



2022

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2022

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Statement of Compliance for year ended 30 June 2022

HON ALANNAH MACTIERNAN

Minister for Regional Development; Agriculture and Food; Hydrogen Industry

In accordance with section 63 of the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament, the Annual Report of the Rural Business Development Corporation for the reporting period ended 30 June 2022.

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



Andrew Clark
Chairman
9 September 2022



Amanda McLean
Director
9 September 2022

Rural Business Development Corporation Annual Report for the year ended 30 June 2022

Rural Business Development Corporation

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Important disclaimer

The Chief Executive Officer of the Department of Primary Industries and Regional Development, the Rural Business Development Corporation and the State of Western Australia accept no liability whatsoever by reason of negligence or otherwise arising from the use or release of this information or any part of it.

Guide to this Report

This report presents the statutory compliance, performance and operational reporting for the financial year ending 30 June 2022. It consists of four principal sections and appendices:

OVERVIEW — provides a snapshot of the year in review and outlines who we are and what we do, the industries and communities we support, and how we go about our business.

AGENCY PERFORMANCE — outlines what we have achieved along with details of how we performed against targets for the year.

SIGNIFICANT ISSUES — describes current and emerging issues and trends impacting on our operations.

DISCLOSURES AND LEGAL COMPLIANCE — details our financial situation and performance against our key performance indicators (KPIs) along with reports on staffing, governance and legal and policy issues.

In this report, we refer to the Rural Business Development Corporation as ‘the Corporation’ or ‘RBDC’.

Acronyms and abbreviations

CSIRO	Commonwealth Scientific and Industrial Research Organisation
DAIP	Disability Access and Inclusion Plan
DCLS	Drought Concessional Loans Scheme
DPIRD	Department of Primary Industries and Regional Development
DWER	Department of Water and Environmental Regulation
DHS	Department of Human Services
FFCLS	Farm Finance Concessional Loans Scheme
FDMS	Farm Debt Mediation Scheme
FTE	Full-time equivalent (staff hours)
KPI	Key performance indicator
NA	Not applicable
NCoS	Net cost of service
NRM	Natural resource management
OBM	Outcome-based management
OSH	Occupational safety and health
PSC	Public Sector Commission
R&D	Research and development
RFCS	Rural Financial Counselling Service (Commonwealth)
RFCSWA	Rural Financial Counselling Service of Western Australia
SBDC	Small Business Development Corporation of Western Australia
WA	Western Australia



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Overview of Agency - About the RBDC

The Rural Business Development Corporation (RBDC) is an independent statutory authority of the Government of Western Australia (WA). The RBDC was established in 2000 under the *Rural Business Development Corporation Act 2000* (RBDC Act). The RBDC Act preserved and continued the body corporate established by the *Rural Adjustment and Finance Corporation Act 1993*.

What we do

The role of the RBDC is to administer approved assistance schemes properly and fairly for the rural sector on behalf of the WA Government and deliver services for the benefit of rural industry. The prime function of the Rural Business Development Corporation (RBDC) is to administer approved assistance schemes to foster the development of rural businesses. Approved schemes may provide financial assistance by way of loans, grants or other financial incentives such as transactional subsidies.

The RBDC Act allows the RBDC to administer any appropriate assistance scheme that is approved by both the Minister and the Treasurer. The RBDC also provides advice to the Minister on a range of rural issues.

The RBDC works directly with primary producers, fishers and foresters, and liaises with industry organisations and other relevant stakeholders to ensure evidence supports its advice and actions.

The RBDC raises awareness of the importance of viability and sustainability in relation to primary production and small businesses in rural and regional WA and encourages economic growth and cohesive resilient communities.



Responsible minister

The Honourable Alannah MacTiernan MLC, Minister for Regional Development; Agriculture and Food; Hydrogen Industry is the Minister responsible for the RBDC.

Enabling legislation

The Rural Business Development Corporation Act 2000 makes provision for the establishment of the RBDC Board and Chief Executive Officer.

Our strategic intent

VISION

For Rural Businesses in WA to be prosperous, support our economies, be part of strong communities and sustainable resource management.

MISSION

To foster the sustainable development of the rural sector by fair administration of industry assistance schemes and to provide advice to the Minister on rural business issues.

VALUES

RBDC are inspired and motivated by our values. They are our core, non-negotiable, beliefs. They guide how we go about our work and influence the decisions we make.

Accountability

We accept responsibility for our words, our actions, and our results.

Fairness

We make decisions free from discrimination or dishonesty.

Respect

We demonstrate high regard for clients, one another, partners and decision makers.

Resilience

We take challenges in our stride and say yes to opportunities. We work with others to create solutions and adapt.

Sustainability

We support economic growth, environmental protection and social good in equal measure.

Executive Summary - Chairman's Overview



On behalf of the Rural Business Development Corporations (RBDC) Board, it is my pleasure to present this year's annual report.

I would like to thank the Minister for extending my term as Chair for a further three years, and the term of my fellow Board Director Natalie Purdy for a further two years.

During the past year, the RBDC's Chief Executive Officer (CEO), Ralph Addis, left his role as Director General of the Department of Primary Industries & Regional Development (DPIRD). On behalf of the Board, I would like to thank Ralph for his assistance and guidance during his time as the RBDC CEO. Since Ralph's departure, Terry Hill has been acting CEO of the RBDC and acting Director General of DPIRD. I thank Terry for his assistance to date and look forward to working with the new appointee of the CEO of the RBDC and Director General of DPIRD.

The Board recently completed a new Strategic Plan for the RBDC for the period 2021-2024. This provides a renewed focus for the RBDC and will assist to guide the work undertaken into the future.

The RBDC Board has maintained its partnerships and collaborations with a wide range of stakeholders, which includes State and Commonwealth Government agencies, the Not-for-Profit sector, the Australian Association of Agricultural Consultants WA, Rural West, and the Agri-Finance Alliance of WA. During the year, the Board invited several experts to address us on matters of interest in the agricultural sector and rural areas of the State. Presentations were provided by Mr Rohan Prince, Director Horticulture, DPIRD who gave us an update on the state of the Horticulture sector, Ms Kerrine Blenkinsop, Lead for the Climate Resilience Taskforce, DPIRD who advised on the range of initiatives being undertaken in DPIRD, Ms Anne Finlay, representing the Regional Development Commissions to outline their role and opportunities to work more closely together, and Miriam Sauley, Director, Legal & Legislative Services, DPIRD briefed new Board members in relation to the RBDC Act.

Since 2013-2014, the RBDC has been administering the Farm Finance Concessional Loans Scheme (FFCLS) and the Drought Concessional Loans Scheme (DCLS) on behalf of the Commonwealth Government. A total of 46 FFCLS and 8 DCLS loans were disbursed for a total of \$19.2 million. These schemes are winding down as loans are being repaid, so as at 30 June 2022, all 8 DCLS loans have been repaid in full, with only five FFCLS remaining to be managed.

