Development."* The charter was developed as part of the strategic planning undertaken by the group which also identified a number of initiatives that could help the group fulfil the charter.

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 seven formal meetings during 2010-2011. 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.

On 24 January 2011 Cabinet approved the appointment/re-appointment of Directors. 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 2010-2011 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 seven meetings of the Corporation in 2010-2011.

Directors

Mrs Maree Gooch, involved in the agricultural industry, was appointed in December 2003. Mrs Gooch attended seven meetings of the Corporation in 2010-2011.

Mr Dexter Davies, a consultant, was appointed in May 2005. Mr Davies attended seven meetings of the Corporation in 2010-2011.

Mr David Bedbrook, a farm management consultant, was appointed on 24 January 2011. Mr Bedbrook attended three meetings of the Corporation in 2010-2011.

Mr Leon Ryan, involved in the agricultural industry, was appointed on 24 January 2011. Mr Ryan attended three meetings of the Corporation in 2010-2011.

Mr Richard Joyce, a farmer, was appointed in May 2005 and ceased as a Director on 24 January 2011. Mr Joyce attended four meetings of the Corporation in 2010-2011.

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, Farmanco Farm Management Consultants, is involved in Benchmarking which may relate to some initiatives of both RBDC and Department of Agriculture and Food. Rob has also been engaged to deliver a Farm Planning Workshop under the Pilot Drought program. Farmanco clients have received Building Farm Business Grants under the Drought Pilot Program and as a member of the Independent Assessment Panel he did not see or assess any Farmanco client applications.

Dexter Davies in his capacity as Chairman of the Minister's Dry Season Advisory Committee is required to advise on dry season issues and is entitled to receive sitting fees from the Department of Agriculture and Food. Dexter has also been involved in mediation between banks and farm exit clients.

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

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.

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 2011-12 was \$Nil
2. Expenditure was incurred in the following areas:

Advertising agencies	Nil
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 10
 Decision Making Functions (Members) – Legislation - Page 10
 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 2010-2011.

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 2010-2011, the Rural Business Development Corporation (RBDC) advanced \$6.8 million assistance to rural industries. This was more than double the previous year advances due primarily to two new schemes commencing. These are the Pilot of Drought Reform Measures in Western Australia and the 2010 Dry Season Assistance Scheme.

Grants to farmers during 2010-2011 represented 86% 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 RBDC has a closing bank balance of \$6.5 million at 30 June 2011. These funds are committed for current schemes administered by the Corporation as well as future new schemes and projects under development.

PROGRAMS

PILOT OF DROUGHT REFORM MEASURES IN WESTERN AUSTRALIA

In response to the national review of drought policy, the Australian and Western Australian governments launched the Pilot of Drought Reform Measures in WA commencing 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. The pilot region comprised of 67 local government areas and included approximately 6,000 farm businesses (43% of farm businesses in Western Australia).

The budget for the one year pilot was \$23 million, with \$18 million contributed by the Australian Government and \$5 million by the Western Australian Government. The Western Australian Government contribution was comprised of \$4 million of RBDC state reserves as well as \$1 million in kind contribution from the Department of Agriculture and Food towards the administration of the project.

Curtin University's Agribusiness Management Group was contracted to deliver the Farm Planning measure. The Farm Planning program was funded by the State government.

There were seven programs in the pilot:

1. Farm Planning (administered by the RBDC)
2. Buliding Farm Businesses (administered by the RBDC)
3. Farm Family Support (administered by the Australian Government)
4. Farm Social Support (administered by the Australian Government)
5. Stronger Rural Communities (administered by the Australian Government)
6. Farm Exit support (administered by the Australian Government)
7. Beyond Farming (administered by the Australian Government)

The **Farm Planning Program** aimed to enhance farmers skills in business, natural resource management, and personal planning and increase the number of farm businesses with comprehensive written strategic plans.

Farm businesses undertook training to develop or update a strategic plan for the business. Participants identified priority activities to help improve the management and preparedness of the farm business to respond to future challenges, including drought and climate change.

The training also covered risk management and financial planning, personal and business goals and the impact of variable climatic seasons on production. The program was 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 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

The **Building Farm Businesses Program** aimed to assist farmers to improve the viability of their farm business by providing financial support for activities that:

- Will better equip them to manage and prepare for the impacts of drought, reduced water availability and changing climate
- Improved on-farm resilience
- Reduce the environmental impact of agricultural activity in times of extreme climatic conditions.

Grants of up to \$60,000 were provided in two components:

- Business Adaptation Grants – up to \$40,000 for eligible activities identified in the strategic plan that help farm businesses prepare for the impacts of drought, reduced water availability and changing climate.
- Landcare Adaptation grants – up to \$20,000 for eligible activities identified in the strategic plan with a natural resource management focus and having a broader public benefit.

The Building Farm Business program was jointly funded by the Australian and State governments.

The Drought Review Panel was established by the Australian Government in February 2011 to undertake a review of the pilot. The Drought Review Panel Report was released in August 2011. The Report noted

“The panel was satisfied that the pilot was implemented as intended and noted the strong demand for many of the pilot programs. Almost 400 farm businesses developed or updated strategic plans as part of the Farm Planning Program, over 120 farm businesses received Building Farm Businesses grants of up to \$60,000, and over 400 farm families experiencing financial hardship received Farm Family (income support). Social support services were also provided to those in need across the pilot region.”

In response to the demand for the initial pilot, phase two of the Drought Reform Pilot will be rolled out in 2011-2012 to reach more agricultural businesses over an expanded area, which will encompass the entire south west region of the state, extending the pilot area from 67 to 130 shires.

Changes will be incorporated into phase 2. These include doubling the number of farm businesses able to take part in Farm Planning workshops to 800, and increasing the number of businesses able to access grants of up to \$30,000 to improve farm business management and help prepare for future challenges. The State has contributed \$11 million of the \$55 million allocated by both the State and Australian Governments for this extended pilot program

For phase 2 of the pilot The RBDC will administer the Building Farm Businesses program as well as part of the Stronger Rural Communities program. The Department of Agriculture and Food will administer the Farm Planning program under a new service tender arrangement.

2010 DRY SEASON ASSISTANCE SCHEME

The State Government approved \$4.5 million of funding for the Rural Business Development Corporation to assist farmers and rural communities deal with the effects of the unprecedented dry season in 2010. The season had a severe impact on much of the State's agricultural and pastoral regions. 101 Shires within the decile 2 and below rainfall range for 2010 were identified for support.

Funding measures made available to help rural communities cope with one of the driest winters on record included:

- \$2 million for community service grants
- \$1 million for social support service grants
- \$1 million to install high – volume water tanks
- \$200,000 rural financial counselling support
- \$300,000 for administration and communications

In addition Cabinet approved \$0.5 m to the Small Business Development Corporation to provide financial advice to rural small businesses.

Community Service Grants

Shires were granted up to \$20,000 in advance, to be spent on one or more community events that helped maintain community spirit and welfare. The aim was to nurture and sustain vibrant rural communities. The events were to be held in Shires by 30 November 2011 with any part of the grant not spent by that time to be repaid to the RBDC.

The uptake of this program has been very good with the RBDC advancing \$1,920,000 to 96 Shires. Some innovative events have been developed by local communities. These events have been tailored to meet specific community needs. This “bottoms up” approach in which local communities have identified the most effective way of spending grant funds for events and then being responsible for their implementation has proved popular and should, in the main, prove to be a successful delivery mechanism. Reports to date have indicated that the events have been much appreciated by local communities and have built community spirit and welfare.

At 30 June 2011 a total of \$1,920,000 had been advanced to 96 shires.

Social Support Service Grants

Grants of up to \$50,000 per social support service group (accredited service agencies, church groups, private agencies etc) were made available to provide direct social support assistance to farm families and members of rural communities to deal with the effects of the dry season in 2010. Applications closed on 31 May 2011 and, because of the nature of the social support service grants, the delivery of some grants has extended to 30 June, 2012 whilst others concluded in 2011.

There was good uptake of this program with 31 applications approved for a total grant value of \$831,679. Grants ranged from \$3,000 to \$50,000. A variety of Social Support Service grants were approved. Each of the services supported was proposed by local communities to meet specific community needs. Progress reports to date indicate that they have enhanced rural community resilience and wellbeing.

Both the Community Grants and the Social Support Service Grants have acted as “catalysts” and “seed capital” in a number of instances with Shires indicating their desire to run events and services again next year off their own bat because of the perceived value to their communities.

At 30 June 2011 a total of \$167,539 out of the \$831,679 approved had been advanced with the balance to be advanced in 2011-12.

High – Volume Water Tank Grants

Funding of \$1million was provided in the scheme to provide water tanks to ensure water is readily available in emergencies for farmland water carting and fire fighting.

