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## Rural Business Development Corporation Annual Report 2021

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# 2021

## ANNUAL REPORT

For The Year Ended 30 June 2021



# 2021

## ANNUAL REPORT

For The Year Ended 30 June 2021



## Statement of Compliance for year ended 30 June 2021

**HON ALANNAH MACTIERNAN**

**Minister for Regional Development; Agriculture and Food; Hydrogen Industry**

In accordance with section 63 of the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament, the Annual Report of the Rural Business Development Corporation for the reporting period ended 30 June 2021.

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  
15 September 2021



Amanda McLean  
Director  
15 September 2021

## Rural Business Development Corporation Annual Report for the year ended 30 June 2021

**Rural Business Development Corporation**

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### **Important disclaimer**

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

Photography by Peter Maloney, Department of Primary Industries and Regional Development.

## Guide to this Report

This report presents the statutory compliance, performance and operational reporting for the financial year ending 30 June 2021. It consists of four principal sections and appendices:

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

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

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

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

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

## Acronyms and abbreviations

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







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## Overview of Agency

### About the RBDC

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

#### What we do

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

This is achieved by providing advice, guidance and support that will help the sector to be sustainable from an economic, social and environmental perspective.

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

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

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



#### Responsible minister

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

#### Enabling legislation

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

#### Our strategic intent

##### VISION

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

##### MISSION

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

##### OBJECTIVES

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

##### STRATEGIES

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

# Executive Summary

## Chairman's Overview



On behalf of the Rural Business Development Corporations (RBDC) Board, it is my pleasure to introduce this year's annual report, detailing how the Corporation is remaining adaptive and responsive in meeting the needs of Western Australian farming and fishing businesses, their families and the rural communities and small businesses that support the sector.

There is no doubt the COVID-19 pandemic has continued to have a major effect on people, their lives, trade and the world economy. As an essential service, the farming and fishing sector has been able to continue operating during shutdowns, but it has been exposed to the flow-on effects of movement controls and market disruptions.

The most significant effects have been the reduction in flow of inputs and labour, competing demands for transport and distribution, reduced capacity in some processing facilities, and changes in both export and domestic market demands. While there is no doubt many Western Australian farming and fishing businesses have been impacted by the COVID-19 shut down, they are resilient and have continued to recover and adapt slowly.

The business relief provided by the Australian Government in the form of tax and wage subsidies during the year supported the domestic market demand for food products and the international flight assistance mechanism was of great benefit for the Western Australian seafood industry. In addition, the initiative of the Western Australian Government to encourage people to take up work in the grains, fruit, vegetable and shearing industries in rural and regional Western Australia has been a welcome relief for many farm and fishing businesses reliant on working holiday makers.

Some of the non-labour issues continue to challenge businesses in rural and regional areas. The reduction in available air freight and loss of markets as the global hospitality industry contracted has seen many growers of high value products like flowers and seafood struggle to adapt and diversify. The demand for transport services and truck drivers in urban centres has skyrocketed in the last year as people moved to online shopping and border restrictions continued. This has resulted in many farm and fishing businesses experiencing significant delays in securing critical inputs like animal feed and chemicals when required, and also in getting products and commodities to markets.

In addition to the challenges resulting from the pandemic, community expectations in relation to animal welfare and environmental sustainability as well as the global demand for action on climate change continue to concern Western Australian farmers and fishers. Most farming, fishing and industry support businesses have continued to evolve their management practices to accommodate these issues and continue to maintain a profitable and viable business.

The last year has been difficult for many rural communities, with a devastating bushfire in the Wooroloo area as well as a number of significant storms and floods experienced throughout regional WA. The most widespread impact resulted from Severe Tropical Cyclone Seroja, which impacted more than 1,000 farm and fishing businesses across an area of more than 130,000 square kilometres. While many grain growers continue to clean up and recover from the cyclone, the rainfall was welcomed as it initiated seeding and subsequent frontal rainfall across the region has consolidated the good start to the season.

