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2018

## Rural Business Development Corporation Annual Report 2018

Department of Primary Industries and Regional Development, Western Australia

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# Annual Report 2018

## **Rural Business Development Corporation**

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2018**

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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.

Photography through-out the report, Peter Maloney, Department of Primary Industries and Resource Development (DPIRD)

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# Contents

Statement of Compliance	1
Chairman's Overview	2
Highlights 2017 – 2018	4
About the Rural Business Development Corporation	6
Organisational Structure	7
Corporate Profile	8
Terms of Appointment	11
Potential Conflicts of Interest by RBDC Directors	15
Legislation	16
Other key legislation impacting on activities	17
Governance Disclosures	19
Report on Operations	20
Key Performance Indicators 2017 – 2018	22
Opinion of the Auditor General	27
Financial Statements	32

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# Statement of Compliance

For the year ended 30 June 2018

**HON ALANNAH MACTIERNAN**  
**MINISTER FOR AGRICULTURE AND FOOD**

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 financial year ended 30 June 2018.

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** Rural Business  
Development Corporation

10 September 2018



David Williams  
**Director** Rural Business  
Development Corporation

10 September 2018

## Chairman's Overview



The Rural Business Development Corporation (RBDC) is the Western Australian Government's statutory body established under the *Rural Business Development Corporation Act 2000* to provide schemes of assistance to the rural businesses of Western Australia.

It has been my focus since joining the Rural Business Development Corporation Board in 2017 to provide insight into the challenges that the Western Australian farming industry face with our climate, varying landscapes and offer support and assistance to enable the farming sector to better manage and prepare for financial and adverse seasonal impacts.

Given the dry start and then reasonable end to the 2017 season, followed on by another dry start in 2018, the tendency towards dryer seasonal conditions in WA has certainly got the Board focussed

again on monitoring the situation for our primary producers and rural business as the 2018 season unfolds. The RBDC with its extensive business intelligence networks across the agriculture and food sector in the State will be providing proactive advice to the Minister and Government as the season progresses.

The RBDC is the dedicated delivery agency in Western Australia for the Australian Government's Concessional Loans Schemes which were open during 2013-14 to 2016-17.

The Australian Government announced in February 2018 that, from July 2018, it will be delivering on its election commitment to establish the Regional Investment Corporation (RIC) to administer concessional loans and schemes of assistance to farmers across Australia.

The intention of the Australian Government with the establishment of RIC, is that there will be a more stream-lined and consistent approach nationally to assisting farming communities by removing the administration of loans from the State and Territories.

The Board is committed to providing quality advice to the Minister, and the Board has raised concerns in regards to the move to national administration and a centralised delivery of RIC's Concessional Loans schemes. The Board has identified that RIC may still require suitable localised expertise from Western

Australia in the assessment of applications from this State, and as such, the RBDC remains the most appropriate local statutory authority to provide this service.

The Board is committed to the continual improvement of the delivery of schemes of assistance in this State. The Board will be closely monitoring the progress of RIC to ensure the effectiveness of the delivery, and a fair and equitable assessment of applications from this State, to ensure that long term profitability and viability of farm businesses are protected in Western Australia.

I would also like to thank the Department of Primary Industries and Regional Development staff for their diligence, commitment and hard work in providing support for the Board. Finally, I would like to thank and acknowledge the performance of my fellow Directors for their time, support and commitment to the Board.

Andrew Clark  
**CHAIRMAN**



## Highlights 2017-18

The past financial year saw some significant challenges for the agriculture and food sector in this State with the dry start to winter in 2017 impacting on grain production across the northern and north eastern wheat belt.

The Rural Business Development Corporation continued to administer the three existing Australian Government's concessional loans schemes during the 2017-18 financial year, along with the Western Australian Farm Debt Mediation Scheme.

### Farm Debt Mediation Scheme

The Farm Debt Mediation Scheme in Western Australia, which commenced in 2015, is a voluntary farm debt mediation scheme. The Scheme provides for a non-threatening and inexpensive way to bring a farmer and their main financier together to start a dialogue on any areas that may be of concern to both parties with the aim of reaching an agreement.

The Scheme utilises the Small Business Development Corporation's debt mediation services through a Memorandum of Understanding.

A review of the WA Farm Debt Mediation Scheme was undertaken during 2017. The Review, which compared the WA scheme to the legislated models operating in Victoria, New South Wales, and Queensland, concluded that:

- ❖ Western Australia acknowledges the desire of the Commonwealth Government to move to a nationally consistent farm debt mediation model by way of legislation
- ❖ The existing voluntary Farm Debt Mediation Scheme in WA is operating effectively and efficiently. Therefore, with the very low annual application rates that prevail in WA, a move to a legislative model cannot be justified.

The Review recommended that Western Australia continues to administer the existing voluntary Farm Debt Mediation Scheme.

The Minister considered the review of the Farm Debt Mediation Scheme in WA and will support the continuation of the RBDC's voluntary FDMS until there is evidence that the scheme is no longer effective and there is a clear end to consider an alternative approach. The Minister and WA Government will continue to work towards nationally harmonised farm debt mediation through the Agriculture Ministers Forum (AGMIN).

Early intervention and communication is the cornerstone of the RBDC's voluntary approach. This early intervention is not available with the legislated approaches to farm debt mediation that have been adopted in other jurisdictions nationally.

The legislated approach requires a formal trigger and this is usually the issuance of a letter of Demand by the financier. A voluntary approach encourages parties to address issues long before they become problematic and result in costly and stressful foreclosure.

The Board will continue to ensure that the most appropriate farm debt mediation scheme is available for Western Australian farm business and financial institutions.

During 2017-18, a total of 10 applications for farm debt mediation were submitted, bringing to a total of 26 applications submitted since June 2015.

### **Concessional Loans Scheme**

The RBDC continued to administer loans disbursed from previous Australian Government loans schemes. These include the Farm Finance Concessional Loans Scheme (2013-14 & 2014-15), and the Drought Concessional Loan Schemes (2014-15 and 2015-16).

As at 30 June 2018, across the 3 loan schemes, there were 46 active loan clients, with total principal outstanding of \$16,686,894.00, with no loans in arrears.

With the recent adoption of the Smarty Grants online grant management platform, loan clients now submit their Annual Review using Smarty Grants. This has led to increased efficiencies allowing a reduction in operational costs during 2017-18.

The Board is committed to continuing to improve its administration efficiencies, while meeting its corporate responsibilities, and treating its customers in a consistent and professional manner.

# **About the Rural Business Development Corporation**

## **The Role of the RBDC**

The role of the RBDC is to properly and fairly administer approved assistance schemes for the rural sector on behalf of the Western Australian State Government and deliver other services for the benefit of rural industry.

## **Corporate Structure and Staff**

The RBDC has no staff. DPIRD provided all services under a Memorandum of Understanding agreement with the RBDC. Under the agreement, DPIRD provides the resources, including staff, for the RBDC to undertake its functions.

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

## **The objective of the RBDC**

To improve the long-term profitability and viability of rural businesses, leading to an internationally competitive and sustainable rural sector in Western Australia.