In consultation with both the Department of Water and the Water Corporation a first funding round was conducted for identified priority shires. Water Tanks funding committed for the first round was \$675,000 for 90 tanks in 51 shires. Initially two tank sites per shire at a maximum of \$7,500 per site for the provision of tank and fittings with the shire to do labour and earthworks were provided for in the first funding round. A second funding round has been offered and shires have until 30 September 2011 to submit claims for payment.

At 30 June 2011 a total of \$365,460 had been advanced for 54 tanks in 30 shires.

Rural Financial Counselling

The State identified the need to expand the rural financial counselling service in Western Australia in 2011 so that the service can provide an adequate response to the likely increased demand due to the dry conditions. Funding of \$200,000 was provided to the service and a further \$200,000 has been approved to continue the expanded service for further year.

CLIMATE ADAPTATION ASSISTANCE SCHEME (NEAR)

The North East Agriculture Region (NEAR) strategy was launched in 2009. 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 was due to run until 31 December 2010 and was extended till 30 June 2013 to provide sufficient time to evaluate the change of behaviour and uptake of practice change in the regions.

To date there has been 6 projects totalling \$1.46m were approved by the board. During the year the board approved an extension of the "Changing Land-use on Unproductive Soils in the North and Eastern Wheatbelt" project to include a pilot Project on restructuring the agricultural landscape in line with earlier work undertaken by the board on a Better Landscapes concept.

Within the Department of Agriculture and Food the NEAR program is regarded as being highly successful and work is being undertaken to 'roll out' and adapt the NEAR Strategy model for the Central Agricultural Region.

The recognition of the success of the NEAR project was demonstrated this year as a category winner in the 2010 Premier's Award. The project was initiated with the local NEAR community to consolidate the learning's from the droughts suffered by the region to develop new tools and systems to allow Western Australian farm businesses to better adapt.

The scheme is nearing completion and there are many useful outcomes from this scheme that have been engaged by farm businesses in season 2010-2011 and will be further refined by growers groups and Department of Agriculture and Food in years to come.

FARMTRAINING WA

The State funded scheme, FarmTraining WA, commenced on 1 July 2008 with \$1.5 million funding 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.

A component of the scheme was funding for Recognised Current Competencies. Two projects, Pork Industry and Wheatbelt Regional Skills Audit, under this measure completed their projects.

The Pork Industry Skills Passport project exceeded its milestones. The project graduated 15 participants to Certificate 3 in Agriculture level and an addition to this a further 6 graduates at Certificate 4 level. Industry support and sponsorship was such that the project was underspent in December 2010. Unspent project funds were reinvested into the project and a further 40 participants are expected to graduate with half at Certificate 4 level.

The Wheatbelt Regional Skills Audit Survey Project was completed in March 2011. Work is being undertaken to leverage benefits for industry from the findings of this survey. The contractor (CY O'Connor Tafe) has reported changes to business practices to better provide training to rural enterprises.

As part of the State Governments response to the 2010 Dry Season funds within the Farming Training Scheme was made available to subsidise those training programs that would facilitate decision making for farming enterprises with livestock. The programs that subscribed to Farm Training WA included "Lifetime Ewe Management", "Taking Stock" and "The Sheep's Back".

The Farm Training WA scheme closed on 30 June 2011

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. The scheme will cease at 30 June 2012.

In addition to funding the Coordinator position two applications totalling \$81,100 were approved during the year for governance training to indigenous projects.

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. A independent review panel reviewed each mentees business case.

Research continued in 2010 with a second iteration of the program that had 8 graduates. A number of the 2010 graduates are reporting exceeding the milestones and benchmarks established through the mentoring process. The process and concepts have continued to be tested in 2011 with 10 new participants selected for the program. In 2011 the subscription to the program exceeded the capacity to supply mentors. Focus for the program is shifting towards fine tuning procedures, establishing a long term sponsor and home for the program.

The RBDC has allocated \$50,000 funding as a research grant project.

Y ZONE ADVISORY GROUP

The RBDC established an advisory group entitled "Y Zone Advisory group" which comprises young professionals in the rural community. The groups purpose is to provide advice to the the RBDC on how to better target, guide and formulate any proposed projects/initiatives.

The group has established their charter which is to *“Bring together young professionals from rural and regional Western Australia to recognise, promote and to expand the contribution they make to their communities and Government Policy Development.”* The charter was developed as part of the strategic planning undertaken by the group which also identified a number of initiatives that could help the group fulfil the charter. In 2011-2012 the group will be fostering a number of activities including a World Cafe event to tap into the collective knowledge and energy amongst the young professionals for rural Western Australia.

The RBDC has allocated \$30,000 funding as a research grant project.

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:

- Pilot of Drought Reform Measures in Western Australia,
- 2010 Dry Season Assistance Scheme,
- 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 ⁽¹⁾ \$'000's	Actual \$'000's	Variation ⁽²⁾ \$'000's
Total cost of services (expense limit)	7,519	7,890	371 ^(a)
Net Cost of services	5,689	7,095	1,406 ^(b)
Total equity	1,706	6,001	4,295 ^(c)
Net increase / (decrease) in cash held	(4,900)	(1,212)	3,688 ^(d)
Approved full time equivalent (FTE) staff level ⁽³⁾	N/A	N/A	N/A

(1) As specified in the budget statements for 2010-2011.

(2) Further explanations are also contained in Note 20 "Explanatory Statement" to the financial statements.

(a) The variation results from a combination of unbudgeted grant expenditure for the new 2010 Dry Season Assistance Scheme, offset by lower than anticipated expenditure on the Western Australian Drought Pilot Scheme due to many Building Farm Business Grants being approved but not yet paid and lower than anticipated recoups to the Department of Agriculture and Food for the Climate Adaptation Assistance Scheme.

(b) The variation is a result of increased grant expenditure as detailed in note (a) above as well as less than budgeted Commonwealth revenue received for the Western Australian Drought Pilot Scheme.

(c) Total equity increase is a result of \$4.5 million funding being received from State Government for the 2010 Dry Season Assistance Scheme offset by less than anticipated drawdown on reserve funds held.

(d) Net decrease in cash held is less than budget estimate due to \$4.5 million funding being received from State Government for the 2010 Dry Season Assistance Scheme.

(3) Staffing resources are provided through the Department of Agriculture and Food.

Key Performance Indicators: Actual performance compared to budget targets

	Target ⁽¹⁾	Actual	Variation ⁽²⁾
Outcome: Improved ecologically sustainable development of agri-industry Key Effectiveness Indicator: The extent to which recipients were satisfied with the way schemes are administered	91%	93.9%	2.9% (a)
Outcome: Improved ecologically sustainable development of agri-industry Key Efficiency Indicators: Proportion of expenditure as administrative expenditure	14.5%	13.5%	1% (b)

(1) As specified in the budget statements for 2010-2011.

(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 613 applicants from four different grant assistance measures. The result has been averaged over the four measures. Refer to the Performance Indicators on pages 18-19 of the report for individual breakdowns.

(b) The 2010-2011 decrease, is due to two new schemes commencing, 2010 Dry Season Assistance Scheme and the Pilot of Drought Reform both of which had many applications. The 2009-10 figure was higher due to cessation of major schemes, particularly Exceptional Circumstances. The EC applications involve a detailed analysis of the application to determine eligibility and therefore have a higher cost per application. The ten year average is \$1,722 administrative expenditure per application approved or rejected.

OUTCOME FOR FARM BUSINESS DEVELOPMENT**Description:**

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

Relationship to Government Goals:

Broad, high level government goals are supported at agency level by 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 Pilot of Drought Reform Measures in Western Australian 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 as well as supporting community spirit 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

APPLICATIONS FOR THE YEAR ENDED 30 JUNE 2011

FORM OF SUPPORT	NUMBER OF APPLICATIONS					Approved \$
	On Hand @ 1.7.2010	Received	Approved	Declined/ Withdrawn	On Hand @ 30.6.2011	
2010 Dry Season Community (Shire)	0	95	95	0	0	1,920,000
2010 Dry Season Social Support	0	32	31	1	0	831,679
2010 Dry Season Water Tanks	0	37	33	0	4	372,960
FarmTraining WA Scheme	0	4	3	1	0	113,750
FarmLink Scheme	0	2	2	0	0	81,100
Pilot of Drought Reform Measures - A - Farm Planning	0	462	422	34	6	0
Pilot of Drought Reform Measures - B - Recoup of out of pocket expenses	0	144	135	0	9	84,655
Pilot of Drought Reform Measures – C – Building Farm Business	0	219	119	7	93	7,043,047
Phase 2 Pilot of Drought Reform measures – C – Building Farm Business	0	62	0	0	62	0
TOTAL	0	1,057	840	43	174	10,447,191

PERFORMANCE INDICATORS 2010-2011

GOVERNMENT GOAL

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

DESIRED OUTCOME

Improved ecologically sustainable development of agri-industry.