The RBDC has continued to strengthen partnerships and collaborations with State Government agencies, Australian Government agencies and the Not-for Profit sector. These networks have proved invaluable during the ongoing COVID-19 situation as well as during a number of disaster responses, with the RBDC continuing to provide intelligence about the health and financial wellbeing of WA farming and fishing businesses and sectors to its stakeholders.

I would like to acknowledge the staff and resources provided by the Department of Primary Industries and Regional Development and the continued hard work and dedication to the sector. This contribution is appreciated, and the Board looks forward to continuing our close working relationship so that farm and fishing families and rural communities continue to adapt and prosper throughout Western Australia.

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

**Andrew Clark**  
Chair

## Operational Structure

### RBDC Board

The RBDC is governed by an independent Board drawn from the private sector under the auspices of the RBDC Act. Membership as at 30 June 2021.



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**Andrew Clark (Chair)**

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

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**Amanda McLean (Director)**

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

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**Tara Chambers (Director)**

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

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**Natalie Purdy (Director)**

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

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## RBDC Board *(continued)*



### **Ashley Herbert (Director)**

Ashley was appointed a Director of the RBDC on 9 November 2020. Ashley is a highly regarded farm management consultant who has been providing professional services to Western Australian mixed farming businesses for nearly three decades. Ashley is recognised for his specialist skills in sheep production and commitment to helping his clients make good business decisions that balance the physical capability, financial performance and risk profile of their business. Ashley is actively involved in a number of industry committees and boards and is the current president of the Australian Association of Agricultural Consultants WA (Inc).

## RBDC Operations



### **Ralph Addis (CEO)**

Ralph was appointed Chief Executive Officer (CEO) of the RBDC following the Machinery of Government amalgamation of the Departments of Agriculture and Food, Fisheries and Regional Development. He is the current Director General of the Department of Primary Industries and Regional Development (DPIRD).

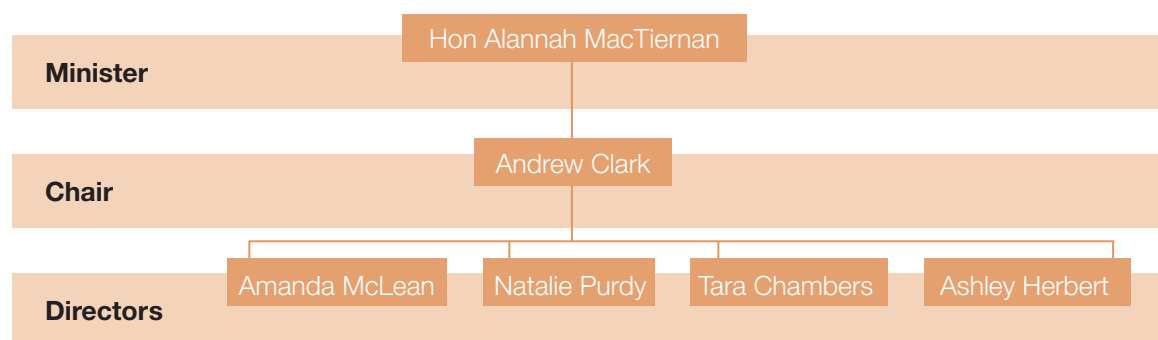
The CEO is responsible for administering the day to day operations of the RBDC. The CEO is appointed under Section 9 of the Rural Business Development Corporation Act 2000.

