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Rural Business Development Corporation Annual Report 2023

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ANNUAL REPORT

For the year ended 30 June 2023

20
23

ANNUAL REPORT

For the year ended 30 June 2023



Statement of Compliance for year ended 30 June 2023

HON JACKIE JARVIS

Minister for Agriculture and Food; Forestry; Small Business

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 2023.

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
22 August 2023



Tara Chambers
Director
22 August 2023

Rural Business Development Corporation Annual Report for the year ended 30 June 2023

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.

Cover: Soil Carbon Farming in New Norcia.
Photography by D&M Mackie – Udanooka Soil Carbon.

Guide to this Report

This report presents the statutory compliance, performance and operational reporting for the financial year ending 30 June 2023. 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

ACCU	Australian Carbon Credit Units
CF - LRP	Carbon Farming and Land Restoration Program
DCLS	Drought Concessional Loans Scheme
DPIRD	Department of Primary Industries and Regional Development
ESG	Environmental, Social and Governance
FFCLS	Farm Finance Concessional Loans Scheme
FDMS	Farm Debt Mediation Scheme
KPI	Key performance indicator
MOU	Memorandum of Understanding
NA	Not applicable
NCoS	Net cost of service
OBM	Outcome-based management
RBDC	Rural Business Development Corporation
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



Contents

Statement of Compliance	4	Statement of Financial Position	30
Guide to this Report	5	Statement of Changes in Equity.....	30
Overview of Agency	8	Statement of Cash Flows.....	31
Executive Summary: Chairman's Overview	9	Notes to the Financial Statements	32
Operational Structure.....	10	Audited Key Performance Indicators 2023.....	43
Agency Performance	16	Ministerial Directives	45
Significant Issues Impacting the Corporation	19	Other Financial Disclosures	46
Disclosures and Legal Compliance	22	Government Policy Requirements.....	47
Financial Statements	27	Contact Information.....	48
Statement of Comprehensive Income	29		

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 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 appropriate assistance schemes that are approved by both the Minister and the Treasurer. The RBDC can also provide 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 supports 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 Jackie Jarvis MLC, Minister for Agriculture and Food; Forestry; Small Business 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

The Rural Business Development Corporation contributes to a strong primary industries sector for Western Australia.

MISSION

Provide trusted independent advice and governance to the WA Government for investment in and support of primary industries.

OBJECTIVES

- 1 Improve the long-term profitability and viability of primary industries and businesses.
- 2 Administer, develop and evaluate the functions of the RBDC under the objectives of the Act.
- 3 Provide evidence-based advice to inform policy that supports growth of primary industries and regional development.

STRATEGIES

- | | | |
|---|---|--|
| 1 Provide governance, develop and manage primary industry schemes of assistance for economic development. | 2 Inform government investment for growth in primary industry and regional development. | 3 Research to inform policy development. |
|---|---|--|

Executive Summary - Chairman's Overview

I present, on behalf of the Rural Business Development Corporation (RBDC) Board, this year's annual report. In my role as Chair, I am committed to ensuring that the Corporation is responsive to the needs of Western Australian farming and fishing businesses, their families and the rural communities and small businesses that support the sector.

The work of the RBDC relies on strong partnerships and collaborations with industry, State and Commonwealth agencies, the Not-for Profit sector, rural financiers, and Rural West. These networks have proved invaluable through disaster responses caused by tropical cyclones, associated storms, and flooding in the northern regions earlier this year.

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. At 30 June 2023, there are 3 active FFCLS loan accounts remaining with total principal outstanding of just over \$1.01 million, and the 8 DCLS loans were repaid in full by 2021-22.

Open schemes of assistance include the Farm Debt Mediation Scheme (WA) and Australian Carbon Credit Units (ACCU) Plus part of the WA Carbon Farming and Land Restoration Program (CF-LRP). The Farm Debt Mediation Scheme remains a vital resource for low cost and non-legal resolution of disputes about business financial arrangements. Round 2 of the ACCU Plus progressed through to the eligibility and assessment stages in 2022-23.