During 2021 the State Government established the Carbon Farming – Land Restoration Program – Australian Carbon Credit Units Plus Scheme as a key initiative from the State

Climate Policy. The RBDC is administering this new Scheme with the support of DPIRD. As this new scheme is at the leading edge of climate change, it has proved to be quite challenging to establish, though over time the learnings and outcomes associated with this initiative will contribute to longer term benefits for farming and pastoral landholdings with the lessons learnt being built into the future rounds of the Scheme.

The RBDC continues to partner with agencies to ensure rural communities are supported, which includes the Small Business Development Corporation (SBDC) through a Memorandum of Understanding to provide a mediation service to applicants of the Farm Debt Mediation Scheme. During the past year, rural communities have faced a number of challenges including the ongoing Covid 19 pandemic, the impact of Cyclone Seroja in the northern grainbelt coupled with a shortage in the supply of materials and labour which are still preventing essential repairs and replacement of infrastructure, and in early 2022, a large area of the central grainbelt in the shires of Quairading, Bruce Rock, Corrigin, Narrogin, Wickepin, Kondinin and Narembeem experienced a severe fire event. Despite this, the strong community spirit in rural communities and the willingness of people to work together has helped people gradually recover from these events.

On the positive side, early and consistent rains throughout the 2021 growing season, resulted in an exceptional record grain harvest in WA of 24 million tonnes. This record grain production combined with record prices, and high-quality grain, resulted in grain producers being highly profitable and greatly assisting with the long-term sustainability of Western Australian grain producers. Optimum weather patterns will be important in the coming 2022 growing season to help offset the rising cost of production inputs such as fuel, fertiliser, and chemicals, and more recently rising interest rates. The RBDC Board maintains a Board membership of people who are well connected into matters impacting on rural communities across the State, and the Board will continue to monitor these circumstances and provide advice to government where required.

I would like to acknowledge the staff and resources provided by DPIRD and the continued hard work and dedication to support the RBDC in delivering its services. This contribution is appreciated, and the Board looks forward to continuing our close working relationship.

I also recognise and thank all members of the Board for their interest and commitment over the past year. They continue to provide trusted, independent advice to the Minister and Government, and they are ready to continue to develop, design and implement initiatives that will ensure Western Australia continues to benefit from a dynamic and sustainable rural sector.

Andrew Clark
Chair

Operational Structure

RBDC Board

The RBDC is governed by an independent Board drawn from the private sector under the auspices of the RBDC Act. Membership as at 30 June 2022.



Andrew Clark · Chair

Andrew brings nearly three decades of financial and banking experience to the RBDC. Having grown up in a family farming business in the central wheatbelt of WA, Andrew went on to study Agricultural Business and Commerce before entering the world of banking. He is passionate and tenacious in his commitment to farming and regional businesses across WA and continues to volunteer his time to many Boards and Committees, including a number focused on the wellbeing of people living and working in regional WA.



Amanda McLean · Director

Amanda is an experienced and successful farm business owner and managing partner of her own agricultural consulting business. She also works part time as a Rural Financial Counsellor in the Central and South West agricultural and Kimberley regions, using her expertise in finance and farm business management to assist farming and small businesses in financial stress. Her experience is backed by tertiary qualifications in Science and Commerce and she is a Graduate Member of the Australian Institute of Company Directors.



Tara Chambers · Director

Tara brings her expertise in finance and business law to the Board. With a background working in financial planning and commercial finance, Tara now works in community banking in the eastern parts of the Wheatbelt and is an active member of the community. She is currently the Treasurer of the Wheatbelt Business Network Inc.



Natalie Purdy · Director

Natalie brings a range of experience and skill developed while working in local government and the rural banking sector. For the past decade Natalie has worked in banking in regional WA. She is also an active member of a number of community groups and organisations.

RBDC Board (continued)



Ashley Herbert · Director

Ashley is a highly regarded farm management consultant who has been providing professional services to Western Australian mixed farming businesses for nearly three decades. Ashley is recognised for his specialist skills in sheep production and commitment to helping his clients make good business decisions that balance the physical capability, financial performance and risk profile of their business. Ashley is actively involved in a number of industry committees and boards and is the current president of the Australian Association of Agricultural Consultants WA (Inc).

RBDC Operations



Terry Hill · CEO

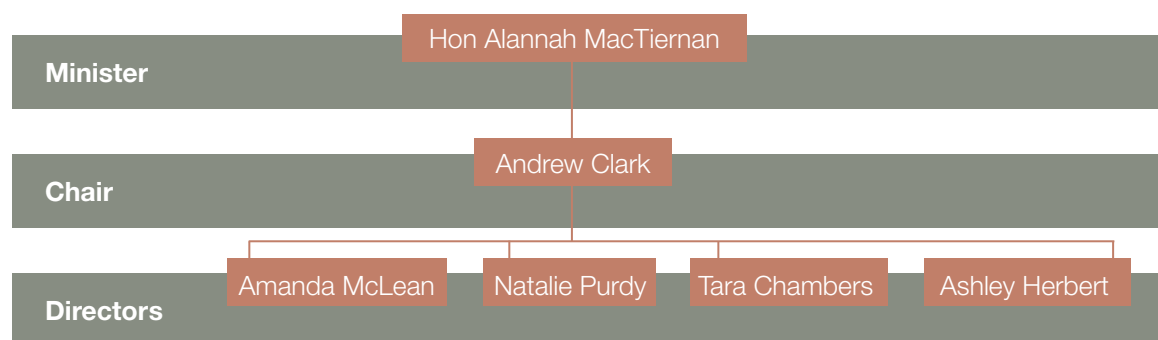
Terry was appointed Chief Executive Officer (CEO) of the RBDC following his appointment as Acting Director General of the Department of Primary Industries and Regional Development (DPIRD).

The CEO is responsible for administering the day-to-day operations of the RBDC. The CEO is appointed under Section 9 of the Rural Business Development Corporation Act 2000.

The services of the RBDC are delivered by DPIRD under agreement, with DPIRD providing all necessary resources, including appropriately skilled staff, for the RBDC to fulfil its role and function.

DPIRD is responsible for the personal and professional development of its staff as the employer and will meet annual reporting requirements in relation to all services it provides to the Corporation. This includes compliance with the range of key legislation applicable to the public sector and public officers.

RBDC Operations



Terms of appointment remuneration

Position on Board	Name	Type of Remuneration	Term of appointment (commencing and expiring)		Base Salary	Period of Membership	
Chairman	Andrew CLARK	Annual	25/01/22	24/01/25	\$32,432.00	01/07/2021 - 30/06/2022	\$32,328.40
Director	Amanda MCLEAN	Annual	01/07/22	30/06/23	\$16,276.00	01/07/2021 - 30/06/2022	\$16,224.00
Director	Natalie PURDY	Annual	25/01/22	24/01/24	\$16,276.00	01/07/2021 - 30/06/2022	\$16,224.00
Director	Tara CHAMBERS	Annual	01/07/22	30/06/25	\$16,276.00	01/07/2021 - 30/06/2022	\$16,224.00
Director	Ashley HERBERT	Annual	01/07/22	30/06/25	\$16,276.00	01/07/2021 - 30/06/2022	\$16,224.00
TOTAL							\$97,224.40

Administered legislation

The Rural Business Development Corporation does not administer any subsidiary, related or affiliated legislation.