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

EFFECTIVENESS INDICATORS

Effectiveness Indicator 1			
The extent which recipients were satisfied with the way schemes are administered by the Corporation			
Year	Scheme	Sample Size	Maintain at least a 90% level of satisfaction with services provided by the Corporation (%)
2008-2009 Survey	Exceptional Circumstances, Dry Season Assistance Scheme	198	92.62
2009-2010 Survey	Exceptional Circumstances	76	93.15
2010-2011 Survey	Drought Pilot A Farm Planning	293	78.25
2010-2011 Survey	Drought Pilot B Recoup of out of pocket expenses	105	98.79
2010-2011 Survey	Drought Pilot C Building Farm Businesses	138	98.68
2010-2011 Survey	2010 Dry Season Community (Shire)	77	99.99

The respond rates for the surveys conducted on each of the schemes are as follows:

Scheme	Sample Size	Population	Sampling error	Confidence level	Response rate
Drought Pilot A Farm Planning	293	422	3.17%	95%	69%
Drought Pilot B Recoup of out of pocket expenses & C Building Farm Businesses	243	363	3.61%	95%	67%
2010 Dry Season Community (Shire)	77	95	4.86%	95%	81%

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 survey is conducted each year among applicants for support from schemes that are open. The table below shows schemes surveyed. The Customer Satisfaction Index for Drought Pilot for Part B (Recoup of out of pocket expenses), Part C Building Farm Business and 2010 Dry Season Community (Shire) were sourced by phone and online surveying with a similar format.

The Drought Pilot Part A Farm Planning directly from participant completion of on- line evaluation sheets. The question asked was, "Would they recommend the Farm Planning Program to others?" and "How did they find the application process for Farm Planning?". The 78.25% satisfaction result was also influenced by the participant's satisfaction on how well the workshops were run.

Year	Exceptional Circumstances	Dry Season Assistance Scheme	Drought Pilot	2010 Dry Season Community (Shire)
2008-2009	✓	✓		
2009-2010	✓			
2010-2011			✓	✓

All surveying samples had sampling errors of less than +/- 5% at the 95% confidence level and standard error of 1.96.

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	2008-2009	22	11	4.68%
		2009-2010	3	2	2.63%
		2010-2011*	8	8	0.97%

No appeals were received for Drought Pilot B or the 2010 Dry Season Community Shire. Appeals were received for Drought Pilot Part A & C Building Farm Businesses in 2010-11.

The Exceptional Circumstances (EC) schemes were more likely to have applications where decisions are appealed. 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. 825 applications were received in 2010-11 under Drought Pilot A, B & C, 100% were upheld in full or partially. Applications for Drought Pilot C Building Farm Businesses can have several funding requests which can be approved in full or partially.

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	2008-2009	2009-2010	2010-2011	2010-2011 target
The activity cost (administrative expenditure per application approved or rejected)	Reduction in the activity costs to administer the schemes of assistance	\$	1,685	6,168	1,075	1,494

The 2010-2011 decrease, is due to two new schemes commencing, 2010 Dry Season Assistance Scheme and the Pilot of Drought Reform both of which had many applications. The 2009-10 figure was higher due to cessation of major schemes, particularly Exceptional Circumstances. The EC applications involve a detailed analysis of the application to determine eligibility and therefore have a higher cost per application. The ten year average is \$1,722 administrative expenditure per application approved or rejected.

RURAL BUSINESS DEVELOPMENT CORPORATION

CERTIFICATION OF PERFORMANCE INDICATORS

For the year ended 30 June 2011

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 2011.

Rob Sands
Chairman



Date:

7/9/11

Leon Ryan
Director



Date:

8/9/2011

RURAL BUSINESS DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

30 JUNE 2011

RURAL BUSINESS DEVELOPMENT CORPORATION
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2011

	Note	2011	2010
		\$	\$
COST OF SERVICES			
Expenses			
Supplies and services	5.	73,818	37,914
Grants and subsidies	6.a	6,827,716	2,973,526
Department of Agriculture and Food contracted services	6.b	329,718	409,910
Other expenses	7.	579,309	314,145
Board member fees	22.	79,415	83,936
Total costs of services		<u>7,889,976</u>	<u>3,819,431</u>
Income			
<i>Revenue</i>			
Commonwealth grants and contributions	8.	453,900	1,463,987
Interest revenue	9.	340,618	339,574
Other revenue	10.	218	90,980
Total revenue		<u>794,736</u>	<u>1,894,541</u>
Total income other than income from State Government		<u>794,736</u>	<u>1,894,541</u>
NET COST OF SERVICES		<u>7,095,240</u>	<u>1,924,890</u>
INCOME FROM STATE GOVERNMENT			
Service appropriation	11.	4,700,000	196,000
Resources received free of charge	11.	549,274	675
Total income from State Government		<u>5,249,274</u>	<u>196,675</u>
SURPLUS /(DEFICIT) FOR THE PERIOD		<u>(1,845,966)</u>	<u>(1,728,215)</u>
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>(1,845,966)</u>	<u>(1,728,215)</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 2011

	Note	2011	2010
		\$	\$
ASSET			
Current Assets			
Cash and cash equivalents	12.	6,516,059	7,728,566
Receivables	13.	<u>589,995</u>	<u>176,174</u>
Total Current Assets		<u>7,106,054</u>	<u>7,904,740</u>
Non-Current Assets			
Total Non-Current Assets		<u>-</u>	<u>-</u>
TOTAL ASSETS		<u>7,106,054</u>	<u>7,904,740</u>
LIABILITIES			
Current Liabilities			
Payables	14.	<u>1,104,625</u>	<u>57,346</u>
Total Current Liabilities		<u>1,104,625</u>	<u>57,346</u>
Non-Current Liabilities			
Total Non-Current Liabilities		<u>-</u>	<u>-</u>
Total Liabilities		<u>1,104,625</u>	<u>57,346</u>
NET ASSETS		<u>6,001,429</u>	<u>7,847,394</u>
EQUITY			
Accumulated surplus / (deficit)	15.	<u>6,001,428</u>	<u>7,847,394</u>
TOTAL EQUITY		<u>6,001,428</u>	<u>7,847,394</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 2011

	Note	Accumulated surplus/ (deficit) \$	Total equity \$
Balance at 1 July 2009	15.	9,575,609	9,575,609
Restated Balance at 1 July 2009		9,575,609	9,575,609
Total comprehensive income/(loss) for the year		(1,728,215)	(1,728,215)
Balance at 30 June 2010		7,847,394	7,847,394
Balance at 1 July 2010		7,847,394	7,847,394
Restated balance at 1 July 2010		7,847,394	7,847,394
Total comprehensive income for the year		(1,845,966)	(1,845,966)
		-	-
Balance at 30 June 2011		6,001,428	6,001,428

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 2011

	Note	2011	2010
		\$	\$
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriations		4,700,000	196,000
Net cash provided by State Government		<u>4,700,000</u>	<u>196,000</u>
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Supplies and services		(73,818)	(37,914)
Department of Agriculture and Food contracted services		(329,718)	(409,910)
Grants and subsidies		(5,780,437)	(3,613,515)
Board member fees		(79,415)	(83,936)
Other payments		(30,035)	(313,470)
Receipts			
Commonwealth grants and contributions		453,900	1,463,987
Interest received		347,520	332,575
Other Receipts		(420,505)	305,654
Net cash provided by / (used in) operating activities	16.	<u>(5,912,508)</u>	<u>(2,356,529)</u>
Net increase/(decrease) in cash and cash equivalents		(1,212,508)	(2,160,529)
Cash and cash equivalents at the beginning of the period		<u>7,728,566</u>	<u>9,889,095</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	16	<u><u>6,516,058</u></u>	<u><u>7,728,566</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 2011

Note 1. Australian Accounting Standards

General

The Authority's financial statements for the year ended 30 June 2011 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes 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 2011.

Note 2. Summary of significant accounting policies

(a) General Statement

The financial statements constitute general purpose financial statements that have been prepared in accordance with 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 Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has had 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 24 'Related bodies'.

(d) Contributed equity

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 recognized as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955 *Contributions by Owners made to Wholly-Owned Public Sector Entities* and have been credited directly to Contributed equity.

The 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.

(e) Income

Revenue recognition

Revenue is recognised and measured at the fair value of consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised for the major business activities as follows:

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 fair 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 receivable for services' (holding account) held at Treasury. (See note 11 '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
 - 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 Statement of Cash Flows, 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 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 when the Authority becomes obliged to make future payments as a result of assets or services. The carrying amount is equivalent to fair value, as settlement is generally 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 reliably measured are recognised as income at fair value. Where the resource received represents a service that the Authority would otherwise pay for, a corresponding expense is recognised.