I would like to acknowledge the staff and resources provided by the Department of Primary Industries and Regional Development and their dedication to the rural sector. Their hard work and contribution are greatly appreciated, and the Board looks forward to continuing our close working relationship.

Over the coming year, the RBDC intends to adopt an innovative approach to designing and delivering new schemes of assistance. This represents an exciting opportunity to refresh our way of working and will involve collaboration with a range of key stakeholders.

Lastly, I thank all Directors of the Board for their knowledge and interest in providing independent, trustworthy advice to the Minister and Government. Over the past year, they have been committed to the development and implementation of initiatives ensuring Western Australia's rural sector remains sustainable. I particularly wish to thank our departing Board Director, Mandy McLean, whose term finished in June this year, for her excellent and practical contribution to the Board since she joined us in 2014.



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 2023.



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 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 Certified Practising Accountant (CPA).



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 her community.



Natalie Purdy · Director

Natalie brings a range of experience and skills developed while working for over a decade in local government and 16 years' experience in Agribusiness banking in the Wheatbelt. She is passionate about ensuring long term sustainability and viability of agricultural businesses and works closely with her clients. Having lived regionally all her life she has a strong understanding of the impacts to regional communities and the rural sector.

RBDC Board (continued)



Ashley Herbert · Director

Ashley was appointed a Director of the RBDC on 9 November 2020. 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 immediate past president of the Australian Association of Agricultural Consultants WA (Inc).

RBDC Operations



Heather Brayford · CEO

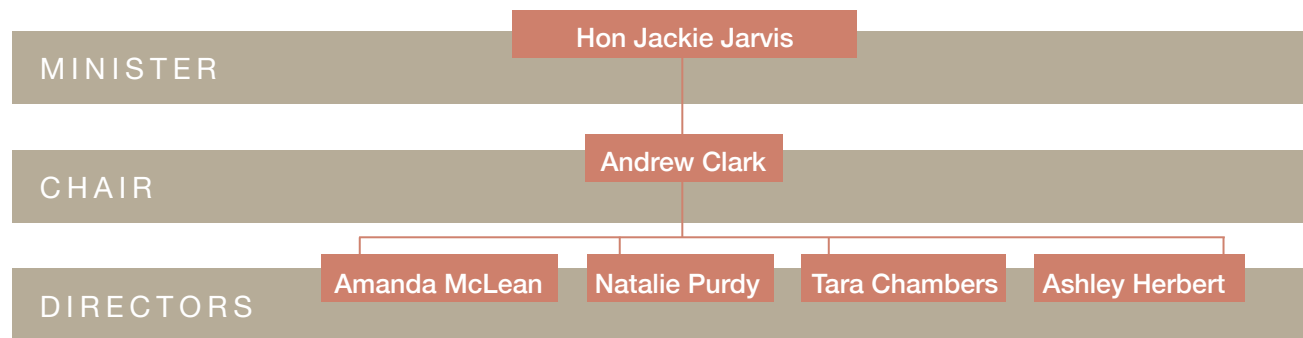
Heather was appointed Chief Executive Officer (CEO) of the RBDC following her appointment as Director General of the Department of Primary Industries and Regional Development (DPIRD).

The CEO is responsible for administering the day-to-day operations of the RBDC. The CEO is appointed under Section 19 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	25/01/17	24/01/25	\$32,432.00	01/07/2022 - 30/06/2023	\$32,328.40
Director	Amanda MCLEAN	Annual	30/09/14	30/06/23	\$16,276.00	01/07/2022 - 30/06/2023	\$16,224.00
Director	Natalie PURDY	Annual	10/06/19	24/01/24	\$16,276.00	01/07/2022 - 30/06/2023	\$16,224.00
Director	Tara CHAMBERS	Annual	10/06/19	30/06/25	\$16,276.00	01/07/2022 - 30/06/2023	\$16,224.00
Director	Ashley HERBERT	Annual	09/11/20	30/06/25	\$16,276.00	09/11/2022 - 30/06/2023	\$16,224.00
TOTAL							\$97,224.40

* Refers to board members' membership during the reporting period.