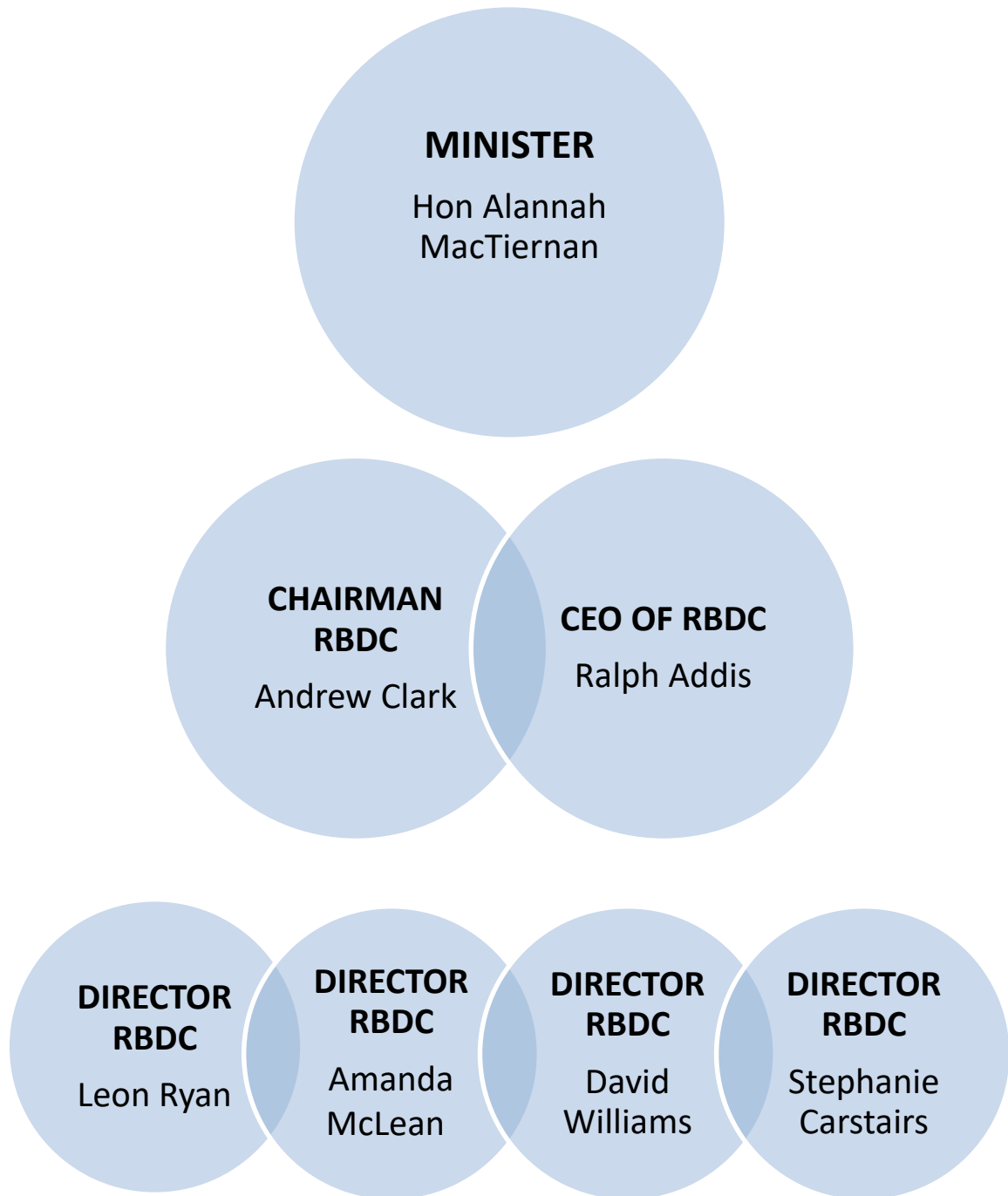
## **The strategies of the RBDC**

To administer schemes of assistance that enable rural businesses to identify and implement their own strategies that enhance their long term profitability.

To administer schemes of assistance that will enable the rural sector to be prepared for periods of financial challenge caused by adverse seasonal conditions, and or other circumstances.

Support the rural sector through the provision of policy advice, encouraging innovation and identifying issues that may require government intervention through approved schemes of assistance.

## Organisational structure



## Corporate Profile

### Rural Business Development Corporation Directors

The *Rural Business Development Corporation (RBDC) Act 2000* requires that the RBDC Board consists of five Directors appointed by the Minister. The Board held six (6) formal meetings during 2017-18. Directors were involved in a number of other issues and activities outside the formal meetings, including policy considerations via email and phone.

The RBDC Act stipulates that a Director whose term of office expires continues in office until the Director is reappointed or his or her successor assumes their position.



Photo RBDC Board Members (Right to left) David Williams, Stephanie Carstairs, Amanda McLean, Andrew Clark (Board Member Leon Ryan unavailable for photo).

**CHAIRMAN**  
Andrew Clark

Mr Andrew Clark commenced as Chairman of the RBDC in January 2017.



Mr Clark brings to the Board over a quarter of a century of financial and banking experience. Prior to embarking on his journey into the financial world, Mr Clark co-managed his family's farm business for many years.

Mr Clark is passionate and tenacious in his on-going commitment to farming and regional businesses across Western Australia and volunteers his time on many Boards and Committees. These include the Rural Financial Counselling Service of WA and the Financial Risk Committee. Andrew is also a member of the Agri-finance Alliance of WA.

Mr Clark represents the National Australia Bank (NAB) (his current employer) to government and industry.

Mr Clark holds a Bachelor of Commerce (Property) and Bachelor of Business (Agriculture). Mr Clark attended six (6) meetings of the Corporation during 2017-18.

**DIRECTOR**

Leon Ryan



Mr Ryan is a partner in a family farm business. Mr Ryan holds a Bachelor of Commerce and Masters in Business Administration. He is a Graduate Member of the Australian Institute of Company Directors.

In 2009, Mr Ryan was awarded by Nuffield Farming a Scholarship and in 2014 was elected Chairman of the Western Australia branch of Nuffield Australia Farming Scholars from February 2014 to February 2016.

Mr Ryan was appointed a Director of the RBDC on 24 January 2011. Mr Ryan attended four (4) meetings of the Corporation during 2017-18

**DIRECTOR**

Amanda  
McLean



Mrs McLean is an experienced and successful farm business owner and managing partner of her own agricultural business.

Mrs McLean's experience is backed by tertiary qualifications in Science and Commerce and she is a Certified Practising Accountant (CPA).

Mrs McLean was appointed a Director of RBDC on 30 September 2014. Mrs McLean attended five (5) meetings of the Corporation during 2017-18.



## **DIRECTOR**

David Williams



Mr Williams is a professional with broad experience in farm consulting including farm business management and agronomy. Mr Williams has been a partner in the agricultural consulting firm BJW Agribusiness since 2005.

Mr Williams is a past President of the AAAC (WA) and has been a member of the WA state government Dry Season Advisory Committee.

Mr Williams holds a Bachelor of Science in Agriculture from UWA and a Master of Business Administration from Deakin University majoring in Accounting and Finance.

Mr Williams was appointed a Director of RBDC on 30 September 2014. Mr Williams attended six (6) meetings of the Corporation during 2017-18.

Mr Williams is Chair of the RBDC Internal Audit Committee.

**DIRECTOR**

Stephanie  
Carstairs



Ms Carstairs is an accomplished primary producer specialising in horticulture, including new industries into her beef cattle and sheep enterprise. Ms Carstairs is passionate about building capacity and growing the agrifood sector in regional Western Australia.

Ms Carstairs holds a Masters of Economic Studies from the University of New England and a Bachelor of Science in Agriculture (Hons) from the University of Western Australia. She is also a graduate of the Australian Institute of Company Directors.

Ms Carstairs was appointed as a Director on 1 February 2016 and attended six (6) meetings of the Corporation during 2017-18.

Ms Carstairs is a member of the RBDC Internal Audit Committee.

## Terms of Appointment

Name of Director	Initially Appointed	Term Expires	2017 -18 Meetings Attended
Mr Andrew Clark	25 January 2017	26 January 2022	6
Mr Leon Ryan	24 January 2011	25 January 2019	4
Ms Amanda Mclean	30 September 2014	24 January 2020	5
Mr David Williams	30 September 2014	24 January 2020	6
Ms Stephanie Carstairs	01 February 2016	25 January 2019	6

## RBDC Board Remuneration

Name of Director	Position	Type of Remuneration	Gross / Actual Remuneration
Mr Andrew Clark	Chairman	Annual	\$32,328.00
Mr Leon Ryan	Director	Annual	\$16,224.00
Ms Amanda McLean	Director	Annual	\$16,224.00
Mr David Williams	Director	Annual	\$16,224.00
Ms Stephanie Carstairs	Director	Annual	\$16,224.00

## **Potential Conflicts of Interest by RBDC Directors**

### **Andrew Clark**

Andrew Clark declared that as an employee of the National Australia Bank (NAB), both he and his direct reports may have customers that are eligible for support under the State Assistance Package, Farm Finance Concessional Loans Scheme, Drought Concessional Loan Scheme and other approved assistance schemes administered by the RBDC. This involvement may also include determining the banks comfort in supporting individual applications. Andrew has declared that he is on the Board of Rural Financial Counselling Service Western Australia (RFCSWA). There is no considered conflict of interest to declare.

### **Leon Ryan**

Leon Ryan is a partner in a farming business that has not received any assistance but may be considered eligible for future schemes. Leon has no conflict of interest to declare.

### **David Williams**

David Williams declared that BJW Agribusiness clients may have received Building Farm Business Grants under the Drought Pilot Program. Clients may also be eligible for support under the State Assistance Package, Farm Concessional Loans Scheme, Drought Concessional Loans Scheme and other approved assistance schemes administer by the RBDC. Under the Farm Business Assessment Scheme, BJW Agribusiness and other AAAC businesses may have provided direct services to clients who are eligible to receive a grant. David declared that he is a partner of BJW Agribusiness. To the best of David's knowledge, he does not have any conflict of interest.

### **Amanda McLean**

Amanda McLean declared that she has been jointly appointed by the National Trust (WA) and the Shire of Beverley, to develop and activate a strategic proposal for the reactivation of Avondale Farm. Amanda noted that this would require her to make requests from time to time to DPIRD (via the Wheatbelt Development Commission, Department of Primary Industries and Regional Development) and the Department of Premier and Cabinet (Minister MacTiernan's office) for the project support and funding. Amanda has no personal gain from this project, but is declaring her involvement. The Board has noted Ms McLean's declaration and agreed that Ms McLean would not participate in any decisions involving matter in which Ms McLean had an actual or perceived conflict of interest. Ms McLean is a partner in a farm business that may be eligible to apply for approved assistance schemes administer by the RBDC in the future.

### **Stephanie Carstairs**

Stephanie Carstairs advised that she has no conflict of interest to declare.