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

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



## RBDC Operations



### Terms of appointment remuneration

Position on Board	Name	Type of Remuneration	Term of appointment (commencing and expiring)		Base Salary	Period of Membership	
Chairman	Andrew CLARK	Annual	25/01/17	24/01/22	\$32,432.00	1/7/2020 - 30/6/2021	\$32,328.40
Director	Amanda MCLEAN	Annual	25/01/20	30/06/22	\$16,276.00	1/7/2020 - 30/6/2021	\$23,025.60
Director	Natalie PURDY	Annual	10/06/19	24/01/22	\$16,276.00	1/7/2020 - 30/6/2021	\$16,224.00
Director	Tara CHAMBERS	Annual	25/01/21	30/06/22	\$16,276.00	1/7/2020 - 30/6/2021	\$16,224.00
Director	Ashley HERBERT	Annual	09/11/20	30/06/22	\$16,276.00	9/11/2020 - 30/6/2021	\$10,046.40
TOTAL							\$97,848.40

## Administered legislation

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

## Other key legislation impacting on the RBDCs activities

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

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

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

- Auditor General Act 2006
- Disability Services Act 1993
- 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 2020-2021 was \$NIL.
- RBDC has not incurred expenditure of this nature.

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

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

This Annual Report forms part of the required Information Statement. The DPIRD FOI Coordinator deals with all FOI applications in relation to RBDC clients. Clients may access files and documents outside the FOI guidelines where the documentation or file refers particularly to a client's personal dealings with the Corporation.

Client information may be available to other parties. Documents which have reference to third parties may require editing before release is considered. There were no FOI requests made to the RBDC during the financial year.

### Disability Services Act 1993

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

### State Records Act 2000

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

### Auditor Generals Act 2006

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

## Performance management framework

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

### Outcome-based management framework

#### Government goal:

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

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

**Changes to outcome-based management framework**

The RBDCs outcome-based management framework did not change during 2020-21. The RBDC will review the OBM framework, including its efficiency and effectiveness performance indicators, as part of its review of strategic and operational plans during 2021-22.

**Shared responsibilities with other agencies**

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

- The RBDC works closely with the Small Business Development Corporation (SBDC) to provide a voluntary Farm Debt Mediation service to encourage early intervention in financial disputes between farm business owners and their financiers.
- The RBDC The RBDC works closely with the Australian Government to deliver the Farm Finance and Drought Concessional Loans Schemes. The RBDC is also considering options to deliver small loans on behalf of the Australian Government under the Northern Australia Infrastructure Facility from 2021-22.



# Agency Performance

## Report on operations

### Key achievements

- We contributed valuable intelligence and insights to the State's emergency management team about the health, wellbeing and financial impact of the COVID-19 responses on regional small businesses.
- We continued to contribute to the Australian Government's consultative process for the Future Drought Fund and worked with DPIRD on developing the Farm Business Resilience Program guidelines for WA.
- We worked with DPIRD to develop the Carbon Farming – Land Restoration Program (CF-LRP).
- We were recognised by the Office of the Auditor General as a best practice entity in 2019-20 for our financial reporting and financial controls. This was a significant achievement as COVID-19 and responses to the pandemic in the latter part of the financial year created an unusual environment in which to continue normal service delivery and accountability.

### Farm Debt Mediation Scheme (FDMS)

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

A total of 10 applications for farm debt mediation were submitted during the financial year, however 2 were withdrawn prior to mediation. At 30 June 2020, there are 8 applications under case management.

### Farm Finance Concessional Loan Scheme (FFCLS)

The Australian Government established the FFCLS in 2013 to provide viable farm businesses finding it increasingly difficult to service debt with low interest loans to enhance on-farm productivity or to restructure their debt. Applications for FFCLS closed on 30 June 2015. A total of 122 applications were received and assessed, with 46 applications approved at a total value of \$15.04 million.

At 30 June 2021, there are 9 active loan accounts with total principal outstanding of just over \$3 million.

### Drought Concessional Loan Scheme (DCLS)

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

At 30 June 2021, there are 3 active loan accounts with total principal outstanding of just under \$2 million.