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*
- *Financial Management Act 2006*
- *Freedom of Information Act 1992*
- *Work Health and Safety Act 2020*
- *Workers Compensation and Injury Management Act 1981*
- *Public Sector Management Act 1994*
- *State Records Act 2000*
- *State Supply Commission Act 1991*

- *Equal Opportunity Act 1984*
- *Legal Deposit Act 2012*
- *Electoral Act 1907*

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 2022-2023 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 General 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.

Performance Management Framework

The RBDC's performance management framework is an outcome-based management (OBM) framework. The current OBM framework will be revised to better align with the current assistance schemes administered by the RBDC and will also provide the ability to report on future schemes.

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 2022-23. The RBDC will finalise changes to the OBM framework, including its efficiency and effectiveness performance indicators in 2023-24.

Shared responsibilities with other agencies

The RBDC works closely with a range of stakeholders from national, state and local governments, non-government organisations, service providers and industry to achieve our objectives. 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 with the Australian Government through a Commonwealth/ State agreement 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.

Agency Performance

Report on operations

Key achievements

- The second round of the CF-LRP was successfully launched during the year. This program aligns well with the RBDCs objectives and will deliver increased biodiversity, salinity mitigation, soil health and agricultural productivity, as well as Aboriginal economic and cultural opportunities to the State.
- External professional development for one Director was delivered, growing the RBDCs capabilities in relation to strategic planning, understanding complex financial statements and balancing short and long term priorities.

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 aim to realise agriculture's potential to sequester carbon in the landscape and contribute to growing the WA Carbon Market. CF-LRP projects will deliver environmental, social, and economic co-benefits, and contribute to the long-term sustainability of the farming industry.

Round 1 of the CF-LRP - ACCU Plus Stream was announced in the 2021-22 financial year with 9 applications approved receiving a total of over \$1.98 million in funding. Round 2 of the CF-LRP - ACCU Plus Stream opened in September 2022 and closed in December 2022 with applications for 14 projects being received, requesting over \$2.86 million in funding.

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 7 applications for farm debt mediation were submitted during the financial year.

At 30 June 2023, there are 6 applications under case management.

Farm Finance Concessional Loans Scheme (FFCLS)

The Australian Government established the FFCLS in 2013 to provide viable farm businesses 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 2023, there are 3 active loan accounts with total principal outstanding of just over \$1.01 million.

Financial targets and results

	2023 Target ⁽¹⁾ (\$000)	2023 Actual (\$000)	Variation ⁽²⁾ (\$000)	Explanation of significant variations
Total cost of services (sourced from Statement of Comprehensive Income)	443	447	4	Insignificant variation.
Net cost of services (sourced from Statement of Comprehensive Income)	443	297	(146)	Net cost of service is lower than budget due to increase in interest income received.
Total equity (sourced from Statement of Financial Position)	5,631	5,706	75	Increase in equity primarily due to the improved interest income.
Net increase / (decrease) in cash held (sourced from Statement of Cash Flows)	(86)	(542)	(456)	Increased cash outflow due to Prepayment for Australian Carbon Credit Units, offset by increased interest income.

(1) As specified in the 2022-23 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 a significant reduction in active loan accounts, the usual survey conducted to generate the effectiveness measure was unable to be conducted. The RBDC will work closely with DPIRD to progress the development of revised KPI's in the coming year.

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 2022-23 financial year.