# Legislation

## Administered Legislation

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

The *Rural Business Development Corporation (RBDC) Act 2000* was proclaimed on 20 December 2000, repealing the *Rural Adjustment and Finance Corporation (RAFCOR) Act 1993*. The RBDC (The Corporation) is established under *Section 5* of the *Rural Business Development Corporation Act 2000*. The Corporation's functions are:

- To administer approved assistance schemes and to ensure that such schemes administered by the Corporation are properly and fairly administered;
- To give directly the financial assistance to be given under approved assistance schemes administered by the Corporation;
- To provide monies to a department of the public service, or to an agency or instrumentality of the Crown, for the purposes of the financial assistance to be given under an approved assistance scheme administered by the department, agency or instrumentality;
- Carry out research into, and develop policies on, issues affecting persons likely to be given financial assistance under this Act;
- Review and give advice to the Minister in relation to
  - Proposed assistance schemes
  - The implementation of approved assistance schemes, and
  - Economic and other conditions in the rural sector.
- To perform other functions given to the Corporation under this Act or another Act; and,
- To perform any other functions that may be prescribed.

## Responsible Minister

The Honourable Alannah MacTiernan MLC, Minister for Agriculture and Food



## **Other key legislation impacting on activities**

The RBDC has no staff. DPIRD provides all services under a Memorandum of Understanding (MOU) with the RBDC. Under the MOU, DPIRD provides the resources, including 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 financial performance of its functions, the RBDC complies with the following relevant written laws;

- *Auditor General Act 2006*
- *Disability Services Act 1993*
- *Financial Management Act 2006*
- *Freedom of Information Act 1992*
- *Occupational Safety and Health Act 1984*
- *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*
- *The Legal Deposits 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 2017-18 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.

Part of this Annual Report form part of the required Information Statement. The various components of the Information Statement are incorporated in the following sections;

- Role, Objectives and Strategies of the Corporation (Page 7)
- Legislation (Page 14)

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.

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The DPIRD FOI Coordinator deals with all FOI applications in relation to RBDC clients.

- There was one FOI application received during 2017 -18

### **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). The MOU between the RBDC and DPIRD stipulates DPIRD is responsible for developing and implementing Disability Access and Inclusion Plans.

### **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 regards to their compliance with their record keeping plans.

### **Auditor Generals Act 2006**

Internal Audit Function

- 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 appointed Deloitte to undertake the internal audit of RBDC schemes and governance.
- DPIRD is responsible for internal audit functions in relation to its operations.

## **Governance Disclosures**

All governance disclosures have been included in the section that identifies potential conflicts of Interest by RBDC Directors.

## **Ministerial Directives**

No Ministerial directives were received during the financial year.

## **Unauthorised use of Credit Cards**

The RBDC Directors do not have access to Government Purchasing Cards (a credit card)

## **Public Sector Management Act 1994**

The RBDC Board abides with all Government policy requirements as Public Officers and follows the Public Sector Code of Conduct.

## **Government Building Training Policy**

DPIRD administers and reports on the Government Building Training Policy on behalf of the RBDC in performing their services under the MOU between RBDC & DPIRD.



## **Report on Operations**

During 2017-18, the RBDC continued to administer and maintain a number of schemes. Scheme Guidelines provide full details for each scheme and are made available on the RBDC website during the time the scheme is open for applications.

During 2017-18 the RBDC administered;

- Farm Finance Concessional Loans Scheme (FFCLS 2013-14 and 2014-15)
- Drought Concessional Loans Scheme (DCLS 2014-15)
- Drought Concessional Loans Scheme 2015-16 (DCLS 2015-16)
- Farm Debt Mediation Scheme (FDMS)

### **Farm Finance Concessional Loan Scheme (FFCLS)**

The Australian Government established the Farm Finance Concessional Loans Scheme in late 2013 to assist farm businesses finding it increasingly difficult to service debt but considered viable in the longer term by providing loans to enhance on farm productivity, or for debt restructuring. Applications for FFCLS closed on 30 June 2015. A total of 122 applications were received and 45 applications were approved at a total value of \$15,042,994.

As at 30 June 2018, there were 39 active loan clients, with total principal outstanding of \$13,038,294.

### **Drought Concessional Loan Scheme (DCLS 2014-15)**

The Drought Concessional Loan Scheme (DCLS) was established by the Australian Government in 2014 to assist farm businesses affected by drought to recover, prepare for future droughts and return to viability in the longer term. Applications for the scheme closed on 30 June 2015. A total of 26 applications were received with five (5) applications' approved at a total value of \$2,142,000.

As at 30 June 2018, there were 4 active loan clients with a total principal outstanding of \$1,642,000.

### **Drought Concessional Loan Scheme 2015-16 (DCLS 2015-16)**

The Commonwealth Government established a new Drought Concessional Loans Scheme for 2015-16. Applications for the scheme opened on 12 April 2016, originally scheduled to close 30 June 2016. It was later extended to 31 October 2016, and again extended to close on 30 June 2017.

Under this scheme, 11 applications were received, with 3 approved a total value of \$2,006,600.

As at 30 June 2018, there were three active loan clients, with a total principal outstanding of \$2,006,600.

## Loan Schemes - Combined

As at 30 June 2018, across the 3 loans schemes, there were 46 active loan client with a total principal outstanding of \$16,686,894.

As at 30 June 2018, there were no loans in arrears.

## Farm Debt Mediation Scheme (FDMS)

The Western Australian Government and RBDC established the Farm Debt Mediation Scheme in June 2015. A total of 10 applications for farm debt mediation were submitted during 2017-18.

Since the scheme opened on 5 June 2015 to 30 June 2018.

<b>Total Number of Applications</b>	<b>26</b>
In process with DPIRD	1
Resolved before going to mediation with SBDC	3
Resolved by mediation with SBDC	5
Not resolved by mediation with SBDC	1
Being case managed by SBDC	5
Withdrawn applications.	11

# Key performance indicator 2017-18



**RURAL BUSINESS DEVELOPMENT CORPORATION**  
**30 June 2018**

## **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 2018

A handwritten signature in black ink, appearing to be "A Clark", written over a large, faint circular watermark.

Andrew Clark  
**Chairman** Rural Business  
Development Corporation

10 September 2018

A handwritten signature in black ink, appearing to be "D Williams", written over a large, faint circular watermark.

David Williams  
**Director** Rural Business  
Development Corporation

10 September 2018



Our Ref: 5650-03

Chairman  
Rural Business Development Corporation  
3 Baron-Hay Court  
SOUTH PERTH WA 6151

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Email: [info@audit.wa.gov.au](mailto:info@audit.wa.gov.au)

Dear Sir

**FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS  
FOR THE YEAR ENDED 30 JUNE 2018**

The Office has completed the annual audit of the financial statements, controls and key performance indicators for your agency. We enclose a copy of the opinion of the Auditor General, 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 Minister for Agriculture and Food for tabling in Parliament.

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 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 agencies provided their financial statements to Audit has been recorded for purposes of reporting to Parliament. I advise that the date recorded for the receipt of your financial statements was 25 July 2018.

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

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

Feel free to contact me on 6557 7542 if you would like to discuss these matters further.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Liang Wong', with a stylized flourish at the end.

LIANG WONG  
ASSISTANT DIRECTOR  
FINANCIAL AUDIT  
13 September 2018

Attach

# Rural Business Development Corporation

## Key Performance Indicators 2017–18

### 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 on behalf of the State, schemes of support to Western Australian rural industry.

The extent to which recipients were satisfied with the way schemes are administered by the Corporation

Year of Survey	Scheme	Sample size	Maintain at least a 90% level of satisfaction with services provided by the Corporation (%)
2015-16	Drought Concessional Loans Scheme 2014-15	5	31.20
2015-16	Farm Finance Concessional Loans Scheme	11	42.55
2015-16	Farm Business Assessment 2014	3	76.67
2016-17	Drought Concessional Loans Scheme 2015-16	4	*34.50
2017-18	Concessional Loans Schemes Annual Reviews 2017 and 2018	55	**88.55

\* Surveying in 2016-17 was conducted on applications received in this period.

\*\* Surveying in 2017-18 was conducted on only Drought Concessional loans with an approved review submission. The last Drought Concessional Loans Scheme was closed to new applicants on 30 June 2017.

The response rate from the survey of the scheme operating in 2017-18, is as follows:

Scheme	Sample Size	Population	Sampling Error	Confidence Level	Response Rate
Farm Finance and Drought Concessional Loans Schemes	56	55	1.77%	95%	98%

The low customer satisfaction index in 2016-17 reflects changes to the rating methodology. In 2016-17, surveyed customers were asked 5 questions with a satisfaction scale of 1 to 5 where 1 is very dissatisfied, 5 very satisfied and 3 a neutral response.

It was later required that the survey be recalculated based on asking four questions (without a neutral response). This recalculation meant that neutral responses were reclassified as a 'negative' response and the satisfaction rating decreased from 89% to 34.5% in 2016-17 survey. The 2017-18 survey, only four responses were asked to determine a satisfaction rating of 1 to 4 where 1 is very dissatisfied and 4 is very satisfied, with the top 2 responses representing a 'satisfied' result.