Assets or services received from other State Government agencies are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

(k) Comparative figures

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

(l) Goods and Services Tax

In accordance with the grouping provisions the right to receive GST and the obligation to pay GST rested with the Department of Agriculture and Food, WA in regard to all GST transactions incurred by members of the group. As a result separate GST transactions were not recognised within the individual members' financial statements as they were all brought to account in the Department's financial statements. With effect from 2 May 2011, the Office of Shared Services assumed responsibility for the preparation of the monthly GST returns for all members of the group, resulting in GST now being reported by the Authority.

Note 3. Judgements made by management in applying accounting policies

The preparation of financial statements requires management to make judgments about the application of accounting policies that have a significant effect on the amounts recognised in the financial statements. The Authority evaluates these judgements regularly.

Note 4. Disclosure of changes in accounting policy and estimates

Future impact of Australian Accounting Standards not yet operative

The Authority cannot early adopt an Australian Accounting Standard unless specifically permitted by T11101 *Application of Australian Accounting Standards and Other Pronouncements*. Consequently, the Authority has not applied early any of the 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.

		Operative for reporting periods beginning on / after
AASB 2009-11	<p><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 & 1038 and Interpretations 10 & 12].</i></p> <p>The amendment to AASB 7 <i>Financial Instruments: Disclosures</i> 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.</p>	1 Jan 2013
AASB 2009-12	<p><i>Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052].</i></p> <p>This Standard introduces a number of terminology changes. There is no financial impact resulting from the application of this revised Standard.</p>	1 Jan 2011
AASB 1053	<p><i>Application of Tiers of Australian Accounting Standards.</i></p> <p>This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.</p> <p>The Standard does not have any financial impact on the Authority. However it may affect disclosures in the financial statements of the Authority if the not yet reduced disclosure requirements apply. DTF has not yet determined the application or the potential impact of the new Standard for agencies.</p>	1 Jul 2013
AASB 2010-2	<p><i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i></p> <p>This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements into these pronouncements for application by certain types of entities.</p> <p>The Standard is not expected to have any financial impact on the Authority. However this Standard may reduce some note disclosures in the financial statements of the Authority. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.</p>	1 Jul 2013
AASB 2011-2	<p><i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project - Reduced Disclosure Requirements [AASB 101 & 1054]</i></p> <p>This Amending Standard removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards for reduced disclosure reporting. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.</p>	1 Jul 2011
AASB 2010-5	<p><i>Amendments to Australian Accounting Standards [AASB 1,3,4,5,101,107,112,118,119,121, 132, 133, 134, 137, 139, 140, 1023, & 1038 and Interpretations 112, 115, 127, 132, & 1042] (October 2010)</i></p> <p>This Standard introduces a number of terminology changes as well as minor presentation changes to the Notes to the Financial Statements. There is no financial impact resulting from the application of this revised Standard.</p>	1 Jan 2011
AASB 2010-6	<p><i>Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]</i></p> <p>This Standard makes amendments to Australian Accounting Standards, introducing additional presentation and disclosure requirements for Financial Assets.</p> <p>The Standard is not expected to have any financial impact on the Authority. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.</p>	1 Jul 2011
AASB 9	<p><i>Financial Instruments</i></p> <p>This Standard supersedes AASB 139 <i>Financial Instruments: Recognition and Measurement</i>, introducing a number of changes to accounting treatments.</p> <p>The Standard was reissued on 6 Dec 2010 and the Department is currently determining the impact of the Standard. DTF has not yet determined the application or the potential impact of the Standard for agencies.</p>	1 Jan 2013

AASB 2010-7	<p><i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023, & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]</i></p> <p>This Amending Standard makes consequential adjustments to other Standards as a result of issuing AASB 9 <i>Financial Instruments</i> in December 2010. DTF has not yet determined the application or the potential impact of the Standard for agencies.</p>	1 Jan 2013
AASB 1054	<p><i>Australian Additional Disclosures</i></p> <p>This standard, in conjunction with AASB 2011-1 <i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project</i>, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards.</p>	1 July 2011
AASB 2011-1	<p><i>Amendments to Australian Accounting arising from the Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, 5, 101, 107, 108, 121, 128, 132, & 134 and Interpretations 2, 112 & 113]</i></p> <p>This Amending Standard, in conjunction with AASB 1054 <i>Australian Additional Disclosures</i>, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards.</p>	1 July 2011

Note 5. Supplies and Services

	2011	2010
	\$	\$
Communications	241	2,257
Services & contracts	72,885	34,443
Supplies consumed	692	1,214
	<u>73,818</u>	<u>37,914</u>

Note 6. a Grants and Subsidies

	2011	2010
	\$	\$
Grants		
Pilot of Drought Reform Measures	3,638,563	-
Dry Season 2007 Assistance Scheme	-	112,000
Dry Season 2010 Assistance Scheme	2,652,999	-
Climate Adaptation Assistance Scheme	311,701	272,071
FarmLink Scheme	25,050	14,840
Farm Training WA Scheme	158,280	186,281
Research Grants	41,123	56,070
	<u>6,827,716</u>	<u>641,262</u>
Subsidies - interest		
Rural Adjustment – Exceptional Circumstances	-	2,332,264
Total Grants and Subsidies	<u>6,827,716</u>	<u>2,973,526</u>

Note 6. b Department of Agriculture and Food contracted services

	2011	2010
	\$	\$
Department of Agriculture and Food contractors and service overheads		
Department of Agriculture and Food contractors	182,522	271,576
Contractor related expenses (mileage, transfer costs, training)	12,568	24,889
Service agreement overheads	134,628	113,445
	<u>329,718</u>	<u>409,910</u>

Note 7. Other expenses

	2011	2010
	\$	\$
Consultancy charges from business units	2,183	82,656
Assets contribution made	279	216
Doubtful debts expense	-	3,636
Audit Fees	24,000	38,400
Legal Fees	-	4,733
Other ^(a)	552,847	4,768
Refund to Commonwealth for grants held at cessation of Farmbis and Rural Adjustment programs	-	179,736
	<u>579,309</u>	<u>314,145</u>

(a) Includes Resources Received Free of Charge of \$549,274 (see Note 11)

Note 8. Commonwealth grants and contributions

	2011	2010
	\$	\$
Funds Provided:		
RAS Exceptional Circumstances	-	1,463,987
Pilot of Drought Reform measures	453,900	-
	<u>453,900</u>	<u>1,463,987</u>

Note 9. Interest Revenue

	2011	2010
	\$	\$
Interest revenue		
Rural Business Development Corporation Operating Account	340,618	339,574

Note 10. Other revenue

	2011	2010
	\$	\$
Refund of Grants	-	84,025
Recoup of expenditure	-	6,784
Other	218	171
	<u>218</u>	<u>90,980</u>

Note 11. Income from State Government

	2011 \$	2010 \$
Appropriation revenue received during the year		
Service appropriations ^(a)	4,700,000	196,000
	<u>4,700,000</u>	<u>196,000</u>
Resources received free of charge ^(b)		
Determined on the basis of the following estimates provided by agencies:		
Department of Agriculture and Food, WA	533,889	-
Landgate	15,385	675
	<u>549,274</u>	<u>675</u>
	<u>5,249,274</u>	<u>196,675</u>

(a) Service appropriations fund the net cost of services delivered. Appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.

(b) Assets received free of charge or for nominal cost are recognised as revenue at fair value of the assets and/or services that can be reliably measured and which would have been purchased if they were not donated. Contributions of assets or services in the nature of contributions by owners are recognised direct to equity.

Note 12. Restricted Cash and Cash Equivalents

	2011 \$	2010 \$
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 subjected to insignificant risk of changes in value, and bank overdrafts.		
Rural Business Development Corporation General Operating Funds	6,516,059	7,728,566
(refer note 16)	<u>6,516,059</u>	<u>7,728,566</u>

Note 13. Receivables

	2011 \$	2010 \$
Current		
Accrued interest	88,362	95,264
Accrued revenue	453,900	80,910
GST receivable	47,733	-
Total current	<u>589,995</u>	<u>176,174</u>
Total non-current	-	-
Total receivables	<u>589,995</u>	<u>176,174</u>

Note 14. Payables

	2011 \$	2010 \$
Current		
Trade payables	6,638	-
Accrued Grant assistance scheme expenses	1,073,987	26,946
Accrued expenses	24,000	30,400
Total Current	<u>1,104,625</u>	<u>57,346</u>

See also note 2(i) 'Payables' and note 21 'Financial Instruments'

Note 15. Equity

The government holds the equity interest in the Authority on behalf of the community. Equity represents the residual interest in the net assets of the Authority. The asset revaluation surplus represents that portion of equity resulting from the revaluation of non-current assets.