Year	Sample size	Level of satisfaction (%)
2019 - 20	21	77%
2020 - 21	0	Not relevant
2021 - 22	0	Not relevant
2022 - 23	0	Not relevant

Key efficiency indicator

The RBDC's key efficiency indicators are intended to demonstrate how 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. As these schemes are rapidly approaching their completion date, the RBDC is now in the process of developing several new indicators to assist in assessing and determining outcomes for newly implemented schemes, such as the Carbon Farming and Land Restoration Program.

The administration cost per loan advanced and the proportion of administrative expenditure of loan value advanced were below the targets set for 2022-23, reflecting the reduction in administration required for fewer loan accounts.

Significant issues impacting the Corporation

Current and emerging issues and trends

Climate change and low carbon transition in Western Australia

The RBDC closely monitors Western Australian climatic conditions, with a focus on changes in temperature and rainfall and storm intensity. Directors receive regular information on seasonal outlooks and climatic conditions with a view to identifying potential industry and business impacts.

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

As with all biosecurity risks, the effective management of Foot-and-mouth Disease and Lumpy Skin Disease is fundamental for safeguarding our valuable agricultural resources. 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. Farm businesses across WA would also be impacted by such an incursion.

DPIRD is working across government on detailed response plans 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.

Nationally consistent approach to Farm Debt Mediation

The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry recommended a national scheme of farm debt mediation for primary producers. The national scheme would likely be mandatory for business owners and their financiers and would be developed, enacted, and funded by the Commonwealth Government.

As has been noted in previous annual reports, the approach taken in WA is voluntary for both primary producer businesses and their financiers and is consistent with the nationally agreed principles for farm debt mediation. The RBDC continues to monitor the number of applications and the appropriateness of the scheme delivered in WA.

Economic and social trends

Global economic and supply chain disruptions

The State's primary industries and businesses have continued to feel impacts from global events. The Russian invasion of Ukraine, continued COVID restrictions and lockdowns overseas, and increasing inflation have resulted in input costs remaining high after significant increases in 2021–22. The RBDC monitors international events and markets to help inform policy that contributes to a strong primary industries sector for Western Australia.

Environmental, Social and Governance outcomes

The Environmental, Social and Governance (ESG) approach to business aims to reduce environmental impacts and increase the positive impacts that people, businesses, or operations have on communities and their environments. ESG is growing in importance and momentum across the globe for a variety of businesses and industry sectors.

The most recent update to the State's Supporting Continuous Improvement in ESG Outcomes for Western Australia reinforces the commitment to achieving the Paris Agreement objective of net-zero emissions by 2050 and demonstrating support to Australia's pursuit of the United Nations Sustainable Development Goals.

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 remaining loans on behalf of the Commonwealth Government. The remaining three loans (from a total of 54) are past their original maturity dates but each have confirmed arrangements for clearance.

Farm Debt Mediation Scheme

The RBDC has seen a steady demand for farm debt mediation for farm businesses across Western Australia, with seven applications during 2022-23. This is a very low number when compared to the total number of agricultural businesses in WA, which in turn indicates the relative financial strength of rural businesses across WA.

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

The 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 incorporates environmental, economic and social co-benefits.

To complement the CF-LRP ACCU Plus Stream there is the Carbon for Farmers Voucher Program (CF-VP) which provides financial support for eligible farmers to seek advice on making the right investment decisions around integrating carbon farming into their business. The RBDC expects that, with the extensive stakeholder engagement and consultation associated with the CF-VP and the resulting Carbon Farming Plans produced, there should be increased participation in future rounds of the CF-LRP – ACCU Plus Stream.

Disclosures and Legal Compliance

Independent Auditor's Report



Our Ref: 5650-03

Mr Andrew Clark
Chairman
Rural Business Development Corporation
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BENTLEY WA 6983

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PERTH WA 6849

Tel: 08 6557 7500
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 2023**

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.