This resulted in a client satisfaction at 88.5% for 2017-18 which is slightly below the required 90% satisfaction level. This slightly lower result is due to some client's financiers taking longer than planned to submit the necessary required information causing increases in turnaround time. This resulted in some client's satisfaction with our services to decrease.

## 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	2015-16	2016-17	2017-18	2017-18 Target
The proportion of administrative expenditure of loan value advanced	Reduction in the activity costs to administer the schemes of assistance	%	3.99	1.20	1.40	1.20
The administration cost per loan advanced amount***	Reduction in the activity costs to administer schemes of assistance	\$	12,447	4,267	4,972	5,000

\*\*\* Referring to the number of loan advanced amount approved.

The Key Efficiency Indicator Proportion of Expenditure as Administrative Expenditure related only to the administration expenses incurred on grant programs in 2015-16. There were no grant programs in 2017-18.

The main administered activity of the RBDC has been for the Commonwealth's Farm Finance and Drought Concessional Loans Schemes.

The cost saving in 2017-18 were off-set by the slight increase in administration costs per loan advanced amount due to the RBDC now meeting the full costs of Visual Risk for loans financial management. The administration cost per loan advanced were still below the target of \$5,000.



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

### RURAL BUSINESS DEVELOPMENT CORPORATION

#### Report on the Financial Statements

##### **Opinion**

I have audited the financial statements of the Rural Business Development Corporation which comprise the Statement of Financial Position as at 30 June 2018, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, and 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 2018 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, 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 am independent of the Corporation in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### **Responsibility of the Board for the Financial Statements**

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

In preparing the financial statements, the Board is responsible for assessing the agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and 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 Responsibility 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.



As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

### **Report on 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 by the Board 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).

My opinion has been formed on the basis of the matters outlined in this report.

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 2018.

#### ***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.

#### **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 the controls, necessary to achieve the overall control objectives, were implemented as designed.

An assurance engagement to report on the design and implementation of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including the 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 the controls are in operation, the overall control objectives may not be achieved so that fraud, error, or noncompliance 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 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 2018. The key performance indicators are the key effectiveness indicators and the 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 2018.

##### **The Board's Responsibility 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 Responsibility**

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 agency'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 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.

**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 2018 included 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 and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. 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 refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



DON CUNNINGHAME  
ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
13 September 2018



## RURAL BUSINESS DEVELOPMENT CORPORATION

### DISCLOSURES AND LEGAL COMPLIANCE FINANCIAL STATEMENTS

#### Certification of Financial Statements For the year ended 30 June 2018

The accompanying financial statements of the Rural Business Development Corporation have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2018 and the financial position as at 30 June 2018.

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




Mandy Taylor  
**Chief Finance Officer**

10 September 2018



Andrew Clark  
**Chairman** Rural Business  
Development Corporation

10 September 2018



David Williams  
**Director** Rural Business  
Development Corporation

10 September 2018

3 Baron-Hay Court, South Perth WA 6151  
Postal address: Locked Bag 4, Bentley Delivery Centre WA 6983  
Freecall phone: 1800 198 231 email: [rbdu@dpird.wa.gov.au](mailto:rbdu@dpird.wa.gov.au)

**RURAL BUSINESS DEVELOPMENT CORPORATION  
STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 30 June 2018

	Notes	2018 \$	2017 \$
<b>Cost of services</b>			
<b>Expenses</b>			
Supplies and services	3.3	<b>65,621</b>	64,814
Grants and subsidies	3.1	<b>5,000</b>	-
Department of Primary Industries and Regional Development (DPIRD) contracted services	3.2	<b>472,718</b>	433,492
Other expenses	3.3	<b>39,636</b>	17,958
Board member fees		<b>106,496</b>	107,334
<b>Total cost of services</b>		<b><u>689,471</u></b>	<b><u>623,598</u></b>
<b>Income</b>			
<b>Revenue</b>			
Interest revenue		<b>105,281</b>	103,839
Other revenue	4.1	-	17,500
<b>Total revenue</b>		<b><u>105,281</u></b>	<b><u>121,339</u></b>
<b>Total income other than income from state government</b>		<b><u>105,281</u></b>	<b><u>121,339</u></b>
<b>Net cost of services</b>		<b><u>(584,190)</u></b>	<b><u>(502,259)</u></b>
<b>Income from state government</b>			
Service appropriation	4.2	<b>235,000</b>	236,000
Services received free of charge		-	-
<b>Total income from state government</b>		<b><u>235,000</u></b>	<b><u>236,000</u></b>
<b>Deficit for the year</b>		<b><u>(349,190)</u></b>	<b><u>(266,259)</u></b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive loss for the year</b>		<b><u>(349,190)</u></b>	<b><u>(266,259)</u></b>

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

**RURAL BUSINESS DEVELOPMENT CORPORATION**  
**STATEMENT OF FINANCIAL POSITION**

*as at 30 June 2018*

	Notes	2018 \$	2017 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6.1	<b>5,046,508</b>	5,312,665
Receivables	5.1	<u>29,362</u>	<u>110,686</u>
<b>Total current Assets</b>		<u><b>5,075,870</b></u>	<u>5,423,351</u>
<b>Total assets</b>		<u><b>5,075,870</b></u>	<u>5,423,351</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables	5.2	<u>31,689</u>	<u>29,980</u>
<b>Total current liabilities</b>		<u><b>31,689</b></u>	<u>29,980</u>
<b>Total liabilities</b>		<u><b>31,689</b></u>	<u>29,980</u>
<b>Net assets</b>		<u><b>5,044,181</b></u>	<u>5,393,371</u>
<b>Equity</b>			
Accumulated surplus		<u>5,044,181</u>	<u>5,393,371</u>
<b>Total equity</b>		<u><b>5,044,181</b></u>	<u>5,393,371</u>

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

**RURAL BUSINESS DEVELOPMENT CORPORATION**  
**STATEMENT OF FINANCIAL POSITION**

For the year ended 30 June 2018

	Note	Accumulated surplus	Total equity
		\$	\$
<b>Balance at 1 July 2016</b>		5,659,630	5,659,630
Deficit for the year		(266,259)	(266,259)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		<u>(266,259)</u>	<u>(266,259)</u>
<b>Balance at 30 June 2017</b>		<u>5,393,371</u>	<u>5,393,371</u>
<b>Balance at 1 July 2017</b>		<b>5,393,371</b>	<b>5,393,371</b>
Deficit for the year		<b>(349,190)</b>	<b>(349,190)</b>
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		<u><b>(349,190)</b></u>	<u><b>(349,190)</b></u>
<b>Balance at 30 June 2018</b>		<u><b>5,044,181</b></u>	<u><b>5,044,181</b></u>

The Statement of changes in equity should be read in conjunction with the accompanying notes.

**RURAL BUSINESS DEVELOPMENT CORPORATION**  
**STATEMENT OF CHANGES IN EQUITY**

For the year ended 30 June 2018

	Notes	2018 \$	2017 \$
<b>Cash flows from state government</b>			
Service appropriations		<u>235,000</u>	<u>236,000</u>
<b>Net cash provided by state government</b>		<u><u>235,000</u></u>	<u><u>236,000</u></u>
Utilised as follows:			
<b>Cash flows from operating activities</b>			
<b>Payments</b>			
Supplies and services		(63,912)	(92,014)
DPIRD contracted services		(472,718)	(504,816)
Grants and subsidies		(5,000)	-
GST payments on purchases		(3,410)	(4,584)
GST payments to taxation authority		-	(1,795)
Board member fees		(106,496)	(107,334)
Other payments		(24,000)	(29,900)
<b>Receipts</b>			
Interest received		100,129	115,467
GST receipts on sales		-	-
GST receipts from taxation authority		1,846	7,380
Other receipts		<u>72,404</u>	<u>9,400</u>
<b>Net cash used in operating activities</b>	6.2.2	<u><u>(501,157)</u></u>	<u><u>(608,196)</u></u>
Net decrease in cash and cash equivalents		(266,157)	(372,196)
Cash and cash equivalents at the beginning of the year		<u>5,312,665</u>	<u>5,684,861</u>
<b>Cash and cash equivalents at the end of year</b>	6.1	<u><u>5,046,508</u></u>	<u><u>5,312,665</u></u>

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



**RURAL BUSINESS DEVELOPMENT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

*For the year ended 30 June 2018*

<b>Subject</b>	<b>Disclosure Note</b>	<b>Title of the Policy and/or disclosure note</b>
Basis of preparation	<b>1</b>	Statement of compliance
Basis of preparation	<b>1</b>	Judgements and estimates
Basis of preparation	<b>1</b>	Contributed equity
Authority outputs	<b>2.1</b>	Authority objectives
Use of our funding	<b>3.1</b>	Grants and subsidies
Use of our funding	<b>3.2</b>	DPIRD contracted services
Use of our funding	<b>3.3</b>	Other expenditure
Our funding sources	<b>4.1</b>	Other revenue
Our funding sources	<b>4.2</b>	Income from State Government
Other assets and liabilities	<b>5.1</b>	Receivables
Other assets and liabilities	<b>5.2</b>	Payables
Financing	<b>6.1</b>	Cash and cash equivalents
Financing	<b>6.2</b>	Reconciliation of cash
Financing	<b>6.3</b>	Commitments
Risks and contingencies	<b>7.1</b>	Financial risk management
Risks and contingencies	<b>7.2</b>	Contingent assets and liabilities
Other disclosures	<b>8.1</b>	Events occurring after the end of the reporting period
Other disclosures	<b>8.2</b>	Future impact of Australian Accounting Standards not yet operative
Other disclosures	<b>8.3</b>	Key management personnel
Other disclosures	<b>8.4</b>	Related parties
Other disclosures	<b>8.5</b>	Related bodies
Other disclosures	<b>8.6</b>	Affiliated bodies
Other disclosures	<b>8.7</b>	Commonwealth Concessional Loan Scheme
Other disclosures	<b>8.8</b>	Remuneration of auditors
Other disclosures	<b>8.9</b>	Supplementary financial information
Other disclosures	<b>8.10</b>	Explanatory statement

# RURAL BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

### Note 1. Basis of preparation

The Rural Business Development Corporation ("Authority") is a statutory authority established under Section 5 of the Rural Business Development Corporation Act 2000. 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 10 September 2018.