Accumulated surplus/ (deficit)

Balance at start of period	7,847,394	9,575,609
Result for the period	<u>(1,845,966)</u>	<u>(1,728,215)</u>
Balance at end of period	<u>6,001,428</u>	<u>7,847,394</u>
Total Equity at the end of the period	<u>6,001,428</u>	<u>7,847,394</u>

Note 16 Notes to the Statement of Cash Flows**Reconciliation of cash**

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.

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

		2011	2010
		\$	\$
Cash and cash equivalents	(refer note 12)	6,516,059	7,728,566

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

Non-cash financing and investing activities

During the financial year, there were no assets/liabilities transferred/assumed from other government agencies not reflected in the Cash Flow Statement.

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

	2011	2010
	\$	\$
Net cost of services	(7,095,240)	(1,924,890)
Non cash items		
Resources received free of charge	549,274	675
(Increase)/decrease in assets:		
Current receivables ^(a)	(413,821)	207,675
Increase)/decrease in liabilities:		
Current payables ^(a)	1,047,279	(639,989)
Net cash provided by/(used in) operating activities	(5,912,508)	(2,356,529)

- (a) Note that the Australian Taxation Authority (ATO) receivable/payable in respect of GST and the receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.

Note 17. Commitments

The commitments below are reported GST inclusive, where applicable.

Subsidy and grant commitments

These commitments represent support approved to farmers.

Grants

Western Australia Drought Pilot Scheme		
Not later than 1 year	4,086,900	4,400,000
Later than 1 year and not later than 5 years	2,582,451	-
	<u>6,669,352</u>	<u>4,400,000</u>
Dry Season 2010 Assistance Scheme		
Not later than 1 year	724,378	-
Climate Adaptation Assistance Scheme		
Not later than 1 year	908,677	1,186,929
FarmLink Scheme		
Not later than 1 year	61,696	24,486
Farm Training WA		
Not later than 1 year	6,573	47,207
Total	<u>8,370,674</u>	<u>5,658,622</u>

Note 18. Contingent liabilities and contingent assets

There are no contingent liabilities and assets at the Statement of Financial Position date, not otherwise provided for or disclosed in the financial statements.

Note 19. Events occurring after the end of the reporting period

There are no events in particular that occurred after the end of the reporting period which would materially affect the financial statements or disclosures.

Note 20. 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 2011

	2011 Estimate \$'000	2011 Actual \$'000	Variation \$'000
Grants and Subsidies	6,430	6,828	398
Department of Agriculture and Food contracted services	-	330	330
Supplies and Service	100	79	(21)
Other expenses	899	579	(320)
Commonwealth Revenue-operating grants and contributions	1,630	454	(1,176)
Interest revenue	-	341	341
Other revenues	200	-	(200)
Service appropriations	200	4,700	4,500
Resources Received Free of Charge	489	549	60

Grants and subsidies

The increase on estimate results from a combination of unbudgeted grant expenditure for the new 2010 Dry Season Assistance Scheme offset by lower than anticipated expenditure on the Western Australian Drought Pilot Scheme due to many Building Farm Business Grants being approved and lower than anticipated recoups to the Department of Agriculture and Food for the Climate Adaptation Assistance 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 less than anticipated Supplies and Services expenditure for existing Assistance Schemes.

Other expenses

The under budget result is a combination of reduced expenditure on consultancy services from Department of Agriculture and Food business units, lower Audit fees 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 Western Australian Drought Pilot Scheme Building Farm Business Grants being advanced for which the Australian Government provides 89% of the funding.

Interest Revenue

The budget for this item was previously included in the estimate for 'Other revenues'.

Other revenues

The revenue for this item is included in 'Interest Revenue'.

Resources Received Free of Charge

The revenue increase on estimate results from higher costs incurred by the Department of Agriculture and Food for the Western Australian Drought Pilot Scheme.

Service Appropriation

The increase in service appropriations resulted from the State funding for the 2010 Dry Season Assistance Scheme.

Significant variance between actual results for 2010 and 2011

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.

	2011 Actual \$'000's	2010 Actual \$'000's	Variation \$'000's
<u>Income</u>			
Commonwealth Revenue-operating grants and contributions	454	1,464	(1,010)
Other revenue	-	91	(91)
Service appropriation	4,700	196	4,504
Resources Received Free of Charge	549	-	549
<u>Expenses</u>			
Grants and subsidies	6,828	2,974	3,854
Department of Agriculture and Food contracted services	330	410	(80)
Supplies and services	79	38	41
Other expenses	579	314	265

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. The Western Australia Drought Pilot Scheme commenced in 2010-2011.

Other Revenue

The variance is due to no refunds of overpaid Exceptional Circumstances and Dry Season Assistance Scheme grants that are due from grant recipients.

Service Appropriation

The increase in service appropriations resulted from the State funding for the 2010 Dry Season Assistance Scheme.

Resources Received Free of Charge

The increase in income results from costs incurred by the Department of Agriculture and Food for the Western Australian Drought Pilot Scheme.

Grants and Subsidies

The increase in expenditure is due to expenditure for the new 2010 Dry Season Assistance Scheme and the Western Australian Drought Pilot Scheme, offset by cessation of the Exceptional Circumstances program.

Department of Agriculture and Food Contracted Services

The decrease in expenditure is due to reduced staff costs due to cessation of the Exceptional Circumstances program. Resources for the Western Australian Drought Pilot Scheme are provided as a "Resources Received Free of Charge" from the Department of Agriculture and Food.

Supplies and services

The increase in expenditure is due to expenditure on software expenditure for the Western Australian Drought Pilot Scheme.

Other expenses

The increase in expenditure is due to resources for the Western Australian Drought Pilot Scheme and offset by reduced consultancy charges from Department of Agriculture and Food business units and the previous year refund to the Australian Government at the cessation of the Rural Adjustment Program.

Note 21. 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, Treasurer's Advances, 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 the end of the reporting period 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 21(c) 'Financial instruments disclosures' and note 13 'Receivables'.

Credit risk associated with the Authority's financial assets is minimal because the main receivable is the amounts receivables for services (holding accounts). 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 end of the reporting period there were no significant concentrations of credit risk.

Allowances for impairment of financial assets is calculated based on objective evidence, such as observable data in client credit ratings. For financial assets that are either past due or impaired, refer to note 13 'Receivables' and note 21(c) 'Financial Instrument Disclosure'.

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.

(b) Categories of financial instruments

In addition to cash, the carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are as follows:

	2011 \$	2010 \$
Financial Assets		
Cash and cash equivalents	6,516,059	7,728,566
Receivables ^(a)	542,262	176,174
Financial Liabilities		
Financial liabilities measured at amortised cost	1,104,625	57,346

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

(c) Financial Instrument Disclosures

Credit risk and interest rate exposures

The following table discloses 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 end of the reporting period 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.

Interest rate exposures and ageing analysis of financial assets ^(a)

	Weighted Average Effective Interest rate %	Carrying Amount \$	Interest rate exposure			Past due but not impaired					Impaired financial assets \$
			Fixed interest rate \$	Variable interest rate \$	Non- interest bearing \$	Up to 3 months \$	3 - 12 months \$	1-2 Years \$	2-5 Years \$	More than 5 Years \$	
Financial Assets											
2011											
Cash and cash equivalents	5.03%	6,516,059	-	-	6,516,059	-	-	-	-	-	-
Restricted cash and cash equivalents		-	-	-	-	-	-	-	-	-	-
Receivables ^(a)		542,262	-	-	542,262	542,262	-	-	-	-	-
		7,058,321	-	-	7,058,321	542,262	-	-	-	-	-
2010											
Cash and cash equivalents	4.00%	7,728,566	-	-	7,728,566	-	-	-	-	-	-
Restricted cash and cash equivalents		-	-	-	-	-	-	-	-	-	-
Receivables ^(a)		176,174	-	-	176,174	-	-	78,365	-	-	-
		7,904,740	-	-	7,904,740	-	-	78,365	-	-	-

(a) The amount of receivables excludes the 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 end of the reporting period. 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 %	Carrying Amount \$	Interest rate exposure					Maturity dates				
			Fixed interest rate \$	Variable interest rate \$	Non- interest bearing \$	Adjustment for discounting \$	Total Nominal Amount \$	Up to 3 months \$	3 - 12 months \$	1 - 2 years \$	2 - 5 years \$	More than 5 years \$
Financial Liabilities	5.03%											
2011												
Payables		1,104,625	-	-	1,104,625	-	-	1,104,625	-	-	-	-
		1,104,625	-	-	1,104,625	-	-	1,104,625	-	-	-	-
2010												
Payables		57,346	-	-	57,346	-	-	57,346	-	-	-	-
Amounts due to the Treasurer		-	-	-	-	-	-	-	-	-	-	-
		57,346	-	-	57,346	-	-	57,346	-	-	-	-

The amount 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 end of the reporting period 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 \$
2011					
Financial Assets					
Cash and cash equivalents	6,516,059	(65,161)	(65,161)	65,161	65,161
Restricted cash and cash	-	-	-	-	-
	6,516,059	(65,161)	(65,161)	65,161	65,161
2010					
Financial Assets					
Cash and cash equivalents	7,728,566	(77,286)	(77,286)	77,286	77,286
Restricted cash and cash	-	-	-	-	-
	7,728,566	(77,286)	(77,286)	77,286	77,286

Fair values

All financial assets and liabilities recognised in the Statement of Financial Position, 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.