Management control issues

While the result of the audit was generally satisfactory, we would like to draw your attention to deficiencies in internal control and other issues that we identified during the course of the audit (attached). We discussed these matters with management who indicated that action will be taken to address them. Their comments are included on the attachment for your information.

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 other 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 24 July 2023.

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 7788 if you would like to discuss these matters further.

Yours sincerely

Morgane Valette

Morgane Valette
Senior Director
Financial Audit
22 August 2023

Attach

ATTACHMENT

RURAL BUSINESS DEVELOPMENT CORPORATION
 PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023
 FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Payments not in line with TI 323	No – Control			✓	

Key to ratings

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

Significant - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However even if the issue is not likely to impact the audit opinion, it should be addressed promptly.

Moderate - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.

Minor - Those findings that are not of primary concern but still warrant action being taken.

The ratings included are preliminary ratings and could be modified pending other findings being identified, rated and the consideration of them collectively on the ratings and any potential impact on the audit opinion.

ATTACHMENT

RURAL BUSINESS DEVELOPMENT CORPORATION
 PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023
 FINDINGS IDENTIFIED DURING THE FINAL AUDIT

1. Payments not in line with TI 323 *Timely Payment of Accounts*

There were 8 (out of 24 samples tested) instances where supplier invoice payments have not been made in accordance with TI 323. Specifically, TI 323 (3) states that all payments under \$1 million, shall be made within 20 calendar days of the receipt of a correctly rendered invoice, or the provision of goods or services (whichever is the later).

These payments were made between 40 days and 78 days after receipt of invoice.

Rating: Minor

Implication

There is a risk that RBDC is non-compliant with TI 323.

Recommendation

We recommend that management refine its payment process to ensure that qualifying supplier invoices are being paid in line with TI 323. For the purposes of this instruction, the following payments are excluded:

- (i) international purchases;
- (ii) purchases of real properties;
- (iii) purchases where payment in advance is required;
- (iv) transactions where the funding source is an administered appropriation
- (v) non-procurement arrangements, such as grants; and
- (vi) direct debit arrangements with a supplier, where the payment terms are at the discretion of the supplier and the supplier's systems.

Management comment

Management agrees with the rating of minor and would like to note the following:

- While there where 8 transactions identified, there are only 3 invoices with potential non-compliance. Two of the invoices have multiple coding lines.
- One of the invoices was not issued to RBDC until after the invoice date and therefore the number of days between payment and receipt of invoice was within the requirements of TI 323. The invoice was issued by the supplier on 31 Oct 2022 and paid on 9 Nov.
- The other two invoices appear to have been delayed with submission by the management accountant to the accounts payable team. Due to staff turnover, it is difficult to determine the circumstances for this delay however note that the finance team was significantly under resourced at the time.

While there will continue to be a risk of non-compliance due to the reliance of invoices to be submitted to accounts payable, management is satisfied with the system controls to ensure the invoice is then paid on time. There is a small number of employees involved with RBDC payment and management will ensure they are made aware of this audit finding and reminded of the requirements under TI 323.

Responsible person: Carolyn Gibbon, Manager Bureau Services
Completion date: September 2023



Auditor General

INDEPENDENT AUDITOR'S REPORT

2023

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 2023, 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 2023 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.

Page 1 of 5

7th Floor Albert Facey House 469 Wellington Street Perth MAIL TO: Perth BC PO Box 8489 Perth WA 6849 TEL: 08 6557 7500

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 misstatements, 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 the State's financial reporting framework (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 the State's financial reporting framework during the year ended 30 June 2023.

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.

Page 2 of 5

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 Engagement 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 2023. The key performance indicators are the Under Treasurer-approved key effectiveness indicators 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 2023.

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 controls 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 Instructions 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 management relating to the report 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 ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, the Office of the Auditor General maintains a comprehensive system of quality management 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 2023, 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

The auditor's report relates to the financial statements and key performance indicators of the Rural Business Development Corporation for the year ended 30 June 2023 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 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.