## Financial targets and results

	2021 Target <sup>(1)</sup> (\$000)	2021 Actual (\$000)	Variation <sup>(2)</sup> (\$000)	Explanation of significant variations
<b>Total cost of services</b> (sourced from Statement of Comprehensive Income)	710	437	(273)	The decrease reflects the reduced cost of administering the concessional loans schemes and the decision to suspend planned research because of the COVID-19 pandemic and natural disasters affecting rural communities (Wooroloo bushfire and Severe Tropical Cyclone Seroja).
<b>Net cost of services</b> (sourced from Statement of Comprehensive Income)	(618)	(424)	194	The variation reflects a reduction in income resulting from reduced interest rates between the time the budget was prepared and the reporting date.
<b>Total equity</b> (sourced from Statement of Financial Position)	4,138	4,331	193	
<b>Net increase / (decrease) in cash held</b> (sourced from Statement of Cash Flows)	(310)	(79)	101	

(1) As specified in the 2020-21 Budget Statements.

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

## Key performance indicator (KPI) targets and results

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

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

### Desired Outcome

Improved ecologically sustainable development of agri-industry.

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

### Key effectiveness indicator

The RBDC's key effectiveness indicator is intended to measure the extent to which recipients are satisfied with the way schemes are administered by the Corporation. The target is to maintain a level of satisfaction of at least 90%. This measure is not relevant for the 2020-21 financial year.

Year	Sample size	Level of satisfaction (%)
2018-19	23	89%
2019-20	21	77%
2020-21	0	Not relevant

### Key efficiency indicator

The RBDC's key efficiency indicators are intended to demonstrate schemes of assistance are innovative and cost-effective. The current indicators were established when the main activity of the RBDC was the administration of concessional loan schemes. As these schemes are rapidly approaching their cease date, the RBDC is keen to have more appropriate indicators developed and approved.

The administration cost per loan advanced and the proportion of administrative expenditure of loan value advanced were below the targets set for 2020-21, reflecting the reduction in administration required for fewer loan accounts.

## Significant issues impacting the Corporation

### Current and emerging issues and trends

#### Climate change in Western Australia

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

The RBDC monitors seasonal outlooks and climatic conditions with a view to identifying likely business outcomes. Of concern during the last year has been the impact of natural disasters such as severe storms and associated flooding across the Kimberley, Pilbara, Gascoyne, South West and Great Southern. In addition, a large part of the grain belt bore the brunt of Severe Tropical Cyclone Seroja in Autumn. Fortunately, the rainfall from the cyclone provided a welcome start to seeding for many grain growing areas.

#### Widespread water deficiency declarations

Lack of water continues to be a significant issue across most of the agricultural regions of WA. Rainfall events were patchy until mid Autumn, when a series of fronts provided some much needed rainfall and runoff in parts of the agricultural area. The current prediction is for most farms to have less than three weeks of on-farm water supplies available. This is of particular concern for those farm families with livestock.

There has been an unprecedented number of Water Deficiency Declarations made in WA in recent years, highlighting the significant impact climate change is having across WA. The declaration is generally made as a last resort when on-farm and community water supplies are at a critically low level. The RBDC continues to monitor assistance being provided by the State Government to improve community water supplies.

#### Nationally consistent approach to Farm Debt Mediation

The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry recommended the Commonwealth Government establish a legislated national farm debt mediation program. The Commonwealth Government has not accepted the recommendation fully, suggesting each State and Territory establish their own legislation modelled on that developed and implemented by New South Wales. The legislated model makes it mandatory for business owners and their financiers to participate in debt mediation once the financier has taken formal legal action.

The approach taken in Western Australia is to encourage business owners and their financiers to use mediation to work through issues when they arise. The early adoption of the mediation process allows farm businesses to preserve equity and provides the opportunity to resolve issues before legal action has been taken by financiers.

The RBDC will consider continuing its Farm Debt Mediation Scheme after the Commonwealth Government establishes national legislation, particularly as feedback from participants consistently indicates the voluntary early intervention approach is quicker and less costly for all parties.