### 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 (AAS) including applicable interpretations
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.

### 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.

### Contributed equity

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated by the Government (the owner) as contributions by owners (at the time of, or prior, to transfer) before such transfers can be 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.

# RURAL BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

The transfers of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal.

### Note 2. Authority outputs

#### How the Authority operates

This section includes information regarding the nature of funding the Authority receives and how this funding is utilised to achieve the Authority's objectives. This note also provides the distinction between controlled funding and administered funding:

	<b>Notes</b>
Authority objectives	2.1

#### 2.1 Authority objectives

##### Mission

To improve the long-term profitability and viability of farm businesses, leading to an internationally competitive and sustainable farm sector in Western Australia.

##### Services

The Authority provides the following service:

##### *Service 1: Farm Business Development*

This service provides financial support to farmers who have been significantly impacted by exceptional seasonal events. It assists them to enhance their skills in order to improve and sustain long-term profitability and be better equipped to deal with risks inherent in farming.

This service contributes to the ecological sustainable development of agri-industry in a number of ways. The Corporation aims to implement the industry support within the funding guidelines to maximise the protection of the resources of the agri-industries.

**RURAL BUSINESS DEVELOPMENT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

*For the year ended 30 June 2018*

**Note 3: Use of our funding**

**Expenses incurred in the delivery of services**

This section provides additional information about how the Authority'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 Authority in achieving its objectives and the relevant notes are:

	<b>Notes</b>	<b>2018</b>	2017
		<b>\$</b>	\$
Grants and subsidies	3.1	<b>5,000</b>	-
DPIRD contracted services	3.2	<b>472,718</b>	433,492
Other expenditure	3.3	<b>105,257</b>	82,772

**3.1 Grants and subsidies**

	<b>2018</b>	2017
	<b>\$</b>	\$
<b>Grants</b>		
Farm Business Assessment	<b>5,000</b>	-
	<b>5,000</b>	-

Transactions in which the Authority provides goods, services, assets (or extinguishes a liability) or labour to another party without receiving approximately equal value in return are categorised as 'Grant expenses'. Grants can either be operating or capital in nature.

Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

Grants and other transfers to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as: grants, subsidies, personal benefit payments made in cash to individuals, other transfer payments made to public sector agencies, local government, non-government schools, and community groups.

**3.2 DPIRD Contracted Service Costs**

	<b>2018</b>	2017
	<b>\$</b>	\$
<b>DPIRD contractors and service overheads</b>		
DPIRD contractors	<b>273,005</b>	141,658
Contractor related expenses (mileage, transfer costs, training)	<b>6,353</b>	22,243
Service agreement overheads	<b>193,360</b>	269,591
	<b>472,718</b>	433,492

**RURAL BUSINESS DEVELOPMENT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

*For the year ended 30 June 2018*

**3.3 Other expenditure**

	<b>2018</b>	2017
	<b>\$</b>	\$
<b>Supplies and services</b>		
Services and contracts	<b>64,010</b>	62,371
Supplies consumed	<b>1,611</b>	2,443
<b>Total supplies and services expenses</b>	<b>65,621</b>	64,814
<b>Other expenses</b>		
(Write back) doubtful debts expense	<b>15,636</b>	(11,942)
Audit fees	<b>24,000</b>	29,900
<b>Total other expenses</b>	<b>39,636</b>	17,958
<b>Total other expenditure</b>	<b>105,257</b>	82,772

**Supplies and services:** Supplies and services are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any materials held for distribution are expensed when the materials are distributed.

**Doubtful debt expense:** Doubtful debt expense is recognised as the movement in the provision for doubtful debt. Please refer to note 5.1.1 Movement of the allowance for impairment of receivables.

**Other:** Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

**RURAL BUSINESS DEVELOPMENT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

*For the year ended 30 June 2018*

**Note 4: Our funding sources**

**How we obtain our funding**

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

	<b>Notes</b>	<b>2018</b>	<b>2017</b>
		<b>\$</b>	<b>\$</b>
Other revenue	4.1	-	17,500
Income from State Government	4.2	<b>235,000</b>	236,000

**4.1 Other revenue**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Refund of grants	-	17,500
Commonwealth Concessional Loan Scheme - administration fee	-	-
	<u>-</u>	<u>17,500</u>

**4.2 Income from State Government**

Services received free of charge from other State government agencies during the period:

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Appropriation received during the period		
Service appropriation <sup>(a)</sup>	<u><b>235,000</b></u>	<u>236,000</u>
	<b>235,000</b>	236,000

Assets and services received free of charge from other State government agencies during the period <sup>(b)</sup>

Determined on the basis of the following estimates provided by agencies:

DPIRD	<u>-</u>	<u>-</u>
State Solicitor's Office	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
	<u><b>235,000</b></u>	<u>236,000</u>

(a) Service appropriations are recognised as revenues at fair value in the period in which the Authority gains control of the appropriated funds. The Authority gains control of appropriated funds at the time those funds are deposited to the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury. Service appropriations fund the net cost of services delivered.

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

**RURAL BUSINESS DEVELOPMENT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

*For the year ended 30 June 2018*

**Note 5: Other assets and liabilities**

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

	<b>Notes</b>	<b>2018</b> \$	2017 \$
Receivables	5.1	<b>29,362</b>	110,686
Payables	5.2	<b>31,689</b>	29,980

**5.1 Receivables**

	<b>2018</b> \$	2017 \$
<b>Current</b>		
Receivables	<b>17,200</b>	88,040
Allowance for impairment of receivables	<b>(17,200)</b>	-
Accrued interest	<b>27,798</b>	22,646
GST receivable	<b>1,564</b>	-
	<b>29,362</b>	110,686

The Authority does not hold any collateral or other credit enhancements as security for receivables. Receivables are recognised at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

**5.1.1 Movement of the allowance for impairment of receivables**

	<b>2018</b> \$	2017 \$
<b>Reconciliation of impairment of receivables</b>		
Opening balance	-	35,136
Reversal of 2015-16 provision	-	(35,136)
Amounts written off	-	(22,000)
Amounts provided - profit or loss	<b>15,636</b>	20,000
Amounts provided - GST effect	<b>1,564</b>	2,000
<b>Closing balance</b>	<b>17,200</b>	-

The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Authority will not be able to collect the debts.

**RURAL BUSINESS DEVELOPMENT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

*For the year ended 30 June 2018*

**5.2 Payables**

	<b>2018</b>	2017
<b>Current</b>	<b>\$</b>	<b>\$</b>
Accrued expenses	<u><b>31,689</b></u>	<u>29,980</u>
	<u><b>31,689</b></u>	<u>29,980</u>

**Payables:** Payables are recognised at the amounts payable when the Authority becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as settlement is generally within 30 days.

**Note 6: Financing**

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

	<b>Notes</b>
Cash and cash equivalents	6.1
Reconciliation of cash	6.2.1
Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities	6.2.2
Commitments	6.3
Capital commitments	6.3.1
Other expenditure commitments	6.3.2

**6.1 Cash and cash equivalents**

	<b>2018</b>	2017
	<b>\$</b>	<b>\$</b>
Rural Business Development Corporation General Operating Funds	<u><b>5,046,508</b></u>	<u>5,312,665</u>
	<u><b>5,046,508</b></u>	<u>5,312,665</u>

**6.2 Reconciliation of cash**

**6.2.1 Reconciliation of cash**

	<b>2018</b>	2017
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	<u><b>5,046,508</b></u>	<u>5,312,665</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.