Morgane Valette

Morgane Valette
Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
22 August 2023

Financial Statements

Certification of Financial Statements for the year ended 30 June 2023

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 2023 and the financial position as at 30 June 2023.

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.



Lorraine Williamson
Chief Financial Officer
22 August 2023



Andrew Clark
Chairman | RBDC
22 August 2023



Tara Chambers
Director | RBDC
22 August 2023

Financial Statements

Certification of Financial Statements for the year ended 30 June 2023

The Corporation has pleasure in presenting its audited general purpose financial statements for the reporting period ended 30 June 2023 which provides users with the information about the Corporation's stewardship of resource entrusted to it. The financial information is presented in the following structure:

Financial statements

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 funding

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 Loans 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 2023

		2023	2022
	Notes	\$	\$
Cost of services			
Expenses			
Supplies and services	2.2	2,154	
Department of Primary Industries and Regional Development (DPIRD) contracted services	2.1	189,082	377,056
Other expenses	2.2	164,986	99,133
Board member fees		91,053	100,964
Total cost of services		447,275	577,153
Income			
Interest revenue		150,444	16,196
Total revenue		150,444	16,196
Net cost of services		296,831	560,957
Income from state government			
Service appropriation	3.1	315,000	236,000
Services received free of charge	3.2	40,272	41,195
Total income from state government		355,272	277,195
Surplus/(deficit) for the period		58,441	(283,762)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the period		58,441	(283,762)

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

Statement of Financial Position

as at 30 June 2023

		2023	2022
Assets			
Current assets			
Cash and cash equivalents	5.1	4,895,810	5,437,779
Receivables	4.1	47,869	7,035
Total current assets		4,943,679	5,444,814
Non-current assets			
Other non-current assets	4.2	852,582	254,200
Total non-current assets		852,582	254,200
Total assets		5,796,261	5,699,014
Liabilities			
Current liabilities			
Payables	4.3	90,250	51,444
Total current liabilities		90,250	51,444
Net assets		5,706,011	5,647,570
Equity			
Contributed equity	7.9	1,600,000	1,600,000
Accumulated surplus		4,106,011	4,047,570
Total equity		5,706,011	5,647,570

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 2023

	Notes	Contributed equity	Accumulated surplus	Total equity
		\$	\$	\$
Balance at 1 July 2021		-	4,331,332	4,331,332
Deficit		-	(283,762)	(283,762)
Total comprehensive loss for the period		-	(283,762)	(283,762)
<i>Transactions with owners in their capacity as owners</i>				
Other contributions by owners	7.9	1,600,000		
Total contributions by owners		1,600,000	-	-
Balance at 30 June 2022		1,600,000	4,047,570	5,647,570
Balance at 1 July 2022		1,600,000	4,047,570	5,647,570
Surplus		-	58,441	58,441
Total comprehensive income for the period		-	58,441	58,441
<i>Transactions with owners in their capacity as owners</i>				
Other contributions by owners	7.9	-	-	-
Total contributions by owners		-	-	-
Balance at 30 June 2023		1,600,000	4,106,011	5,706,011

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 2023

	2023	2022
Notes	\$	\$
Cash flows from state government		
Service appropriations	315,000	236,000
Capital contributions	-	1,600,000
Net cash provided by state government	315,000	1,836,000
Utilised as follows:		
Cash flows from operating activities		
Payments		
Supplies and services	(6,698)	-
DPIRD contracted services	(238,680)	(492,095)
GST payments on purchases	(31,414)	(31,414)
Board member fees	(91,053)	(100,964)
Other payments	(29,918)	(26,940)
Receipts		
Interest received	109,762	16,196
GST receipts from taxation authority	29,414	31,414
Net cash used in operating activities	(258,587)	(603,803)
Cash flows from investing activities Payments		
Prepayment for Australian Carbon Credit Units	(598,382)	(287,200)
Net cash (used in)/provided by financing activities	(598,382)	(287,200)
Net increase (decrease) in cash and cash equivalents	(541,969)	944,997
Cash and cash equivalents at the beginning of the year	5,437,779	4,492,782
Cash and cash equivalents at the end of year	4,895,810	5,437,779

5.1

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

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 assets and liabilities
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 Loans 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 corporation on 22 August 2023.