Note 22. Remuneration of members of the accountable authority

\$	2011	2010
0 – 10,000	3	1
10,001 – 20,000	2	3
20,001 – 30,000	1	1
The total remuneration of the members of the Accountable Authority	79,415	83,936

Note 23. Remuneration of auditor

Remuneration paid or payable to the Auditor General in respect to the audit for the current financial year is as follows:

	2011	2010
	\$	\$
Auditing the accounts, financial statements and key performance indicators	<u>24,000</u>	<u>25,000</u>

The expense is included at note 7 'Other expenses'

Note 24. Related bodies

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

Note 25. Affiliated bodies

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

Note 26. Supplementary financial information

	2011	2010
	\$	\$
Write-Offs		
Public property written off by the Rural Business Development Corporation Board during the financial year	<u>-</u>	<u>3,636</u>

There were no other write-off's, losses, thefts, defaults or gifts of public property during the financial year.

RURAL BUSINESS DEVELOPMENT CORPORATION

CERTIFICATION OF FINANCIAL STATEMENTS

For the year ended 30 June 2011

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 2011 and the financial position as at 30 June 2011.

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

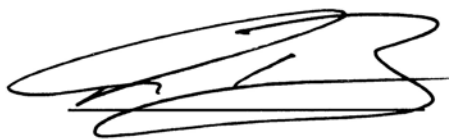
Rob Sands
Chairman



Date:

7/9/11

Leon Ryan
Director



Date:

8/9/2011

Joe Murgia
Chief Finance Officer



Date:

16/9/11

OPINION OF THE AUDITOR GENERAL



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

RURAL BUSINESS DEVELOPMENT CORPORATION

Report on the Financial Statements

I have audited the accounts and financial statements of the Rural Business Development Corporation.

The financial statements comprise the Statement of Financial Position as at 30 June 2011, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

Board's Responsibility for the Financial Statements

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 for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Rural Business Development Corporation at 30 June 2011 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

OPINION OF THE AUDITOR GENERAL (CONT'D)

Rural Business Development Corporation

Report on Controls

I have audited the controls exercised by the Rural Business Development Corporation. The Board is responsible for ensuring that adequate control is maintained over the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Board based on my audit conducted in accordance with Australian Auditing Standards.

Opinion

In my opinion, the controls exercised by the Rural Business Development Corporation are sufficiently adequate to 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.

Report on the Key Performance Indicators

I have audited the key performance indicators of the Rural Business Development Corporation. The Board is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions.

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing Standards.

Opinion

In my opinion, the key performance indicators of the Rural Business Development Corporation are relevant and appropriate to assist users to assess the Corporation's performance and fairly represent indicated performance for the year ended 30 June 2011.

Independence

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and the Australian Auditing Standards, and other relevant ethical requirements.



COLIN MURPHY
AUDITOR GENERAL
21 September 2011

APPENDICES

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APPENDIX 1

POLICY GUIDELINES AUSTRALIAN & STATE GOVERNMENT SCHEMES

POLICY GUIDELINES - AUSTRALIAN GOVERNMENT SCHEMES

1.1 PILOT OF DROUGHT REFORM MEASURES IN WESTERN AUSTRALIA - FARM PLANNING

PILOT OF DROUGHT REFORM MEASURES IN WESTERN AUSTRALIA <i>Farm Planning</i>
INFORMATION NOTES & HOW TO COMPLETE THE APPLICATION FORM
Application Form "A" must be lodged by 5pm 13 May 2011 Note: There is no grace period

The Australian Government, in partnership with the Western Australian Government, is conducting a pilot of drought reform measures in part of Western Australia. The pilot will test a package of new measures developed in response to the national review of drought policy. The measures are designed to move from a crisis management approach to risk management. The aim is to better support farmers, their families and rural communities in preparing for future challenges, rather than waiting until they are in crisis to offer assistance.

The pilot will be in place from 1 July 2010 to 30 June 2011.

These information notes relate only to the Farm Planning component of these measures.

Farm Planning is a program under the Western Australian pilot. The program will be delivered by the Department of Agriculture and Food Western Australia, Farm Business Development Unit.

Farm Planning provides assistance for farmers to undertake an approved program of training to develop or update a written strategic plan for their farm business and to have an independent assessment that implementing the plan would lead to a more viable farm business.

The training will cover the economic aspects of a strategic plan such as risk management and financial plans, social aspects such as personal and business goals and environmental aspects such as managing the impact of a changing climate on production. It is envisaged that at the end of the training, your farm business should have developed a written strategic plan for your farm business. Alternatively, at the conclusion of your training, any existing strategic plan would have been updated.

The strategic plan will identify priority activities, including those to assist farmers manage and prepare for the impacts of drought, reduced water availability and a changing climate. Under the related Building Farm Businesses program, grants of up to \$60,000 may be available to implement priority actions identified in the strategic plan. Separate guidelines are available for the Building Farm Businesses program.

To apply for the Building Farm Businesses grants, at least one member of the farm business must complete the Farm Planning program. This includes developing or updating a strategic plan for the farm business and an independent assessment by a panel that implementation of the strategic plan and associated proposed activities would lead to a more viable business.

To be considered for Farm Planning, all sections of the Farm Planning Application Form "A" must be completed as indicated below. If there is insufficient space in any section, please complete on a separate sheet of paper quoting the section number.

1. THE APPLICANT

You must complete this section in its entirety:

- The applicant is the farm business.
 - The business entity name is the "legal" name of the farm business.
 - You must provide your farm business's ABN (Australian Business Number).
 - You must tell us whether you are registered for GST or not as this would affect payment of GST to you.
- 1.1 You must circle one type of business in this section, ie you must tell us the type of business entity you operate under.
- 1.2 You must complete *either* 1.2.1, 1.2.2 *or* 1.2.3 *and* 1.2.4 if applicable. This will provide us with the specific details relating to the *type of business* you operate under.
- 1.2.1 If you operate as a sole trader, you must provide your surname and your given names in full.
- 1.2.2 If you operate as a partnership, you must provide surnames and given names in full for all partners in the partnership.
- 1.2.3 If you operate as a company, you must provide the full name of the company and it's Australian Company Number (ACN). You must also list all directors and shareholders, providing their surnames and given names in full.
- 1.2.4 If your farm business operates as a Trust, you must provide the details requested. If any beneficiaries are under 18 at the time of application, please include their dates of birth.
- 1.3 Your farm business must nominate one person authorised by all parties of the business (if applicable) to assume responsibility for managing the business's involvement in the Farm Planning program, and the Building Farm Businesses program if applicable. The nominated person will then be the person "signing off" on all information provided in subsequent application forms, and therefore acting on behalf of the farm business. Contact details as indicated on the application form must be completed for the nominated person.

2. ENTERPRISE DETAILS

- 2.1 You must provide details of your farm property as requested in this section. If you lease (other than under a Crown lease) or sharefarm, the details requested must also be provided. If you sharefarm, a copy of the sharefarming agreement must be attached to your application. If you lease (other than under a Crown lease) any or all of the farm(s) we may request a copy of your lease agreement when assessing your application.
- 2.2 You must advise the total number of hectares farmed in the pilot region, including any farms leased and/or sharefarmed.
- 2.3 You must provide the kind of farming operated by your farm business. For example, if your farm business engages in 50% broadacre farming and 50% livestock farming, you would need to complete this section as follows:

Broadacre (cropping) farming	wheat.....50.....	% of total farm business
Horticulture	% of total farm business

Livestock	Sheep.....	50.....	% of total
farm business			
Tourism			% of total
farm business			
Other (please identify)			% of total
farm business			

3. ELIGIBILITY

Labour and Income

To meet this eligibility criteria, under normal circumstances, at least one member of the farm business must contribute at least 75% of his/her labour to the farm business and that same person must also derive at least 50% of his/her income from the farm business. You must provide the name of that person, as indicated in this section.