Other key legislation impacting on the RBDCs activities

The RBDC does not employ staff. DPIRD provides all services under a Memorandum of Understanding (MoU), including the provision of resources and staff to enable the RBDC to undertake its functions.

As the employer of staff, DPIRD is responsible for the personal and professional skills development of the employees, including the Public Sector and Occupational Safety, Health and Injury Management annual reporting requirements.

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

- Auditor General Act 2006
- Disability Services Act 1993
- Electoral Act 1907
- Equal Opportunity Act 1984
- Financial Management Act 2006
- Freedom of Information Act 1992
- Occupational Safety and Health Act 1984
- Workers Compensation and Injury Management Act 1981
- Public Sector Management Act 1994

- State Records Act 2000
- State Supply Commission Act 1991
- The Legal Deposits Act 2012

Electoral Act 1907

In relation to advertising, market research, polling, direct mail and media advertising, the RBDC reports the following in compliance with section 175ZE of the *Electoral Act 1907*;

- Total Expenditure for 2021-2022 was \$NIL.
- RBDC has not incurred expenditure of this nature.

Freedom of Information Act 1992

The RBDC is required under the Freedom of Information Act (FOI) to prepare and publish an Information Statement on its activities in regard to Freedom of Information issues.

This Annual Report forms part of the required Information Statement. The DPIRD FOI Coordinator deals with all FOI applications in relation to RBDC clients. Clients may access files and documents outside the FOI 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. There were no FOI requests made to the RBDC during the financial year.

Disability Services Act 1993

As the employer of staff, DPIRD is responsible for complying with the *Disability Services Act 1993* (Disability Access and Inclusion Plan Outcomes).

State Records Act 2000

The MOU with DPIRD stipulates DPIRD is responsible for the provision of an efficient and effective record-keeping system, records management training, the review of training and provision of an induction program that addresses employee roles and responsibilities in relation to their compliance with the DPIRD record keeping plan.

Auditor Generals Act 2006

The RBDC Internal Audit Committee was established by the Board to provide a monitoring mechanism for the review of the performance of the internal audit function and management audit reports. The RBDC appoints independent professionals to undertake the internal audit of RBDC schemes and governance. DPIRD is responsible for internal audit functions in relation to its delivery of services. The RBDC is reviewing its Audit Charter as part of a review of its strategic plan and outcome based management framework.

Performance management framework

The RBDC's performance management framework is an outcome-based management (OBM) framework established some years ago. The current OBM framework will be revised and updated to better align with the OBM established for DPIRD under the Machinery of Government changes initiated in 2017. The RBDC contributes to the success of the State Government's current goal of 'Future jobs and skills'.

Outcome-based management framework

Government goal:

Stronger Focus on the Regions: Greater focus on service delivery, infrastructure and economic development to improve the overall quality of life in remote and regional areas.

Desired Outcome	Effectiveness indicators	Service	Efficiency indicators
Improved ecologically sustainable development of Agri-industry.	The extent which recipients were satisfied with the way schemes are administered by the Corporation.	Farm business development	<ul style="list-style-type: none"> The proportion of administrative expenditure of loan value advanced. The administration cost per loan advanced amount.

Changes to outcome-based management framework

The RBDCs outcome-based management framework did not change during 2021-22. The RBDC will review the OBM framework, including its efficiency and effectiveness performance indicators, as part of its review of strategic and operational plans during 2021-22.

Shared responsibilities with other agencies

The RBDC works closely with a range of national, state and local governments, non-government organisations, service delivery agents and industry partners to achieve desired outcomes. We value our strong working relationships with these organisations.

- The RBDC works closely with the Small Business Development Corporation (SBDC) to provide a voluntary Farm Debt Mediation service to encourage early intervention in financial disputes between farm business owners and their financiers.
- The RBDC works closely with the Australian Government to deliver the Farm Finance and Drought Concessional Loans Schemes. The RBDC is also considering options to deliver small loans on behalf of the Australian Government under the Northern Australia Infrastructure Facility from 2022-23.

Agency Performance

Report on operations

Key achievements

- The first round of the Carbon Farming – Land Restoration Program (CF-LRP) was successfully launched by DPIRD.
- The Drought Concessional Loan Scheme which had commenced in 2017 has now been fully repaid by the loan applicants.

Farm Debt Mediation Scheme (FDMS)

The RBDC established the Farm Debt Mediation Scheme in June 2015. The FDMS provides an opportunity for farmers or pastoralists and their financial institution to resolve commercial debt disputes through professional mediation. The FDMS relies on the voluntary participation of parties and the Small Business Development Corporation (SBDC) provides mediation services under agreement with the RBDC.

A total of 6 applications for farm debt mediation were submitted during the financial year, however 1 application was withdrawn prior to mediation.

At 30 June 2022, there are 3 applications under case management.

Farm Finance Concessional Loan Scheme (FFCLS)

The Australian Government established the FFCLS in 2013 to provide viable farm businesses finding it increasingly difficult to service debt with low interest loans to enhance on-farm productivity or to restructure their debt. Applications for FFCLS closed on 30 June 2015. A total of 122 applications were received and assessed,

with 46 applications approved at a total value of \$15.04 million.

At 30 June 2022, there are 5 active loan accounts with total principal outstanding of just over \$1.7 million.

Drought Concessional Loan Scheme (DCLS)

The Australian Government established the DCLS in 2014 to help farm businesses affected by drought to recover, prepare for future droughts and return to viability in the longer term. Applications for DCLS closed on 30 June 2017. A total of 37 applications were received and assessed, with 8 applications approved at a total value of \$4.15 million.

The three active loan accounts as at 30 June 2021 were repaid in full during 2021-22.

Carbon Farming – Land Restoration Program (CF-LRP) ACCU Plus

The State Government established the CF-LRP – ACCU Plus Stream in 2021 as a key initiative from the State Climate Policy to realise agriculture's potential to sequester carbon in the landscape and contribute to growing the WA Carbon Market. Projects will deliver environmental, social and economic co-benefits, and contribute to the long term sustainability of the farming industry. The first Round received 15 applications during 2021-22. Nine applications were approved assistance to a total value of \$1.98 million. Assistance payments are negotiated with each client with payments spread over the first 6-10 years of the project. As at 30 June 2022, \$287,000 had been paid to clients.