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 FMA and the TI's take precedence over AASs. Several AAS are modified by the TIs 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 Corporation 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 service costs	2.1
Other expenditure	2.2

2.1 DPIRD contracted service costs

	2023	2022
	\$	\$
DPIRD contracted services		
Administration of the Corporation	142,218	174,609
Administration of loan schemes	46,864	202,447
	<u>189,082</u>	<u>377,056</u>

2.2 Other expenditure

	2023	2022
	\$	\$
Supplies and services		
Services and contracts	<u>2,154</u>	<u>-</u>
Other expenditures		
Bad debt write off ^(a)	-	11,050
Reversal of provision for doubtful debts ^(a)	-	(13,050)
Audit fees	28,794	26,940
Assets and services received free of charge ^(b)	40,272	41,195
Other expenses ^(c)	<u>95,920</u>	<u>32,998</u>
Total other expenses	<u>164,986</u>	<u>99,133</u>
Total other expenditure	<u>167,140</u>	<u>99,133</u>

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 DPIRD 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:	
Service appropriation	3.1
Services received free of charge	3.2

3.1 Service appropriation

	2023 \$	2022 \$
Appropriation received during the period		
Service appropriation ^(a)	315,000	236,000

3.2 Services received free of charge

	2022 \$	2021 \$
Assets and services received free of charge from State government agencies during the period ^(b)		
Determined on the basis of the following estimates provided by the agencies:		
DPIRD	40,272	37,985
State Solicitor's Office	-	3,210
	40,272	41,195
	355,272	277,195

a) **Service appropriations** are recognised as income at the fair value of consideration received in the period in which the Corporation gains control of the appropriated funds. The Corporation 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** are 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.

Summary of consolidated account appropriations for the year ended 30 June 2023

	Budget estimate 2023 \$	Supple- mentary Funding 2023 \$	Revised Budget 2023 \$	Actual 2023 \$	Variance 2023 \$
Delivery of Services					
Item 48					
Net amount appropriated to deliver services	315,000	-	315,000	315,000	-
Total appropriations provided to deliver services	315,000	-	315,000	315,000	-

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

	2023	2022
	\$	\$
Accrued interest	40,682	-
Sundry receivables	-	3,848
GST receivable	7,187	3,187
	<u>47,869</u>	<u>7,035</u>

4.2 Non-current assets

	2023	2022
	\$	\$
Prepayment for Australian Carbon Credit Units (ACCU)	981,500	287,200
Allowance for impairment of prepayment	(128,918)	(33,000)
	<u>852,582</u>	<u>254,200</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 Corporation has entered into a number of agreements with various business that involves:

- An upfront payment from the Corporation 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) the Corporation will receive from the recipients a pre-determined number of Australian Carbon Credit Units (ACCU's).

The Corporation 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 Corporation 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

	2023	2022
	\$	\$
Trade payables	66,000	-
Accrued expenses	24,250	51,444
	<u>90,250</u>	<u>51,444</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

	2023	2022
	\$	\$
Rural Business Development Corporation General Operating Funds	4,148,392	4,124,979
Restricted cash - State Carbon Farming – Land Restoration Program ACCU Plus Scheme	<u>747,418</u>	<u>1,312,800</u>
	<u>4,895,810</u>	<u>5,437,779</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 assets and liabilities	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:

	2023	2022
	\$	\$
Financial assets		
Cash and cash equivalents	4,895,810	5,437,779
Loans and receivables	-	3,848
(Financial assets at amortised cost) ^(a)	<u>4,895,810</u>	<u>5,441,627</u>
Financial liabilities		
Payables (Financial liabilities at amortised cost) ^(b)	<u>90,250</u>	<u>51,444</u>

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

(b) The amount of financial liabilities at amortised cost excludes GST payable to the ATO (statutory payable).