4. FARM PLANNING ATTENDEES NOMINATED

Only members of your farm business are eligible to attend the Farm Planning sessions. Please list the full names of the members of your farm business who have been nominated by the business to attend.

5. GENERAL

We would like to know whether your business intends to apply for the Building Farm Businesses program. If you are intending to apply for grants under this program you need to be aware that there are additional eligibility criteria. These criteria can be found in Section 3 of the Building Farm Businesses Program Guidelines.

You should note that the Building Farm Businesses grant funds are limited. You should further note that any project your business proposes for funding has to meet the assessment criteria listed in Section 4 of the Building Farm Businesses Program Guidelines.

6. PRIVACY STATEMENT

This section is for your information and is self-explanatory.

7. CONSENT AND STATUTORY DECLARATION

This section covers both eligibility criteria and consent and declarations by your farm business that the information provided in the Application Form "A" and any information subsequently provided to support your application is true and correct. It also endorses your agreement to certain conditions as detailed in this section.

You must confirm that you have read and understood the Farm Planning Guidelines, which provides details of the Farm Planning program.

You must operate a farm business and must carry out most or all of your farm operations in one of the eligible shires as listed in [Appendix A](#) attached to these notes.

Your farm business must nominate one person who is a member of the farm business to assume your business's responsibility for managing its involvement in the Pilot of Drought Reform Measures - Farm Planning as well as Building Farm Businesses if you apply under that program.

At least one member of the farm business must, under normal circumstances, contribute at least 75% of his/her labour to the farm business and the same person must also under normal circumstances, derive at least 50% of his/her income from the farm business.

You are agreeing to allow the Department of Agriculture and Food Western Australia to provide a copy of your application to the Australian Government Department of Agriculture,

Fisheries and Forestry, or such information in the application as requested by the Australian Government Department of Agriculture, Fisheries and Forestry.

As this is a pilot program, we will need to measure its success. We therefore may need to provide a copy of your application to any party that may be engaged by the Department of Agriculture and Food Western Australia, or by the Australian Government Department of Agriculture, Fisheries and Forestry so that the program can be evaluated and also for survey purposes.

You should remember that the declaration is made under the Oaths, Affidavits and Statutory Declarations Act 2005 and it is therefore an offence to make a false declaration.

All parties of the farm business MUST sign the individual declaration and have their signatures witnessed by an eligible witness as listed in [Appendix B](#).

If your farm business is a company, authorised directors must also sign the company declarations, ie they must sign both the individual and the company declarations.

8. HOW TO SEND YOUR APPLICATION

Once you have ensured that all sections have been completed and that all attachments requested have been included, you can send your application as follows:

Lodgement of application: Must be received by 5 pm 13 May 2011.	If sending by regular mail: Farm Planning C/o Farm Business Development Unit Department of Agriculture and Food Locked Bag 4 BENTLEY DELIVERY CENTRE WA 6983
If sending by courier: Farm Planning C/o Farm Business Development Unit Department of Agriculture and Food 3 Baron Hay Court SOUTH PERTH WA 6151	If sending by email: agwestfbd@agric.wa.gov.au

If you require clarification on the above, you can telephone (08) 9368 3872 or (08) 9368 3160 or freecall 1800 198 231 (WA callers only).

Alternatively you can email your query to agwestfbd@agric.wa.gov.au

As mentioned above, your application form, including any attachments necessary must be received by close of business 13 May 2011. THERE IS NO GRACE PERIOD and late applications will not be accepted.

LIST OF SHIRES IN PILOT REGION

SHIRE	SHIRE
Ashburton	Menzies
Brookton	Merredin
Bruce Rock	Mingenew
Carnamah	Moora
Carnarvon	Morawa
Chapman Valley	Mt Magnet
Coolgardie	Mt Marshall
Coorow	Mukinbudin
Corrigin	Mullewa
Cuballing	Murchison
Cue	Narembeen
Dalwallinu	Narrogin
Dandaragan	Northampton
Dowerin	Nungarin
Dumbleyung	Perenjori
Dundas	Pingelly
Esperance	Quairading
Exmouth	Ravensthorpe
Geraldton-Greenough	Roebourne
Gnowangerup	Sandstone
Goomalling	Shark Bay
Irwin	Tammin
Jerramungup	Three Springs
Kalgoorlie-Boulder	Trayning
Katanning	Upper Gascoyne
Kellerberrin	Wagin
Kent	Westonia
Kondinin	Wickepin
Koorda	Wiluna
Kulin	Wongan-Ballidu
Lake Grace	Woodanilling
Leonora	Wyalkatchem
Meekatharra	Yalgoo
	Yilgarn

1.2. PILOT OF DROUGHT REFORM MEASURES IN WESTERN AUSTRALIA BUILDING FARM BUSINESSES

PILOT OF DROUGHT REFORM MEASURES IN WESTERN AUSTRALIA Building Farm Businesses
INFORMATION NOTES & HOW TO COMPLETE THE APPLICATION FORM
Application Form "C" must be lodged by 5pm 31 May 2011
Note: 1) There is no grace period. 2) Farm business members will not be eligible for a Farm Exit Support grant if any of their farm enterprises are receiving a Building Farm Businesses grant.

1. THE APPLICANT

You must complete this section in its entirety:

- The applicant is the farm business.
- The business entity name is the "legal" name of the farm business.
- You must provide your farm business's ABN (Australian Business Number).
- You must tell us whether you are registered for GST or not as this would affect payment of GST to you.

2. ELIGIBILITY

2.1 To meet this eligibility criterion, the combined total net value of off-farm assets (ie all off-farm assets less all off-farm liabilities) of all members (including all partners, shareholders and beneficiaries) of the farm business must be less than \$750,000 at 30 June 2010.

You must complete Appendix 1 of the Application Form - Assets and Liabilities at 30 June 2010. Include all details of assets and liabilities of all members of the farm business, including all partners of the farm business and trust beneficiaries of any trust relating to the farm business. This appendix can be provided in another format but it must contain details as listed in the appendix. It must be signed by the business's financial institution or agricultural consultant or accountant as confirmation that the financial data is true and correct.

2.2 As you, or at least one member of your farm business, must have completed the Farm Planning program and prepared a strategic plan or have updated an old plan for your farm business, you must complete this sub-section.

You must note the name of the lead trainer as indicated on the form and also attach a copy of your strategic plan.

2.3 To be eligible for these grants you **MUST NOT** be in receipt of Exceptional Circumstances Interest Rate Subsidies. You must therefore advise whether your farm business is in receipt of Exceptional Circumstances Interest Rate Subsidies. You should be aware that there are currently no Exceptional Circumstances declared areas in Western Australia.

- 2.4 The farm business member who was confirmed as meeting the labour and income criteria in the Farm Planning Application Form must be the same person in the farm business who has been a farmer for at least two consecutive years.

You should note that the Building Farm Businesses grant funds are limited. You should further note that any project your business intends to undertake has to be part of the strategic plan developed under the Farm Planning Program, as well as meeting the assessment criteria listed in Section 4 of the Building Farm Businesses program guidelines.

You should be aware that an independent assessment is required that the implementation of your strategic plan will lead to your farm business being more viable. This assessment will be undertaken by a panel established by the Department of Agriculture and Food Western Australia.

3. GRANT APPLICATION DETAILS

3.1 You need to advise whether you are applying for the Farm Business Adaptation Grant of up to \$40,000 (excluding GST).

3.2 Similarly, you need to advise whether you are applying for the Landcare Adaptation Grant of up to \$20,000 (excluding GST).

3.3 You may perhaps be considering a joint activity with other farm businesses who are also applying for Building Farm Businesses grants. You should bear in mind that the joint activity will be assessed as per 3.1 and/or 3.2 above. You must list the farm businesses that are part of the joint activity.

3.4 This sub-section is self-explanatory.

3.5 Your project(s) must meet at least one of the program objectives as listed in this sub-section.

4. FARMING ACTIVITIES PLANNED

You must list the activities planned by your farm business only. You should split the costs as noted on the form, excluding GST. You should bear in mind that the maximum payable under the Farm Business Adaptation grant component is \$40,000 plus GST. Therefore, if your farm business is awarded \$40 000, your business will receive \$44 000.

Please ensure that you have not included any items listed as ineligible in section 4 of the program guidelines.

5. LANDCARE ACTIVITIES PLANNED

You must list the activities planned by your farm business only. You should split the costs as noted on the form, excluding GST. You should bear in mind that the maximum payable under the Landcare Adaptation grant component is \$20,000 plus GST. Therefore, if your farm business is awarded \$20 000, your business will receive \$22 000.

Please ensure that you have not included any items listed as ineligible in section 4 of the program guidelines.