**RURAL BUSINESS DEVELOPMENT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

*For the year ended 30 June 2018*

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

	2018 \$	2017 \$
Cost of services	<u>(584,190)</u>	<u>(502,259)</u>
<b>Non-cash items</b>		
Resources received free of charge	-	-
Provision for doubtful debts	15,636	(11,942)
<b>(Increase)/decrease in assets:</b>		
Current receivables <sup>(a)</sup>	65,688	(60,275)
Change in GST in receivables/payables <sup>(b)</sup>	-	-
<b>Increase/(decrease) in liabilities:</b>		
Current payables <sup>(a)</sup>	1,709	(33,720)
<b>Net cash used in operating activities</b>	<u><u>(501,157)</u></u>	<u><u>(608,196)</u></u>

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

(b) This reverses out the GST in receivables and payables.

The mandatory application of AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107* imposed disclosure impacts only. The Authority is not exposed to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

**6.3 Commitments**

**6.3.1 Capital commitments**

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

**6.3.2 Other expenditure commitments**

There are no known other expenditure commitments contracted for at the reporting date, not otherwise provided for in these financial statements.

# RURAL BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

### Note 7: Risks and contingencies

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

	<b>Notes</b>
Financial instruments	7.1
Contingent liabilities and contingent assets	7.2

#### 7.1 Financial risk management

Financial instruments held by the Authority are cash and cash equivalents, loans and receivables and payables. The Authority has limited exposure to financial risks. The Authority's overall risk management program focuses on managing the risks identified below.

##### a) Summary of risks and risk management

###### Credit Risk

Credit risk arises when there is the possibility of the Authority's receivables defaulting on their contractual obligations resulting in financial loss to the Authority.

Credit risk associated with the Authority's financial assets is minimal as the Authority trades only with recognised, creditworthy third parties. The Authority has policies in place to ensure that any sales of products and services are made to customers with an appropriate credit history. Furthermore, receivables balances are monitored on an ongoing basis with the result that the Authority's exposure to bad debts is minimal. At the end of the reporting period there were no significant concentrations of credit risk.

The carrying amount of financial assets as discussed in Note 7.1(c) 'Ageing Analysis of financial assets' represents the Authority's maximum exposure to credit risk.

###### Liquidity Risk

Liquidity risk arises when the Authority is unable to meet its financial obligations as they fall due. The Authority is exposed to liquidity risk through its trading in the normal course of business. The Authority has appropriate procedures to manage cash flows including drawdowns of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

All payables are due within 30 days of reporting date. Due to the short term nature of the payables, the fair value approximates the carrying amount as per the Statement of Financial Position.

**RURAL BUSINESS DEVELOPMENT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2018

**7.1 Financial risk management (continued)**

**Market Risk**

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Authority's income or the value of its holdings of financial instruments. The Authority does not trade in foreign currency and is not materially exposed to other price risks.

If, at the end of the reporting period, there had been a 100 basis point increase/(decrease) in interest rates, held constant throughout the reporting period, then there would have been a resulting \$50,465 (2017: \$53,127) increase/(decrease) in profit or loss for the period.

**b) Categories of 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:

	<b>2018</b>	2017
	<b>\$</b>	\$
Financial assets		
Cash and cash equivalents	<b>5,046,508</b>	5,312,665
Loans and receivables <sup>(a)</sup>	<b>27,798</b>	110,686
	<b>5,074,306</b>	5,423,351
Financial liabilities		
Other liabilities: Payables	<b>31,689</b>	29,980

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

**c) Ageing analysis of financial assets**

**(c) Ageing analysis of financial assets**

	Carrying amount	Not past due and not impaired	<i>Past due but not impaired</i>				Impaired financial assets
			Up to 1 month	1 - 3 months	3 months to 1 year	More than 5 years	
	\$	\$	\$	\$	\$	\$	\$
<b>2018</b>							
<b>Financial Assets</b>							
Cash and cash equivalents	5,046,580	5,046,580	-	-	-	-	-
Receivables (a)	27,798	27,798	-	-	-	-	-
		<b>5,074,378</b>	-	-	-	-	-
<b>2017</b>							
<b>Financial Assets</b>							
Cash and cash equivalents	5,312,665	5,312,665	-	-	-	-	-
Receivables (a)	110,686	110,686	87,450	-	23,236	-	-
		<b>5,423,351</b>	<b>87,450</b>	-	<b>23,236</b>	-	-

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

# RURAL BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

### d) Liquidity Risk and Interest Rate Exposure

The following table details the Authority's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities.

#### Interest rate exposures and maturity analysis of financial assets and financial liabilities

	Interest rate exposure				Nominal amount	Maturity dates				
	Weighted average effective interest rate %	Carrying amount \$	Variable interest rate \$	Non-interest bearing \$		Up to 1 month \$	1-3 months \$	3 months to 1 year \$	1-5 years \$	More than 5 years \$
<b>2018</b>										
<b>Financial Assets</b>										
Cash and cash equivalents	1.97%	5,046,580	5,046,580	-	5,046,580	5,046,580	-	-	-	-
Receivables (a)		27,798	-	27,798	27,798	27,798	-	-	-	-
		<u>5,074,378</u>	<u>5,046,580</u>	<u>27,798</u>	<u>5,074,378</u>	<u>5,074,378</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial Liabilities</b>										
Payables		31,689	-	31,689	31,689	31,689	-	-	-	-
		<u>31,689</u>	<u>-</u>	<u>31,689</u>	<u>31,689</u>	<u>31,689</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>2017</b>										
<b>Financial Assets</b>										
Cash and cash equivalents	1.98%	5,312,665	5,312,665	-	5,312,665	5,312,665	-	-	-	-
Receivables (a)		110,686	-	110,686	110,686	110,686	-	-	-	-
		<u>5,423,351</u>	<u>5,312,665</u>	<u>110,686</u>	<u>5,423,351</u>	<u>5,423,351</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial Liabilities</b>										
Payables		29,980	-	29,980	29,980	29,980	-	-	-	-
		<u>29,980</u>	<u>-</u>	<u>29,980</u>	<u>29,980</u>	<u>29,980</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

### 7.2 Contingent assets and liabilities

There were no contingent liabilities or contingent assets which would affect the Authority.

### Note 8: 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.	8.1
Future impact of Australian Accounting standards not yet operative	8.2
Key management personnel	8.3
Related Parties	8.4
Related bodies	8.5
Affiliated bodies	8.6
Commonwealth Concessional Loan Scheme	8.7
Remuneration of the auditor	8.8
Supplementary financial information	8.9
Explanatory statement	8.10

# RURAL BUSINESS DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

### 8.1 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.

### 8.2 Future impact of Australian Accounting standards not yet operative

The Authority cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements or by an exemption from TI 1101. Where applicable, the Authority plans to apply the following Australian Accounting Standards from their application date.

		<b>Operative for reporting periods beginning on/after</b>
<b>AASB 9</b>	<b><i>Financial Instruments</i></b> This Standard supersedes AASB 139 <i>Financial Instruments: Recognition and Measurement</i> , introducing a number of changes to accounting treatments.  The mandatory application date of this Standard is currently 1 January 2018 after being amended by AASB 2012-6, AASB 2013-9 and AASB 2014-1 <i>Amendments to Australian Accounting Standards</i> .  The Authority has not yet determined the application or the potential impact of the Standard.	1 Jan 2018
<b>AASB 15</b>	<b><i>Revenue from Contracts with Customers</i></b> This Standard establishes the principles that the Authority shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The Authority's income is principally derived from service appropriation which will be measured under AASB 1058 <i>Income of Not-for-Profit Entities</i> and will be unaffected by this change. However, the Authority has not yet determined the potential impact of the Standard on other revenues. In broad terms, it is anticipated that the terms and conditions attached to these revenues will defer revenue recognition until the Authority has discharged its performance obligations.	1 Jan 2019
<b>AASB 16</b>	<b><i>Leases</i></b> This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Authority currently has no lease commitments and the application of the standard is not expected to have any financial impact.	1 Jan 2019

**RURAL BUSINESS DEVELOPMENT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

*For the year ended 30 June 2018*

**8.2 Future impact of Australian Accounting standards not yet operative (continued)**

		Operative for reporting periods beginning on/after
<b>AASB 1058</b>	<b><i>Income of Not-for-Profit Entities</i></b>  <b><i>This Standard clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, more closely reflecting the economic reality of NFP entity transactions that are not contracts with customers. Timing of income recognition is dependent on whether such a transaction gives rise to a liability, a performance obligation (a promise to transfer a good or service), or, an obligation to acquire an asset. The Authority has not yet determined the application or the potential impact of the Standard.</i></b>	1 Jan 2019
<b>AASB 1059</b>	<b><i>Service Concession Arrangements: Grantors</i></b>  <b><i>This Standard addresses the accounting for a service concession arrangement (a type of public private partnership) by a grantor that is a public sector entity by prescribing the accounting for the arrangement from the grantor's perspective. Timing and measurement for the recognition of a specific asset class occurs on commencement of the arrangement and the accounting for associated liabilities is determined by whether the grantee is paid by the grantor or users of the public service provided. The Authority has not identified any public private partnerships within scope of the Standard.</i></b>	1 Jan 2019
<b>AASB 2010-7</b>	<b><i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 &amp; 1038 and Int 2, 5, 10, 12, 19 &amp; 127]</i></b>  <b><i>This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010. The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. The Authority has not yet determined the application or the potential impact of the Standard.</i></b>	1 Jan 2018
<b>AASB 2014-1</b>	<b><i>Amendments to Australian Accounting Standards</i></b>  <b><i>Part E of this Standard makes amendments to AASB 9 and consequential amendments to other Standards. It has not yet been assessed by the Authority to determine the application or potential impact of the Standard.</i></b>	1 Jan 2018