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 2023 (2022: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 Loans Scheme	7.7
Remuneration of auditors	7.8
Equity	7.9
Supplementary financial information	7.10
Explanatory Statement	7.11

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 2023:

AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments

AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date

AASB 2022-3 Amendments to Australian Accounting Standards – Illustrative Examples for Not-for-Profit Entities accompanying AASB 15

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 members of the Corporation for the reporting period are presented within the following bands:

	2023	2022
Compensation band (\$)		
30,001 – 40,000	1	1
10,001 – 20,000	4	4
	2023	2022
	\$	\$
Total compensation of senior officers	<u>106,399</u>	<u>106,946</u>

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 Corporation, 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 were 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 Loans 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.

During the year one of the loans was impaired and a provision of \$140k has been made by the Commonwealth. Under the arrangement with the Commonwealth this does not impact the Corporation. This provision is not reflected in the table below.

	2023	2022
	\$	\$
Monies to ultimately be returned to the Commonwealth comprising:		
Cash held with WA Treasury Corporation	-	3,000
Monies advanced to farmers under the Concessional Loans Scheme	1,015,473	1,705,924
Interest receivable	-	47
	<u>1,015,473</u>	<u>1,708,971</u>

Drought Concessional Loans Scheme

On 19 September 2014 the Commonwealth and the Corporation 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.

	2023	2022
Monies to ultimately be returned to the Commonwealth comprising:	\$	\$
Interest receivable	-	792
	-	792

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 \$24,250 (2022: \$26,940).

7.9 Equity

	2023	2022
Contributed equity	\$	\$
Balance at the start of the period	1,600,000	-
Other Contribution by owners		
Transfer of equity from DPIRD for Australian Carbon Credit Units	-	1,600,000
Total contributions by owners	1,600,000	1,600,000
Balance at the end end of the period	1,600,000	1,600,000

7.10 Supplementary financial information

During the financial year there were no bad debts written off under the authority of the accountable authority (2022: \$11,050).

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 2023

Certification of Key Performance Indicators

Rural Business Development Corporation 30 June 2023

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 2023.



Andrew Clark
Chairman
22 August 2023



Tara Chambers
Director
22 August 2023

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
2022-2023	*Concessional Loans Schemes	N/A	N/A

* Concessional Loans Schemes refers to Farm Finance Concessional Loans Scheme and Drought Concessional Loans Scheme. The last loan scheme was closed to new applications on 30 June 2017.

** Surveying is conducted with clients who had completed the annual review of their account.

The level of client satisfaction has been determined through surveying clients with loans who had completed an annual review. Due to the low number of concessional loans remaining, there were no annual reviews or surveys conducted in 2022-23.

The RBDC are in the process of defining new key performance indicators to reflect a more diverse range of schemes and clients.

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 Actual	2020 - 21 Actual	2021 - 22 Actual	2022 - 23 Budget	2022 - 23 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	1.05	0.5	0.19
The administration cost per loan advanced amount	Reduction in the activity costs to administer schemes of assistance	\$	4,926	4,244	3,749	1,612	691

The main administered activity of the RBDC has been the Commonwealth Farm Finance and Drought Concessional Loans Schemes. The decrease in administrative cost per loan advanced reflects the decreased costs associated with the settlement of loans at their payout. The RBDC will work closely with DPIRD to progress the development of revised KPI's and targets in the coming year.

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.

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.

Employment and Industrial Relations

Staff Profile	2022	2023
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.

One additional Director completed the Australian Institute of Company Directors course in 2022-23.

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 2023	Maintenance projects 2023
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

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