#### Machinery of Government changes

The creation of DPIRD as part of the government's public sector reforms continues to impact the RBDC in a number of ways. The integration has been a lengthy process, with the loss of staff and their corporate knowledge a significant risk.



## Economic and social trends

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

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

### **COVID-19**

Infectious disease outbreaks like the current COVID-19 pandemic are both frightening and disruptive, affecting the physical and mental health of people as well as affecting the profitability and viability of small businesses. With its extensive networks across rural WA and understanding of the social support assistance available, the RBDC was called on to contribute intelligence and insights to the State emergency response team. The RBDC quickly turned to weekly virtual meetings to ensure the State was kept well informed of potential pressure points and opportunities to provide support.

## Changes in written law

### **Future Drought Fund Act 2019 (Commonwealth)**

The Commonwealth Government has established the Future Drought Fund Act 2019 (the Act). The Act establishes the Future Drought Fund as a permanent and secure funding stream to help and support Australian farmers and rural communities to be prepared to manage droughts and to be resilient to the financial, environmental and human health effects of drought.

The Fund commenced on 1 July 2020 with an initial credit of \$3.9 billion. The Commonwealth Government aims to grow this investment to \$5 billion over the next decade, allowing them to make \$100 million available each year for projects and initiatives that will enhance public good by building drought resilience.

The RBDC sees the Future Drought Fund as a major opportunity for Western Australian farm businesses and their communities and will continue working with key stakeholders to identify and develop large scale projects that can improve the resilience and drought preparedness of all the businesses in the agricultural supply chain.

The Commonwealth have accepted the proposal to implement the Future Drought Fund's (FDF) Farm Business Resilience (FBR) Program in WA in 2021-22. The Commonwealth modelled the FBR Program Framework on the highly successful Drought Pilot Program administered by the RBDC in 2010-2014 and have ensured there is the necessary flexibility for WA to tailor training to meet the emerging needs of the WA agrifood sector.

## Likely developments and forecast results of operations

### **Concessional loans schemes**

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

### **Farm Debt Mediation Scheme**

The RBDC expects an increase in demand for mediation over the coming year, particularly from regionally based small businesses that service the agricultural industry and farm businesses that are focussed on producing for export markets. The COVID-19 pandemic restrictions will continue to have an impact on business cashflows and the RBDC is liaising closely with the Agrifinance Alliance to determine when issues start causing problems.

### **Carbon Farming – Land Restoration Program**

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

# Disclosures and Legal Compliance

## Independent Auditor's Report



Our Ref: 5650-03

7th Floor, Albert Facey House  
469 Wellington Street, Perth

Mr Andrew Clark  
Chairman  
Rural Business Development Corporation  
Locked Bag 4, Bentley Delivery Centre  
BENTLEY WA 6983

**Mail to:** Perth BC  
PO Box 8489  
PERTH WA 6849  
**Tel:** 08 6557 7500  
**Email:** [info@audit.wa.gov.au](mailto:info@audit.wa.gov.au)

Dear Mr Clark

**RURAL BUSINESS DEVELOPMENT CORPORATION  
FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS  
FOR THE YEAR ENDED 30 JUNE 2021**

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

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

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

The date that entities provided their financial statements to the Office has been recorded for purposes of reporting to Parliament. The date recorded for the receipt of your financial statements was 19 July 2021.

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

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

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

Yours sincerely

Kien Neoh  
Director  
Financial Audit  
10 September 2021



## Auditor General

### INDEPENDENT AUDITOR'S OPINION 2021 Rural Business Development Corporation

To the Parliament of Western Australia

## Report on the audit of the financial statements

### Opinion

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

- the Statement of Financial Position at 30 June 2021, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are:

- based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Rural Business Development Corporation for the year ended 30 June 2021 and the financial position at the end of that period
- 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 & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.

### Responsibilities of the Board for the financial statements

The Board is responsible for:

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

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

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

### Auditor's responsibilities for the audit of the financial statements

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

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

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

## Report on the audit of controls

### Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Rural Business Development Corporation. The controls exercised by the Corporation 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 2021.