Financial targets and results

	2022 Target ⁽¹⁾ (\$000)	2022 Actual (\$000)	Variation ⁽²⁾ (\$000)	Explanation of significant variations
Total cost of services (sourced from Statement of Comprehensive Income)	594	577	(17)	The decrease reflects the reduced cost of administering the concessional loans schemes due to a reduction in financial advisory services as smaller loan book managed and the reduced number of loans settled in 2021-22.
Net cost of services (sourced from Statement of Comprehensive Income)	(594)	(561)	(33)	The variation reflects interest received during the financial year and the reduced cost of administering the concessional loans schemes.
Total equity (sourced from Statement of Financial Position)	4,066	5,648	1528	The variation reflects transfer of equity from Department of Primary Industries and Regional Development for Australian Carbon Credit Units.
Net increase / (decrease) in cash held (sourced from Statement of Cash Flows)	(266)	945	1,211	The variation reflects transfer of cash from Department of Primary Industries and Regional Development for Australian Carbon Credit Units.

(1) As specified in the 2021-22 Budget Statements.

(2) Further explanations are also contained in the 'Explanatory statement' to the financial statements.

Key performance indicator (KPI) targets and results

This section summarises our results against our KPI targets. Effectiveness indicators are intended to help us assess the extent to which we are successful in achieving our outcomes. Efficiency indicators are to help us monitor the relationship between the service delivered and the resources used to produce the service.

The RBDC acknowledges its KPI's are only reflective of performance in relation to the concessional loans schemes. With few active loan accounts and all in their last year of the loan term, the usual survey conducted to generate the effectiveness measure was unable to be conducted. The RBDC has requested DPIRD prioritise work on developing appropriate and relevant KPI's.

Desired Outcome

Improved ecologically sustainable development of Agri-industry.

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

Key effectiveness indicator

The RBDC's key effectiveness indicator is intended to measure the extent to which recipients are satisfied with the way schemes are administered by the Corporation. The target is to maintain a level of satisfaction of at least 90%. This measure is not relevant for the 2021-22 financial year.

Year	Sample size	Level of satisfaction (%)
2019 - 20	21	77%
2020 - 21	0	Not relevant
2021 - 22	0	Not relevant

Key efficiency indicator

The RBDC's key efficiency indicators are intended to demonstrate schemes of assistance are innovative and cost-effective. The current indicators were established when the main activity of the RBDC was the administration of concessional loan schemes. One loan scheme administered by the RBDC has been finalised and the other loan scheme is also rapidly approaching its cease date, therefore the RBDC will be developing more appropriate indicators for reporting next year.

Significant issues impacting the Corporation

Current and emerging issues and trends

Climate change in Western Australia

There continues to be a watching brief on Western Australian climatic conditions, particularly as we continue to see new records set for temperature and rainfall and storm intensity.

The RBDC monitors seasonal outlooks and climatic conditions with a view to identifying likely business outcomes. Severe Tropical Cyclone Seroja in April 2021 caused severe damage to a large part of the northern grain belt. Farmers, rural businesses, and people in those rural areas are still dealing with the impact with long delays in replacing important infrastructure.

Fortunately, the rainfall from the cyclone provided a welcome early start to seeding for many grain growing areas. The early start and consistent on going rains during the 2021 cropping season resulted in a significant record grain production of just over 24 million tonnes.

Nationally consistent approach to Farm Debt Mediation

Based on a recommendation which came out of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, the Commonwealth Government has been seeking to establish a nationally consistent approach to farm debt mediation. The national scheme would be developed, enacted and funded by the Commonwealth Government and make it mandatory for business owners and their financiers to participate in debt mediation once the financier has taken formal legal action.

The approach taken in Western Australia is voluntary for both financiers and primary producer businesses and is consistent with the nationally agreed principles for farm debt mediation. The Western Australian approach encourages earlier adoption of the mediation process than the legislated models, allowing farm businesses to preserve equity and resolve issues before legal action has been taken by financiers.

The current application rate for the current RBDC scheme does not justify a move to a legislated model, however the RBDC supports the need for a harmonised national approach and will continue to monitor the appropriateness of the current Western Australian scheme and would review the need to continue with its voluntary and early intervention approach should the Commonwealth Government establish a national scheme.

Economic and social trends

Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry

One of the outcomes of the Royal Commission has been a tightening of lending processes and procedures to ensure financiers are practicing and adhering to responsible banking practices. This has resulted in greater governance requirements around access to both short and long term debt for businesses.

Foot-and-mouth Disease (FMD) and Lumpy Skin Disease (LSD)

The risk of an emergency animal disease is now closer to the Western Australian border, and it is our shared responsibility to protect our livestock from the devastating impacts a foot-and-mouth and lumpy skin disease outbreak would bring.

Both livestock diseases are exotic to Australia and an incursion of either one would cause international trade losses, market disruptions, animal health impacts and production losses.

DPIRD and the Western Australian government have acted immediately and put in place a detailed response plan and arrangements to deal with an outbreak of these two highly contagious diseases should they spread across our borders and become a threat to our livestock.

Changes in written law

There were no changes in any written law that affected the RBDC during the reporting period.

Likely developments and forecast results of operations

Concessional loans schemes

The RBDC continues to manage the maturation of the remaining Commonwealth Government's loans under the Drought and Farm Finance Concessional Loans Schemes.

Farm Debt Mediation Scheme

During 2021/22, the RBDC has seen a continual demand for mediation arising from the effects of Covid-19 pandemic, from regionally based small business that serviced the agricultural industry and farm businesses which focused on producing for the export markets.

The RBDC also expects an increase in demand for mediation due to the impact of Cyclone Seroja in 2021, which caused significant damage to communities in the Goldfields-Midlands and Midwest Gascoyne regions.

Carbon Farming – Land Restoration Program (CF-LRP) ACCU Plus

The WA Carbon Farming and Land Restoration Program (CF-LRP) is a key initiative of the State Climate Policy released in November 2020. The CF-LRP ACCU Plus Stream will continue to be administered by the RBDC to incentivise projects that deliver carbon sequestration and priority environmental, economic and social co-benefits. The program will initially run until 2025-26.

To compliment the CF-LRP ACCU Plus Stream, a new Carbon for Farmers Voucher Program (CFVP) is providing financial support for eligible farmers to seek advice on making the right investment decisions around integrating carbon farming into their business. The RBDC expects the CFVP and extensive stakeholder engagement and consultation will result in an increased demand for the CF-LRP – ACCU Plus Stream in future rounds.

Disclosures and Legal Compliance

Independent Auditor's Report



Our Ref: 5650-03

Mr Andrew Clark
Chairman
Rural Business Development Corporation
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Email: info@audit.wa.gov.au

Dear Mr Clark

**RURAL BUSINESS DEVELOPMENT CORPORATION
FINANCIAL STATEMENTS, CONTROLS AND KEY PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2022**

The Office has completed the annual audit of the financial statements, controls and key performance indicators for your entity. We enclose a copy of the Auditor General's opinion, together with a set of the audited financial statements and key performance indicators. We have forwarded the audit opinion, financial statements and key performance indicators to the responsible Minister.