**RURAL BUSINESS DEVELOPMENT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

*For the year ended 30 June 2018*

**8.2 Future impact of Australian Accounting standards not yet operative (continued)**

	<b>Operative for reporting periods beginning on/after</b>
<p><b>AASB 2014-5</b> <i>Amendments to Australian Accounting Standards arising from AASB 15</i></p> <p>This Standard gives effect to consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
<p><b>AASB 2014-7</b> <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</i></p> <p>This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
<p><b>AASB 2015-8</b> <i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i></p> <p>This Standard amends the mandatory application date of AASB 15 to 1 January 2018 (instead of 1 January 2017). It also defers the consequential amendments that were originally set out in AASB 2014-5. There is no financial impact arising from this Standard.</p>	1 Jan 2018
<p><b>AASB 2016-3</b> <i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i></p> <p>This Standard clarifies identifying performance obligations, principal versus agent considerations, timing of recognising revenue from granting a licence, and, provides further transitional provisions to AASB 15. The Authority has not yet determined the application or the potential impact.</p>	1 Jan 2018
<p><b>AASB 2016-7</b> <i>Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities</i></p> <p>This Standard defers, for not-for-profit entities, the mandatory application date of AASB 15 to 1 January 2019, and the consequential amendments that were originally set out in AASB 2014-5. There is no financial impact arising from this standard.</p>	1 Jan 2018

**RURAL BUSINESS DEVELOPMENT CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS**

*For the year ended 30 June 2018*

**8.2 Future impact of Australian Accounting standards not yet operative (continued)**

<b>AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</b>	<b>Operative for reporting periods beginning on/after</b> 1 Jan 2019
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This Standard inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9 and AASB 15. This guidance assists not-for-profit entities in applying those Standards to particular transactions and other events. There is no financial impact.

**8.3 Key management personnel**

The Authority has determined that key management personnel include Cabinet Ministers and senior officers of the Authority. However, the Authority 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.

Total compensation of senior officers of the Authority for the reporting period is presented within the following bands:

	<b>2018</b>	2017
Compensation band (\$)		
30,001 – 40,000	1	-
20,001 – 30,000	-	-
10,001 – 20,000	4	6
0 – 10,000	-	-
	<b>\$</b>	<b>\$</b>
Short term employee benefits	97,224	98,098
Post employment benefits	<u>9,272</u>	<u>9,236</u>
Total compensation of senior officers	<u><b>106,496</b></u>	<u><b>107,334</b></u>

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



## **RURAL BUSINESS DEVELOPMENT CORPORATION NOTES TO THE FINANCIAL STATEMENTS**

*For the year ended 30 June 2018*

### **8.4 Related parties**

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

Related parties of the Authority 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 departments and statutory authorities, including their related bodies, that are included in the whole of government consolidated financial statements;
- 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).

### **Significant transactions with Government-related entities**

Significant transactions include:

- Service appropriation - \$235,000 (2017: \$236,000) (Note 4.2);
- DPIRD – contracted services - \$472,718 (2017 \$433,492) (Note 3.2).

### **Material transactions with other related parties**

There were no other material transactions with other related parties.

### **8.5 Related bodies**

There were no related bodies with the Authority.

### **8.6 Affiliated bodies**

There are no affiliated bodies with the Authority.

### **8.7 Commonwealth Concessional Loan 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 Authority. As the Authority 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 Authority does not recognise an asset, nor does it record a liability. However, we disclose below these funds held in Trust.

**RURAL BUSINESS DEVELOPMENT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

*For the year ended 30 June 2018*

**8.7 Commonwealth Concessional Loan Scheme (continued)**

**Farm Finance Concessional Loan Scheme**

On 12 December 2013 the Commonwealth and the Authority entered into an agreement whereby the Commonwealth would make available \$50 million for eligible farm businesses in WA which are considered viable in the longer term but are experiencing financial difficulties and require assistance to enhance productivity.

	<b>2018</b>	2017
	\$	\$
Monies to ultimately be returned to the Commonwealth comprising:		
Cash held with the Department of Treasury	734	171,397
Monies advanced to farmers under the Concessional Loan Scheme	13,038,294	13,907,294
Interest receivable	133,687	128,019
	<u><b>13,172,715</b></u>	<u>14,206,710</u>

In accordance with the terms of the agreement, the balance of the Commonwealth monies not paid nor committed to farmers at 30 June 2018 is required to be returned to the Commonwealth. At 30 June 2018, there were no commitments under the Scheme (2017: \$nil) to loan recipients.

**Drought Concessional Loan Scheme**

On 19 September 2014 the Commonwealth and the Authority entered into an agreement whereby the Commonwealth would make available \$20 million for loans for eligible farm businesses for the purposes of restructuring existing eligible debt (including a Farm Finance Concessional Loan), providing new debt for operating expenses or drought recovery and preparedness activities, or a combination of these. On 12 April 2016, the 2015-16 Drought Concessional Loans Scheme was opened in Western Australia to assist those farmers impacted by drought to access concessional interest rate loans. The Commonwealth extended the Scheme to 30 June 2017 at which date the Scheme closed.

	<b>2018</b>	2017
	\$	\$
Monies to ultimately be returned to the Commonwealth comprising:		
Cash held with the Department of Treasury	265	7,993,400
Monies advanced to farmers under the Concessional Loan Scheme	3,648,600	4,148,600
Interest receivable	32,218	68,381
	<u><b>3,681,083</b></u>	<u>12,210,381</u>

The Commonwealth has advanced \$10 million to the Authority for purposes of the 2015-16 Drought Concessional Loans Scheme ("DCLS"). At 30 June 2018, there were no further commitments under this Scheme leaving a balance of \$nil (2017: \$7,993,400)

**RURAL BUSINESS DEVELOPMENT CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS**

*For the year ended 30 June 2018*

**8.8 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:

	<b>2018</b>	2017
	<b>\$</b>	<b>\$</b>
Auditing the accounts, financial statements and key performance indicators	<b>24,000</b>	29,900

**8.9 Supplementary financial information**

	<b>2018</b>	2017
	<b>\$</b>	<b>\$</b>
During the financial year, \$Nil (2017: \$22,000) was written off in bad debts under the authority of the accountable authority	-	22,000
The write off is included at note 5.1 'Receivables'.	<u>-</u>	<u>22,000</u>

**RURAL BUSINESS DEVELOPMENT CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2018

**8.10 Explanatory statement**

Significant variances between estimates and actual results for 2018 and between the actual results for 2018 and 2017 are shown below. Significant variances are considered to be those greater than 5% and \$12,472.

Statement of Comprehensive Income		2018	2018	2017	Variance	Variance
	Variance note	Original budget	Actual	Actual	Estimate and actual	Actual for 2018 and 2017
<b>COST OF SERVICES</b>						
<b>Expenses</b>						
Supplies and services	1	110,000	65,621	64,814	(44,379)	807
Grants and subsidies	2	190,000	5,000	-	(185,000)	5,000
DPIRD contracted services	3, A	328,346	472,718	433,492	144,372	39,226
Other expenses	4, B	-	39,636	17,958	39,636	21,678
Board member fees		107,654	106,496	107,334	(1,158)	(838)
<b>Total cost of services</b>		<b>736,000</b>	<b>689,471</b>	<b>623,598</b>	<b>(46,529)</b>	<b>65,873</b>
<b>Income</b>						
<i>Revenue</i>						
Interest revenue		104,000	105,281	103,839	1,281	1,442
Other revenue	C	-	-	17,500	-	(17,500)
<b>Total revenue</b>		<b>104,000</b>	<b>105,281</b>	<b>121,339</b>	<b>1,281</b>	<b>(16,058)</b>
<b>Total income other than income from state government</b>		<b>104,000</b>	<b>105,281</b>	<b>121,339</b>	<b>1,281</b>	<b>(16,058)</b>
<b>Net cost of services</b>		<b>(632,000)</b>	<b>(584,190)</b>	<b>(502,259)</b>	<b>47,810</b>	<b>(81,931)</b>
<b>Income from state government</b>						
Service appropriation		235,000	235,000	236,000	-	(1,000)
Services received free of charge		-	-	-	-	-
<b>Total income from state government</b>		<b>235,000</b>	<b>235,000</b>	<b>236,000</b>	<b>-</b>	<b>(1,000)</b>
<b>Deficit for the year</b>		<b>(397,000)</b>	<b>(349,190)</b>	<b>(266,259)</b>	<b>47,810</b>	<b>(82,931)</b>
<b>Other comprehensive income</b>						
<b>Total comprehensive loss for the year</b>		<b>(397,000)</b>	<b>(349,190)</b>	<b>(266,259)</b>	<b>47,810</b>	<b>(82,931)</b>

**RURAL BUSINESS DEVELOPMENT CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2018

**8.10 Explanatory statement (continued)**

Significant variances between estimates and actual results for 2018 and between the actual results for 2018 and 2017 are shown below. Significant variances are considered to be those greater than 5% and \$98,580.