### 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 were implemented as designed.

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

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

### Limitations of controls

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

## Report on the audit of the key performance indicators

### Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Rural Business Development Corporation for the year ended 30 June 2021. The key performance indicators are the Under Treasurer-approved key effectiveness indicators and key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Rural Business Development Corporation are relevant and appropriate to assist users to assess the Corporation's performance and fairly represent indicated performance for the year ended 30 June 2021.

### The Board's responsibilities for the key performance indicators

The Board is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal control it determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

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

### Auditor General's responsibilities

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

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

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

### My independence and quality control relating to the reports on controls and key performance indicators

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

### Other information

The Board is responsible for the other information. The other information is the information in the entity's annual report for the year ended 30 June 2021, but not the financial statements, key performance indicators and my auditor's report.

My opinions do not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

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

This auditor's report relates to the financial statements, controls and key performance indicators of the Rural Business Development Corporation for the year ended 30 June 2021 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, controls 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, controls or key performance indicators. If users of the financial statements, controls and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to contact the entity to confirm the information contained in the website version of the financial statements, controls and key performance indicators.



Mark Ambrose  
Senior Director  
Financial Audit  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
10 September 2021

## Financial Statements

### Certification of Financial Statements for the year ended 30 June 2021

The accompanying financial statements of the Rural Business Development Corporation have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2021 and the financial position as at 30 June 2021.

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



Mandy Taylor  
Chief Financial Officer  
08 September 2021



Andrew Clark  
Chairman | RBDC  
09 September 2021



Amanda McLean  
Director | RBDC  
09 September 2021

# Financial Statements

## Certification of Financial Statements for the year ended 30 June 2021

The Agency has pleasure in presenting its audited general purpose financial statements for the reporting period ended 30 June 2021 which provides users with the information about the Agency's stewardship of resource entrusted to it. The financial information is presented in the following structure:

### Statement of Comprehensive Income

### Statement of Financial Position

### Statement of Changes in Equity

### Statement of Cash Flows

### Summary of Consolidated Account Appropriations

#### 1 Basis of Preparation

- Statement of Compliance
- Basis of Preparation
- Judgements and Estimates
- Comparative figures
- Contributed Equity

#### 2 Use of our Funds

- 2.1 DPIRD Contracted Service costs
- 2.2 Other expenditure

#### 3 Our Funding Sources

- 3.1 Income from State Government

#### 4 Other Assets and Liabilities

- 4.1 Receivables
- 4.2 Payables

#### 5 Financing

- 5.1 Cash and cash equivalents
- 5.2 Commitments

#### 6 Financial instruments and contingencies

- 6.1 Financial instruments
- 6.2 Contingent liabilities and contingent assets

#### 7 Other Disclosures

- 7.1 Events occurring after the end of the reporting period
- 7.2 Changes in accounting policy
- 7.3 Key management personnel
- 7.4 Related parties
- 7.5 Related bodies
- 7.6 Affiliated bodies
- 7.7 Commonwealth Concessional Loan Scheme
- 7.8 Remuneration of auditors
- 7.9 Supplementary financial information
- 7.10 Explanatory statement

# Statement of Comprehensive Income

For the year ended 30 June 2021

		2021	2020
	Notes	\$	\$
<b>Cost of services</b>			
<b>Expenses</b>			
Supplies and services	2.2	270	61,332
Department of Primary Industries and Regional Development (DPIRD) contracted services	2.1	314,397	387,927
Other expenses	2.2	24,800	23,311
Board member fees		97,848	94,048
<b>Total cost of services</b>		<b>437,315</b>	<b>566,618</b>
<b>Income</b>			
Interest revenue		13,140	46,262
<b>Total revenue</b>		<b>13,140</b>	<b>46,262</b>
<b>Net cost of services</b>		<b>424,175</b>	<b>520,356</b>
<b>Income from state government</b>			
Service appropriation	3.1	233,000	236,000
<b>Total income from state government</b>		<b>233,000</b>	<b>236,000</b>
<b>Deficit for the year</b>		<b>(191,175)</b>	<b>(284,356)</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year</b>		<b>(191,175)</b>	<b>(284,356)</b>