The result of the audit was satisfactory. Please note that the purpose of our audit was to express an opinion on the financial statements, controls and key performance indicators. The audit included consideration of internal control relevant to the preparation of the financial statements and key performance indicators in order to design audit procedures that were appropriate in the circumstances. It also included consideration of internal control for the purpose of expressing an opinion on the effectiveness of internal control in ensuring compliance with requirements prescribed by the *Financial Management Act 2006* and Treasurer's Instructions.

An audit is not designed to identify all internal control deficiencies that may require management attention. It is possible that irregularities and deficiencies may have occurred and have not been identified as a result of our audit. Further, the matters being reported are limited to those deficiencies that have been identified during the audit.

The date that entities provided their financial statements to the Office has been recorded for purposes of reporting to Parliament. The date recorded for the receipt of your financial statements was 13 July 2022.

This letter has been provided for the purpose of the Rural Business Development Corporation and the relevant Minister(s) and may not be suitable for other purposes.

We would like to take this opportunity to thank you, your management and staff for their cooperation with the audit team during our audit.

Feel free to contact me on 6557 7683 if you would like to discuss these matters further.

Yours sincerely

Kien Neoh
Director
Financial Audit
13 September 2022



Auditor General

INDEPENDENT AUDITOR'S REPORT 2022

Rural Business Development Corporation

To the Parliament of Western Australia

Report on the audit of the financial statements

Opinion

I have audited the financial statements of the Rural Business Development Corporation (Corporation) which comprise:

- the Statement of Financial Position at 30 June 2022, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are:

- based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Rural Business Development Corporation for the year ended 30 June 2022 and the financial position at the end of that period
- in accordance with Australian Accounting Standards (applicable to Tier 2 Entities), the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

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

Responsibilities of the Board for the financial statements

The Board is responsible for:

- keeping proper accounts
- preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (applicable to Tier 2 Entities), the *Financial Management Act 2006* and the Treasurer's Instructions
- such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, the Board is responsible for:

- assessing the entity's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Corporation.

Auditor's responsibilities for the audit of the financial statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

Report on the audit of controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Rural Business Development Corporation. The controls exercised by the Board are those policies and procedures established to ensure 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 (the overall control objectives).

In my opinion, in all material respects, 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 during the year ended 30 June 2022.

The Board's responsibilities

The Board is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are in accordance with the *Financial Management Act 2006*, the Treasurer's Instructions and other relevant written law.

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Auditor General's responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and were implemented as designed.

An assurance engagement involves performing procedures to obtain evidence about the suitability of the controls design to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including an assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

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

Limitations of controls

Because of the inherent limitations of any internal control structure, it is possible that, even if the controls are suitably designed and implemented as designed, once in operation, the overall control objectives may not be achieved so that fraud, error or non-compliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

Report on the audit of the key performance indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Rural Business Development Corporation for the year ended 30 June 2022. The key performance indicators are the Under Treasurer-approved key effectiveness indicator and key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, 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 2022.

The Board's responsibilities for the key performance indicators

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 and for such internal control as the Board determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Board is responsible for identifying key performance indicators that are relevant and appropriate, having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.

Auditor General's responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the entity's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

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

My independence and quality control relating to the reports on financial statements, controls and key performance indicators

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other information

The Board is responsible for the other information. The other information is the information in the entity's annual report for the year ended 30 June 2022, but not the financial statements, key performance indicators and my auditor's report.

My opinions on the financial statements, controls and key performance indicators do not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, controls and key performance indicators my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and key performance indicators or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to those charged with governance and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

Matters relating to the electronic publication of the audited financial statements and key performance indicators

This auditor's report relates to the financial statements and key performance indicators of the Rural Business Development Corporation for the year ended 30 June 2022 included in the annual report on the Corporation's website. The Corporation's management is responsible for the integrity of the Corporation's website. This audit does not provide assurance on the integrity of the Corporation's website. The auditor's report refers only to the financial statements, controls and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial statements, controls and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to contact the entity to confirm the information contained in the website version.

Mark Ambrose

Mark Ambrose
Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
13 September 2022

Financial Statements

Certification of Financial Statements for the year ended 30 June 2022

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 ended 30 June 2022 and the financial position as at 30 June 2022.

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.



Mandy Taylor
Chief Financial Officer
09 September 2022



Andrew Clark
Chairman | RBDC
09 September 2022



Ashley Herbert
Director | RBDC
09 September 2022

Financial Statements

Certification of Financial Statements for the year ended 30 June 2022

The Agency has pleasure in presenting its audited general purpose financial statements for the reporting period ended 30 June 2022 which provides users with the information about the Agency's stewardship of resource entrusted to it. The financial information is presented in the following structure:

Statement of Comprehensive Income

Statement of Financial Position

Statement of Changes in Equity

Statement of Cash Flows

Notes to the Financial Statements

1 Basis of Preparation

- Statement of Compliance
- Basis of Preparation
- Accounting for Goods and Services Tax (GST)
- Contributed Equity
- Comparative information
- Judgements and Estimates

2 Use of our Funds

- 2.1 DPIRD Contracted Service costs
- 2.2 Other expenditure

3 Our Funding Sources

- 3.1 Service appropriation
- 3.2 Services received free of charge

4 Other Assets and Liabilities

- 4.1 Receivables
- 4.2 Non-Current assets
- 4.3 Payables

5 Financing

- 5.1 Cash and cash equivalents
- 5.2 Capital Commitments

6 Financial instruments and contingencies

- 6.1 Financial instruments
- 6.2 Contingent assets and liabilities

7 Other Disclosures

- 7.1 Events occurring after the end of the reporting period
- 7.2 Initial application of Australian Accounting Standards
- 7.3 Key management personnel
- 7.4 Related parties
- 7.5 Related bodies
- 7.6 Affiliated bodies
- 7.7 Commonwealth Concessional Loan Scheme
- 7.8 Remuneration of auditors
- 7.9 Equity
- 7.10 Supplementary financial information
- 7.11 Explanatory statement

Statement of Comprehensive Income

For the year ended 30 June 2022

		2022	2021
	Notes	\$	\$
Cost of services			
Expenses			
Department of Primary Industries and Regional Development (DPIRD) contracted services	2.1	377,056	314,397
Other expenses	2.2	99,133	25,070
Board member fees		100,964	97,848
Total cost of services		577,153	437,315
Income			
Interest revenue		16,196	13,140
Total revenue		16,196	13,140
Net cost of services		560,957	424,175
Income from state government			
Service appropriation	3.1	236,000	233,000
Services received free of charge	3.2	41,195	-
Total income from state government		277,195	233,000
Deficit for the year		(283,762)	(191,175)
Other comprehensive income		-	-
Total comprehensive loss for the year		(283,762)	(191,175)

The Statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position

as at 30 June 2022

	Notes	2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents	5.1	5,437,779	4,492,782
Receivables	4.1	7,035	5,035
Total current Assets		5,444,814	4,497,817
Non-current assets			
Other non-current assets	4.2	254,200	-
Total non-current assets		254,200	-
Total assets		5,699,014	4,497,817
Liabilities			
Current liabilities			
Payables	4.3	51,444	166,485
Total current liabilities		51,444	166,485
Total liabilities		51,444	166,485
Net assets		5,647,570	4,331,332
Equity			
Contributed equity	7.9	1,600,000	-
Accumulated surplus		4,047,570	4,331,332
Total equity		5,647,570	4,331,332

The Statement of financial position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 June 2022

	Notes	Contributed equity \$	Accumulated surplus \$	Total equity \$
Balance at 1 July 2020			4,522,507	4,522,507
Deficit for the year			(191,175)	(191,175)
Total comprehensive loss for the year			(191,175)	(191,175)
Balance at 30 June 2021			4,331,332	4,331,332
Balance at 1 July 2021			4,331,332	4,331,332
Deficit for the year			(283,762)	(283,762)
Total comprehensive loss for the year			(283,762)	(283,762)
Transactions with owners in their capacity as owners				
Other contributions by owners	7.9	1,600,000	-	1,600,000
Total contributions by owners		1,600,000	-	1,600,000
Balance at 30 June 2022		1,600,000	4,047,570	5,647,570

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

Statement of Cash Flows

For the year ended 30 June 2022

	Notes	2022 \$	2021 \$
Cash flows from state government			
Service appropriations		236,000	233,000
Capital contributions		1,600,000	-
Net cash provided by state government		<u>1,836,000</u>	<u>233,000</u>
Utilised as follows:			
Cash flows from operating activities			
Payments			
DPIRD contracted services		(492,095)	(208,548)
GST payments on purchases		(31,414)	-
Board member fees		(100,964)	(97,848)
Other payments		(26,940)	(25,070)
Receipts			
Interest received		16,196	19,321
GST receipts from taxation authority		31,414	(1)
Net cash used in operating activities		<u>(603,803)</u>	<u>(312,146)</u>
Cash flows from investing activities Payments			
Prepayment for Australian Carbon Credit Units		(287,200)	-
Net cash (used in) / provided by financing activities		<u>(287,200)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents		944,997	(79,146)
Cash and cash equivalents at the beginning of the year		4,492,782	4,571,928
Cash and cash equivalents at the end of year	5.1	<u>5,437,779</u>	<u>4,492,782</u>

The Statement of cash flows should be read in conjunction with the accompanying notes.

Summary of Consolidated Account Appropriations

For the year ended 30 June 2022

	Budget estimate 2022 \$	Supplementary Funding 2022 \$	Revised Budget 2022 \$	Actual 2022 \$	Variance 2022 \$
<u>Delivery of Services</u>					
Item 48 Net amount appropriated to deliver services	236,000	-	-	236,000	-
Total appropriations provided to deliver services	236,000	-	-	236,000	-

No supplementary income was received by the Corporation.

Index of notes to the financial statements

Subject	Disclosure Note	Title of the Policy and/or disclosure note
Basis of preparation	1	Statement of compliance
		Basis of preparation
		Accounting for Goods and Services Tax (GST)
		Contributed equity
		Comparative information
		Judgements and estimates
Use of our funding	2.1	DPIRD contracted services costs
	2.2	Other expenditure
Our funding sources	3.1	Service appropriation
	3.2	Services received free of charge
Other assets and liabilities	4.1	Receivables
	4.2	Non-current assets
	4.3	Payables
Financing	5.1	Cash and cash equivalents
	5.2	Capital Commitments
Financial instruments and contingencies	6.1	Financial instruments
	6.2	Contingent liabilities and assets
Other disclosures	7.1	Events occurring after the end of the reporting period
	7.2	Initial application of Australian Accounting Standards
	7.3	Key management personnel
	7.4	Related parties
	7.5	Related bodies
	7.6	Affiliated bodies
	7.7	Commonwealth Concessional Loan Scheme
	7.8	Remuneration of auditors
	7.9	Equity
	7.10	Supplementary financial information
	7.11	Explanatory statement

Note 1. Basis of preparation

The Rural Business Development Corporation (“Corporation”) is a statutory authority established under Section 5 of the Rural Business Development Corporation Act 2000 and controlled by the WA Government. The entity is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. A description of the nature of its operations and its principal activities have been included in the ‘Overview’ which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Accountable Authority of the agency on 09 September 2022

Statement of compliance

These general purpose financial statements have been prepared in accordance with:

1. The Financial Management Act 2006 (FMA)
2. The Treasurer’s Instructions (the Instructions or TI)
3. Australian Accounting Standards (AASs) – Simplified Disclosures
4. Where appropriate, those AAS paragraphs applicable for not-for-profit entities have been applied.

The Financial Management Act 2006 and the Treasurer’s Instructions (the Instructions) take precedence over AAS. Several AAS are modified by the Instructions to vary application, disclosure format and wording. 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.

Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case, the different measurement basis is disclosed in the associated note. All values are rounded to the nearest dollar.

Accounting for Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of goods and services tax (GST), except that the:

- a) amount of GST incurred by the Agency as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of an asset's cost of acquisition or as part of an item of expense; and
- b) receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Contributed equity

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, as designated as contributions by owners (at the time of, or prior to, transfer) be recognised 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.

Comparative information

Except when an AAS permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements.

Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

Note 2: Use of our funding**Expenses incurred in the delivery of services**

This section provides additional information about how the Corporation's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by the Corporation in achieving its objectives and the relevant notes are:

	Notes
DPIRD contracted services costs	2.1
Other expenditure	2.2

2.1 DPIRD Contracted Service Costs

	2022	2021
	\$	\$
DPIRD contracted services		
Administration of RBDC	174,609	100,034
Administration of loan schemes	202,447	214,363
	377,056	314,397

2.2 Other expenditure

	2022	2021
	\$	\$
Other expenditures		
Bad debt write off ^(a)	11,050	-
Reversal of provision for doubtful debts ^(a)	(13,050)	-
Audit fees	26,940	24,800
Assets and services received free of charge ^(b)	41,195	-
Other expenses ^(c)	32,998	270
Total other expenses	99,133	25,070
Total other expenditure	99,133	25,070

Other expenditure generally represent the day-to-day running costs incurred in normal operations.

(a) Pilot of Drought Reform program remaining debt written-off.

(b) Support Services provided by Department of Primary Industries and Regional Development to support the Corporation in fulfilment of its statutory functions and obligations.

(c) Impairment of prepayment for Australian Carbon Credit Units.