<b>Statement of Financial Position</b>		<b>2018</b>	<b>2018</b>	<b>2017</b>	<b>Variance</b>	<b>Variance</b>
	Variance note	<b>Original budget</b>	<b>Actual</b>	<b>Actual</b>	<b>Estimate and actual</b>	<b>Actual for 2018 and 2017</b>
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	A	4,891,000	5,046,508	5,312,665	155,508	(266,157)
Receivables		4,000	29,362	110,686	25,362	(81,324)
Other assets		34,000	-	-	(34,000)	-
<b>Total current assets</b>		<b>4,929,000</b>	<b>5,075,870</b>	<b>5,423,351</b>	<b>146,870</b>	<b>(347,481)</b>
<b>Total assets</b>		<b>4,929,000</b>	<b>5,075,870</b>	<b>5,423,351</b>	<b>146,870</b>	<b>(347,481)</b>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Other liabilities		63,000	-	-	(63,000)	-
Payables		-	31,689	29,980	31,689	1,709
<b>Total current liabilities</b>		<b>63,000</b>	<b>31,689</b>	<b>29,980</b>	<b>(31,311)</b>	<b>1,709</b>
<b>Total liabilities</b>		<b>63,000</b>	<b>31,689</b>	<b>29,980</b>	<b>(31,311)</b>	<b>1,709</b>
<b>Net assets</b>		<b>4,866,000</b>	<b>5,044,181</b>	<b>5,393,371</b>	<b>178,181</b>	<b>(349,190)</b>
<b>Equity</b>						
Accumulated surplus	B	4,866,000	5,044,181	5,393,371	178,181	(349,190)
<b>Total equity</b>		<b>4,866,000</b>	<b>5,044,181</b>	<b>5,393,371</b>	<b>178,181</b>	<b>(349,190)</b>

**RURAL BUSINESS DEVELOPMENT CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2018

**8.10 Explanatory statement (continued)**

Significant variances between estimates and actual results for 2018 and between the actual results for 2018 and 2017 are shown below. Significant variances are considered to be those greater than 5% and \$12,472.

<b>Cash Flow Statement</b>	<b>Variance note</b>	<b>2018 Original budget</b>	<b>2018 Actual</b>	<b>2017 Actual</b>	<b>Variance Estimate and actual</b>	<b>Variance Actual for 2018 and 2017</b>
<b>Cash flows from state government</b>						
Service appropriations		235,000	235,000	236,000	-	(1,000)
<b>Net cash provided by state government</b>		<b>235,000</b>	<b>235,000</b>	<b>236,000</b>	<b>-</b>	<b>(1,000)</b>
Utilised as follows:						
<b>Cash flows from operating activities</b>						
<b>Payments</b>						
Supplies and services	1, A	(110,000)	(63,912)	(92,014)	46,088	28,102
Grants and subsidies	2	(190,000)	(5,000)	-	185,000	(5,000)
DPIRD contracted services	3, B	(328,346)	(472,718)	(504,816)	(144,372)	32,098
GST payments on purchases		-	(3,410)	(4,584)	(3,410)	1,174
GST payments to taxation authority		-	-	(1,795)	-	1,795
Other payments		-	(24,000)	(29,900)	(24,000)	5,900
Board member fees		(107,654)	(106,496)	(107,334)	1,158	838
<b>Receipts</b>						
Interest received	4, C	-	100,129	115,467	100,129	(15,338)
GST receipts on sales		-	-	-	-	-
GST receipts from taxation authority		-	1,846	7,380	1,846	(5,534)
Other receipts	5, D	104,000	72,404	9,400	(31,596)	63,004
<b>Net cash used in operating activities</b>		<b>(632,000)</b>	<b>(501,157)</b>	<b>(608,196)</b>	<b>130,843</b>	<b>107,038</b>
Net increase/(decrease) in cash and cash equivalents		<b>(397,000)</b>	<b>(266,157)</b>	<b>(372,196)</b>	<b>130,843</b>	<b>106,039</b>
Cash and cash equivalents at the beginning of the period		5,288,000	5,312,665	5,684,861	24,665	(372,196)
<b>Cash and cash equivalents at the end of year</b>		<b>4,891,000</b>	<b>5,046,508</b>	<b>5,312,665</b>	<b>155,508</b>	<b>(266,157)</b>

## **RURAL BUSINESS DEVELOPMENT CORPORATION NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2018

### **8.10 Explanatory statement (continued)**

#### **Major Estimate and Actual (2018) Variance Narratives – Statement of Comprehensive Income**

- 1 Supplies and services – variance of \$44,379. The decrease on estimate relates to reduced general expenditure. The Authority participates in the streamlined budget process – this permits the Authority to maintain the existing budget for the outyears and receive a financial incentive as a result thereof, provided the Authority does not make any amendments to the budget as originally submitted.
- 2 Grants and subsidies – variance of \$185,000. The decrease on estimate was due to no new schemes of assistance being announced during the financial year.
- 3 DPIRD contracted services – variance of \$144,372 relates to the administration of the Farm Finance and Drought Concessional loan schemes which were not adequately included in the original 2017-18 estimates. The Authority participates in the streamlined budget process and therefore cannot make changes to the budget.
- 4 Other Expenses – variance of \$39,636. The increase on estimate relates to audit expense and the impairment of trade receivables which were not included in the original 2017-18 estimates. The Authority participates in the streamlined budget process and therefore cannot make changes to the budget.

#### **Major Actual (2018 and Comparative (2017) Variance Narratives - Statement of Comprehensive Income**

- A. DPIRD contracted services – variance of \$39,226. This is mainly due to an increase in Service Agreement overhead costs associated with the Concessional Loans Schemes.
- B. Other expenses – variance of \$21,678. The increase on the 2017 actual mainly relates to the impairment of trade receivables due to uncollectible amounts.
- C. Other revenue – variance of \$17,500. The decrease on the 2017 actual relates to the return of unspent grant money during the 2016/17 financial year.

#### **Major Actual (2018) and Comparative (2017) Variance Narratives - Statement of Financial Position**

- A. Cash and cash equivalents - variance of \$266,157. The decrease results from the deficit for the period and the decrease in working capital. For further information please see commentary regarding cash flow statement below.
- B. Accumulated Surplus – variance of \$349,190. This has decreased from the prior year due to the deficit for the period.

#### **Major Estimate and Actual (2018) Variance Narratives – Cash Flow Statement**

- 1 Supplies and services – variance of \$46,088. The decrease on estimate relates to reduced general expenditure during the financial year reflecting a lower outflow of cash.
- 2 Grants and subsidies – variance of \$185,000. The decrease on estimate was due to no new schemes of assistance being announced during the financial year.

**RURAL BUSINESS DEVELOPMENT CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2018

**8.10 Explanatory statement (continued)**

**Major Estimate and Actual (2018) Variance Narratives – Cash Flow Statement (continued)**

- 3 DPIRD contracted services – variance of \$144,372 relating to the administration of the Drought Concessional loan scheme which was not included in the original 2015-16 estimates. The Authority participates in the streamlined budget process and therefore cannot make changes to the budget.
- 4 Interest received - variance of \$100,129. The budget estimate for interest revenue of \$104,000 has been included in Other receipts leading to a variance to actual. The Authority participates in the streamlined budget process and therefore cannot make changes to the budget.
- 5 Other receipts – variance of \$31,596. The budget estimate for Other receipts of \$104,000 relates to interest received for which the actual is included in Interest received (note 4) above.

**Major Actual (2018) and Comparative (2017) Variance Narratives – Cash Flow Statement**

- A. Supplies and services – variance of \$28,102. The decrease on prior year relates to reduced general expenditure.
- B. DPIRD contracted services – variance of \$32,098 relates to a reduction in costs of administration for the Concessional Loans Scheme as the Scheme is now closed to new applicants.
- C. Interest received – variance of \$15,338. Less interest was received due to a lower average cash balance during the financial year.
- D. Other receipts – variance of \$63,004. The increase in Other receipts relates to a refund paid to the Authority for the overpayment of concessional loan administration costs in FY 2016-17.



## Appendices

Information on open schemes and guidelines are available at the website

<https://www.agric.wa.gov.au/rbdc>

Information on closed schemes are available by contacting the RBDC on [rbdu.loans@dpird.wa.gov.au](mailto:rbdu.loans@dpird.wa.gov.au)

### Open Schemes

- Farm Debt Mediation Scheme WA (FDMS)

### On-going Schemes (applications closed)

- Farm Finance Concessional Loans Scheme (FFCLS 2013-14 & 2014-15)
- Drought Concessional Loans Scheme (DCLS 2014-15)
- Drought Concessional Loans Scheme 2015-16 (DCLS 2015-16)