6. JOINT ACTIVITIES PLANNED

You must list the activities planned by your farm business *with* other farm businesses. You should split the costs as noted on the form, excluding GST, including only the costs as relevant to your farm business. You should bear in mind that the maximum payable under the Building Farm Businesses program is \$40 000 plus GST per farm business for individual and joint Farm Business Adaptation activities combined, and \$20 000 plus GST per farm

business for individual and joint Landcare Adaptation activities combined. Therefore, if your farm business is awarded the maximum combined total of \$60 000 for the two types of grants, your business will receive \$66 000.

Please ensure that you have not included any items listed as ineligible in section 4 of the program guidelines.

7. PROPOSAL DESCRIPTION AND OUTCOMES

This section and its sub-sections are self explanatory and must be completed. If there is insufficient space for sub-sections 7.1, 7.2 and/or 7.3, please complete on a separate sheet of paper quoting the section number.

8. OTHER FUNDING SOURCES

If your proposal is already receiving funding or partial funding or expected to receive funding in the future, you should note this in this section.

9. MONITORING AND EVALUATION

This section is self-explanatory and must be completed.

10. ELECTRONIC FUNDS TRANSFER DETAILS

You need to provide these details for electronic transfer of funds if your application is approved and when a grant agreement has been signed.

11. GENERAL

This section is for your information and is self-explanatory.

12. PRIVACY STATEMENT

This section is for your information and is self-explanatory.

13. CONSENT AND STATUTORY DECLARATION

This section covers both eligibility criteria and consent and declarations by your farm business that the information provided in the Application Form "C" and any information subsequently provided to support your application is true and correct. It also endorses your agreement to certain conditions as detailed in this section.

You are confirming that the person nominated by the farm business to act on its behalf is the person consenting to the information and signing the application form under the Oaths, Affidavits and Statutory Declarations Act 2005.

You must confirm that you have read and understood the Building Farm Businesses program guidelines and obtained clarification where needed.

You are agreeing that this Application Form "C" is to be read in conjunction with Application Form "A"

You are confirming that the person who met the labour and income eligibility criteria as confirmed in Application Form A is the same person who has been a farmer for at least two consecutive years.

You are agreeing to allow the Department of Agriculture and Food Western Australia to provide a copy of your application to the Australian Government Department of Agriculture, Fisheries and Forestry, or such information in the application as requested by the Australian Government Department of Agriculture, Fisheries and Forestry.

As this is a pilot program, we will need to measure its success. We therefore may need to provide a copy of your application to any party that may be engaged by the Department of Agriculture and Food Western Australia, or by the Australian Government Department of Agriculture, Fisheries and Forestry so that the program can be evaluated and also for survey purposes.

Centrelink will require information on Building Farm Businesses Grant recipients to ensure a condition is met that a member of your farm business will not be eligible for a Farm Exit Grant if any of your farm businesses receives a Building Farm Businesses Grant.

If the project is approved for funding, it is expected that you would obtain all necessary and appropriate approvals for the proposed activities from the relevant Commonwealth, state or local governments before a grant funding agreement is executed. It is also expected that the nominated person has also undertaken to manage the proposed project in accordance with relevant laws and regulations.

If you accept an offer of funding for a project, then you would be accepting responsibility for administering Building Farm Businesses program funds and liability in the event project funds are to be repaid.

You are confirming that the combined total net value of off-farm assets of all members (including all partners, shareholders and beneficiaries) of the farm business are less than \$750,000 at 30 June 2010. You are also confirming that the information provided in Appendix 1 as signed by your farm business's financial institution, agricultural consultant or accountant is true and correct.

You should remember that the declaration is made under the Oaths, Affidavits and Statutory Declarations Act 2005 and it is therefore an offence to make a false declaration.

The person nominated by the farm business to act on its behalf must sign the application and have his/her signature witnessed by an eligible witness as per Appendix A of these Information Notes.

14. HOW TO SEND YOUR APPLICATION

Once you have ensured that all sections have been completed and that all attachments requested have been included, you can send your application as follows:

Lodgement of application: Must be received by 5 pm 31 May 2011.	If sending by regular mail: Building Farm Businesses C/o Farm Business Development Unit Department of Agriculture and Food Locked Bag 4 BENTLEY DELIVERY CENTRE WA 6983
If sending by courier: Building Farm Businesses C/o Farm Business Development Unit Department of Agriculture and Food 3 Baron Hay Court SOUTH PERTH WA 6151	If sending by email: agwestfbd@agric.wa.gov.au

If you require clarification on the above, you can telephone (08) 9368 3872 or (08) 9368 3160 or freecall 1800 198 231 (WA callers only).

Alternatively you can email your query to agwestfbd@agric.wa.gov.au

As mentioned above, your application form, including any attachments necessary must be received by close of business 31 May 2011. THERE IS NO GRACE PERIOD and late applications will not be accepted.



POLICY GUIDELINES - STATE GOVERNMENT SCHEMES

1.3 2010 DRY SEASON ASSISTANCE SCHEME

Background

- Cabinet has approved a \$5 million Dry Season Assistance Package for communities in up to 100 drought affected shires.
- The Rural Business Development Corporation (RBDC) will administer as an approved assistance scheme totalling \$4.5 million comprised of:
 - \$2 million for community service grants
 - \$1 million social support grants
 - \$200,000 rural financial counselling support.
 - \$300,000 communication and administration
 - \$1 million to install high-volume water tanks
- The Small Business Development Corporation will administer:
 - \$500,000 to assist small businesses

Support Measures

- **Community service grants**

- The \$2 million for community service grants will be provided direct to the 100 shires.
- A letter will be sent to all 100 shires offering the shire an up to \$20,000 community service grant which will be advanced to the shire upon acceptance of the application and will require expenditure by 30 November 2011, with an acquittal by 28 February 2012.
- This offer is subject to the Shires entering into a Funding Agreement with the RBDC.
- Shires will be able to retain up to 10% of the funds towards administration costs.
- Community Service grants will assist communities to conduct wide-ranging community events in shires which help maintain community spirit and welfare. The grants will allow communities to conduct special events, such as family days, major sports carnivals, or a community ball. Social support groups, community groups, or other providers such as service clubs, farm organisations, church groups or incorporated regional bodies are encouraged to work with the shire in the organising and conduct of these events.

- **Social support grants**

- \$1 million funding is available.
- Closing date for applications is 31 May 2011.
- The grant is available to organisations that can provide social support services to farm families and communities affected by the dry season.
- Applications would be considered from social service groups offering social support services to assist farm families and rural communities deal with the effects of the current dry conditions. The services will help farm families and communities manage significant hardship caused by the dry season.
- Social Support Service projects will cover personal and financial counselling, as well as money for community events.
- The Social support group must be a legal entity or have a sponsor that is a legal entity. Projects require the endorsement of the local shire/shires.

- **Rural financial counselling support**

- \$0.2 million has been allocated.

- The Rural Financial Counselling Service (RFCS) has requested two additional Financial Counsellors contracted for one year. This will maintain a high level of support for farmers who are affected by the financial distress of failed crops and destocking.
- The RFCS will negotiate the arrangements with the Australian Government.
- The financial assistance to the RFCS will be provided through the normal funding arrangements in place between the Australian Government, RFCS and the State Government.

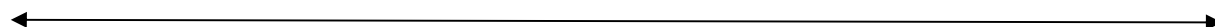
- **High-volume water tanks**

- \$1 million funding has been provided.
- The Shire will consult direct with nominated Department of Water personnel in their area on both the need and placement for tanks.
- The Shire would forward the completed application form, along with the endorsement of the Department of Water, to the RBDC which would advance the funds direct to the Shire.

- **Communication and Administration**

- \$0.3 million has been provided towards the communication costs of the package as well as the administration in receiving and assessing grant applications.

Signed 19/11/10
Terry Redman MLA
MINISTER FOR AGRICULTURE AND FOOD



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:

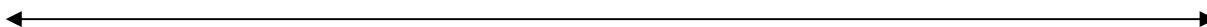
- a) target participants are as defined in Section 1: Interpretation of these guidelines;
- b) group learning activities will have been identified through a Training Needs Analysis undertaken under the previous FarmBis Scheme, or as identified under a self funded Group Training Needs Analysis;
- c) a 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

Approval received from the Minister for Agriculture and Food on 22 December 2010 to extend the scheme till 30 June 2011.



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.

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:

- a) an indigenous community or trust; or
- b) 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 MLA
MINISTER FOR AGRICULTURE AND FOOD

Approval received from the Minister for Agriculture and Food on 6 April 2010 to extend the scheme till 30 June 2011.

1.6 Climate Adaptation Assistance Scheme - 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.

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:

- a) an indigenous community or trust; or
- b) 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:

- 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

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 MLA
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.