Note 3: Our funding sources

How we obtain our funding

This section provides additional information about how the Corporation obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by the Corporation and the relevant notes are:

	Notes
Income from State Government	3.1
Services received free of charge	3.2

3.1 Service appropriation

	2022 \$	2021 \$
Service appropriation ^(a)	<u>236,000</u>	<u>233,000</u>

3.2 Services received free of charge

Assets and services received free of charge from State government agencies during the period ^(b)

Determined on the basis of the following estimates provide by the agencies: Department

of Primary Industries

and Regional Development

State Solicitors Office

	2022 \$	2021 \$
	37,985	-
	3,210	-
	<u>41,195</u>	<u>-</u>

- (a) **Service Appropriations** are recognised as income at the fair value of consideration received in the period in which the Agency gains control of the appropriated funds. The Agency gains control of the appropriated funds at the time those funds are deposited in the bank account or credited to the holding account held at Treasury.
- (b) **Resources received from other public sector entities** is recognised as income equivalent to the fair value of assets received, or the fair value of services received that can be reliably determined and which would have been purchased if not donated.

Note 4: Other assets and liabilities

This section sets out those assets and liabilities that arose from the Corporation's controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

	Notes
Receivables	4.1
Non-current assets	4.2
Payables	4.3

4.1 Receivables

	2022	2021
	\$	\$
Trade receivables	-	13,050
Allowance for impairment of trade receivables	-	(13,050)
Sundry receivables	3,848	3,848
GST receivable	3,187	1,187
	<u>7,035</u>	<u>5,035</u>

Trade receivables are initially recognised at their transaction price. The Agency holds the receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

4.2 Non-current assets

	2022	2021
	\$	\$
Prepayment for Australian Carbon Credit Units	287,200	-
Allowance for impairment of prepayment	(33,000)	-
	<u>254,200</u>	<u>-</u>

In 2021, the State Government established the State Carbon Farming – Land Restoration Program – ACCU Plus Stream as a key initiative from the State Climate Policy to realise agriculture's potential to sequester carbon in the landscape and contribute to growing the WA Carbon Market. Under this Scheme, the RBDC has entered into a number of agreements with various business that involves:

- An upfront payment from RBDC to the recipients (individually negotiated) in the first few years of operation;
- The recipients will use the funds to develop a 'carbon farm' for sequestration purposes; and
- At a point in time in the future (eg. Year 5 and year 8) RBDC will receive from the recipients a pre-determined number of Australian Carbon Credit Units (ACCU's).

RBDC accounts for the Agreements as Executory Contracts for the purchase of the ACCU's from the recipients, with the monies provided to the recipient in advance of receipt of the ACCU's recognised as a prepayment.

The RBDC will re-assess the recoverable amount of the prepayment at each

reporting date to ensure that there has not been a significant decline in the market price of ACCU's reflecting an impairment of the prepayment's value. Any increase in the market value of ACCU's will not result in an increase in the carrying amount of the prepayment.

4.3 Payables

	2022	2021
	\$	\$
Accrued expenses	51,444	166,485
	<u>51,444</u>	<u>166,485</u>

Payables are recognised at the amounts payable when the Corporation becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as settlement is generally within 20 days.

Note 5: Financing

This section sets out the material balances and disclosures associated with the financing and cash flows of the Corporation.

	Notes
Cash and cash equivalents	5.1
Capital Commitments	5.2

5.1 Cash and cash equivalents

	2022	2021
	\$	\$
Rural Business Development Corporation General Operating Funds	4,124,979	4,492,782
Restricted cash - State Carbon Farming – Land Restoration Program (CF-LRP) ACCU Plus Scheme	1,312,800	-
	<u>5,437,779</u>	<u>4,492,782</u>

For the purpose of the Statement of Cash Flows, 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.

5.2 Capital Commitments

There are no known capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements.

Note 6: Financial instruments and contingencies

This note sets out the key risk management policies and measurement techniques of the Corporation.

	Notes
Financial instruments	6.1
Contingent liabilities and assets	6.2

6.1 Financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	2021	2020
	\$	\$
Financial assets		
Cash and cash equivalents	5,437,779	4,492,782
Loans and receivables ^(a)	3,848	3,848
	5,441,627	4,496,630
Financial liabilities		
Other liabilities: Payables	51,444	166,485

(a) The amount of loans and receivables/Financial assets at amortised cost excludes GST recoverable from the ATO (statutory receivable).

Measurement

All financial assets and liabilities are carried without subsequent remeasurement.

6.2 Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the statement of financial position but are disclosed and, if quantifiable, are measured at the best estimate.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

There were no contingent assets or contingent liabilities which would affect the Corporation at the end of June 2022 (2021: Nil).

Note 7: Other disclosures

This section includes additional material disclosures required by accounting standards or other pronouncements, for the understanding of this financial report.

	Notes
Events occurring after the end of the reporting period	7.1
Initial application of Australian Accounting Standards	7.2
Key management personnel	7.3
Related parties	7.4
Related bodies	7.5
Affiliated bodies	7.6
Commonwealth Concessional Loan Scheme	7.7
Remuneration of auditors	7.8
Equity	7.9

Supplementary financial information 7.10

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7.1 Events occurring after the end of the reporting period

There have been no events after reporting date which would cause the financial statements to be misleading.

7.2 Initial application of Australian Accounting Standards

The following standards are operative for reporting periods ended on or after 30 June 2022:

AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities

AASB 2020-5 Amendments to Australian Accounting Standards – Insurance Contracts

AASB 2020-7 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions: Tier 2 Disclosures

AASB 2021-1 Amendments to Australian Accounting Standards – Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities

AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021

The Corporation considers the above standards do not have material impact on the financial statements.

7.3 Key management personnel

The Corporation has determined that key management personnel include Cabinet Ministers and senior officers of the Corporation. However, the Corporation is not obligated to reimburse for the compensation of Ministers and therefore no disclosure is required. The disclosures in relation to Ministers' compensation may be found in the Annual Report on State Finances.

The total fees, salaries, superannuation, non-monetary benefits and other benefits for senior officers of the Agency for the reporting period are presented within the following bands:

Compensation band (\$)	2022	2021
30,001 – 40,000	1	1
20,001 – 30,000	-	1
10,001 – 20,000	4	3
	2022	2021
	\$	\$
Total compensation of senior officers	106,946	97,848

Total compensation includes the superannuation expense incurred by the corporation in respect of senior officers.

7.4 Related parties

The Corporation is a wholly-owned public sector entity that is controlled by the State of Western Australia.

Related parties of the Corporation include:

- all Cabinet Ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other agencies and statutory authorities, including related bodies, that are included in the whole of government consolidated financial statements (ie. wholly owned public sector entities);
- associates and joint ventures of an entity that are included in the whole of Government consolidated financial statements; and
- the Government Employees Superannuation Board (GESB).

Material transactions with other related parties

Outside of normal citizen type transactions with the Agency, there were no other related party transactions that involved key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

7.5 Related bodies

There were no related bodies with the Corporation.

7.6 Affiliated bodies

There are no affiliated bodies with the Corporation.

7.7 Commonwealth Concessional Loans Scheme

The Rural Business Development Corporation is acting as an agent for the Commonwealth, therefore, amounts collected on behalf of and passed on to the Commonwealth is not revenue of the Corporation. As the Corporation does not control the funds obtained from the Commonwealth and is required to return all such funds, be it funds not advanced to farmers, or funds advanced to farmers and subsequently collected, the Corporation does not recognise an asset, nor does it record a liability. However, we disclose below these funds held in Trust.

Farm Finance Concessional Loan Scheme

On 12 December 2013 the Commonwealth and the Corporation entered into an agreement whereby the Commonwealth made available \$50 million for loans for eligible farm businesses in WA which were considered viable in the longer term but were experiencing financial difficulties and required assistance to enhance productivity. The Scheme closed on 30 June 2015.

	2022	2021
	\$	\$
Monies to ultimately be returned to the Commonwealth comprising:		
Cash held with WA Treasury Corporation	3,000	-
Monies advanced to farmers under the Concessional Loan Scheme	1,705,924	3,108,131
Interest receivable	47	7,237
	<u>1,708,971</u>	<u>3,115,368</u>

Drought Concessional Loan Scheme

On 19 September 2014 the Commonwealth and the Authority entered into an agreement whereby the Commonwealth made available \$20 million for loans for eligible farm businesses in WA impacted by drought but considered to be experiencing financial difficulties and required assistance to restructure existing eligible debt (including a Farm Finance Concessional Loan) and/or provide new debt for operating expenses or drought recovery and preparedness activities. On 12 April 2016, the 2015-16 Drought Concessional Loans Scheme was opened in WA to assist those farmers impacted by drought to access concessional interest rate loans. The Scheme closed on 30 June 2017.

	2022 \$	2021 \$
Monies to ultimately be returned to the Commonwealth comprising:		
Cash held with WA Treasury Corporation	-	-
Monies advanced to farmers under the Concessional Loans Scheme	-	2,006,600
Interest receivable	792	7,176
	792	2,013,776

7.8 Remuneration of auditors

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

	2022 \$	2021 \$
Auditing the accounts, financial statements and key performance indicators	26,940	24,800

7.9 Equity

	2022 \$	2021 \$
Contributed equity		
Balance at the start of the year	-	-
Other Contribution by owners ^(a)	1,600,000	-
Balance at the end of the year	1,600,000	-

(a) Transfer of equity from Department of Primary Industries and Regional Development for Australian Carbon Credit Units.

7.10 Supplementary financial information

During the financial year, \$11,050 (2021: \$Nil) was written off in bad debts under

the authority of the accountable authority.

7.11 Explanatory statement

The Corporation is exempt from TI 945 Explanatory Statement as their Total Cost of Services is below \$10 million for the two most recent consecutive comparative periods.

Audited Key Performance Indicators 2022

Certification of Key Performance Indicators

Rural Business Development Corporation 30 June 2022

Certification of Key Performance Indicators

We hereby certify the key 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 2022.



Andrew Clark
Chairman
09 September 2022



Ashley Herbert
Director
09 September 2022

Detailed information in support of key performance indicators

Government Goal

Stronger Focus on the Regions: Greater focus on service delivery, infrastructure and economic development to improve the overall quality of life in remote and regional areas.

Desired Outcome

Improved ecologically sustainable development of agri-industry. This outcome is met by administering schemes of support to Western Australian rural industry on behalf of the State.

Year of Survey	Scheme	**Sample size	Maintain at least a 90% level of satisfaction with services provided by the Corporation (%)
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The extent which recipients were satisfied with the way schemes are administered by the Corporation

2018-2019	*Concessional Loans Schemes	23	89%
2019-2020	*Concessional Loans Schemes	21	77%
2020-2021	*Concessional Loans Schemes	N/A	N/A
2021-2022	*Concessional Loans Schemes	N/A	N/A

* Concessional Loans Schemes refers to Farm Finance Concessional Loans Scheme and Drought Concessional Loans Scheme. The Farm Finance Concessional Loan Scheme and Drought Concessional Loans Scheme was closed to new applications on 30 June 2015 and 30 June 2017 respectively.

** No review was undertaken during 2021-22, due to the fact that only one loan scheme with 5 clients (all in arrears) remained, therefore a decision was made not to undertake a customer satisfactory survey.

The RBDC's key efficiency indicators are intended to demonstrate schemes of assistance and innovative and cost-effective. The current indicators were established when the main activity of the RBDC was the administration of concessional loan schemes. One loan scheme administered by the RBDC has been finalized and the other loan scheme is also rapidly approaching its cease date, therefore the RBDC will be developing more appropriate indicators for reporting next year.

Service: Farm Business Development

Develop and administer innovative and cost effective assistance measures to benefit Western Australian rural industries.

Key Efficiency Indicators

Key Efficiency Indicator	Target	Unit	2019 - 20	2020 - 21	2021 - 22 Target	2021 - 22 Actual
The proportion of administrative expenditure of loan value advanced	Reduction in the activity costs to administer the schemes of assistance	%	1.39	1.19	1.12	1.05
The administration cost per loan advanced amount	Reduction in the activity costs to administer schemes of assistance	\$	4,926	4,244	3,970	3,749

The main administered activity of the RBDC has been the Commonwealth Farm Finance and Drought Concessional Loans Schemes. The administration cost per loan advanced and the proportion of administrative expenditure of loan value advanced were below the targets set for 2021-22. The decrease in administrative cost per loan is due to a reduction in financial advisory services as smaller loan book managed and the reduced number of loans settled in 2021-22.

Ministerial Directives

No Ministerial directives were received during the financial year.

Other financial disclosures

Pricing Policies of Services Provided

The RBDC does not charge for goods and services rendered unless there is a contractual requirement to charge fees in relation to a specific scheme.

Capital works

No capital projects were completed during the financial year.

Employment and Industrial Relations

Staff Profile	2021	2022
Board member	5	5
	5	5

Staff development

The RBDC has a commitment to the development of Directors. Our strategies are to maintain a highly skilled, professional Board with the ability to adapt to the changing business needs and environment.

The completion of the Australian Institute of Company Directors course has so far been completed by the Chair and two Board members due to the delay by the COVID-19 shutdowns and a switch to more on-line delivery.

Workers Compensation

There were no compensation claims during the financial year.

Unauthorised use of credit cards

Members of the RBDC do not hold corporate credit cards. All functions warranting the use of this type of facility are performed by DPIRD.

Government Policy Requirements

Government building contracts

The RBDC has a commitment to the Government Building Training Policy and will include appropriate clauses in tender documentation and monitored compliance of in scope building, construction or maintenance contractors for projects with a duration of greater than 3 months and a value of greater than \$2 million

Number of contracts in scope of the Government Building Training Policy:

Measure	Building and construction 2022	Maintenance projects 2022
Awarded	0	0
Reported on	0	0
Commenced reporting	0	0
Continued reporting from previous reporting period	0	0
Target training rate	0	0
Met or exceeded	0	0
Did not meet	0	0
Granted a variation	0	0

Contact Information

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