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



## Statement of Financial Position

as at 30 June 2021

	Notes	2021 \$	2020 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5.1	<b>4,492,782</b>	4,571,928
Receivables	4.1	<b>5,035</b>	7,367
<b>Total current Assets</b>		<b>4,497,817</b>	4,579,295
<b>Total assets</b>		<b>4,497,817</b>	4,579,295
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables	4.2	<b>166,485</b>	56,788
<b>Total current liabilities</b>		<b>166,485</b>	56,788
<b>Total liabilities</b>		<b>166,485</b>	56,788
<b>Net assets</b>		<b>4,331,332</b>	4,522,507
<b>Equity</b>			
Accumulated surplus		<b>4,331,332</b>	4,522,507
<b>Total equity</b>		<b>4,331,332</b>	4,522,507

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

## Statement of Changes in Equity

For the year ended 30 June 2021

	Accumulated surplus \$	Total equity \$
<b>Balance at 1 July 2019</b>	4,806,863	4,806,863
Deficit for the year	(284,356)	(284,356)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	(284,356)	(284,356)
<b>Balance at 30 June 2020</b>	<b>4,522,507</b>	<b>4,522,507</b>
<b>Balance at 1 July 2020</b>	<b>4,522,507</b>	<b>4,522,507</b>
Deficit for the year	(191,175)	(191,175)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	(191,175)	(191,175)
<b>Balance at 30 June 2021</b>	<b>4,331,332</b>	<b>4,331,332</b>

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

# Statement of Cash Flows

For the year ended 30 June 2021

	Notes	2021 \$	2020 \$
<b>Cash flows from state government</b>			
Service appropriations		233,000	236,000
<b>Net cash provided by state government</b>		<u>233,000</u>	<u>236,000</u>
Utilised as follows:			
<b>Cash flows from operating activities</b>			
<b>Payments</b>			
Supplies and services		(270)	(95,731)
DPIRD contracted services		(208,548)	(350,980)
Board member fees		(97,848)	(94,048)
Other payments		(24,800)	(24,720)
<b>Receipts</b>			
Interest received		19,321	62,245
GST receipts from taxation authority		(1)	141
Other receipts		-	1,409
<b>Net cash used in operating activities</b>		<u>(312,146)</u>	<u>(501,684)</u>
Net decrease in cash and cash equivalents		(79,146)	(265,684)
Cash and cash equivalents at the beginning of the year		4,571,928	4,837,612
<b>Cash and cash equivalents at the end of year</b>	5.1	<u>4,492,782</u>	<u>4,571,928</u>

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

## Summary of Consolidated Account Appropriations

For the year ended 30 June 2021

	Budget estimate 2021 \$	Supplementary Funding 2021 \$	Revised Budget 2021 \$	Actual 2021 \$	Variance 2021 \$
<u>Delivery of Services</u>					
Item 50 Net amount appropriated to deliver services	<b>233,000</b>	-	233,000	<b>233,000</b>	-
Total appropriations provided to deliver services	<b>233,000</b>	-	<b>233,000</b>	<b>233,000</b>	-

No supplementary income was received by the Corporation.

## Index of notes to the financial statements

Subject	Disclosure Note	Title of the Policy and/or disclosure note
Basis of preparation	<b>1</b>	Statement of compliance
		Judgements and estimates
		Contributed equity
	<b>2.1</b>	DPIRD contracted service costs
	<b>2.2</b>	Other expenditure
Our funding sources	<b>3.1</b>	Income from State Government
Other assets and liabilities	<b>4.1</b>	Receivables
	<b>4.2</b>	Payables
Financing	<b>5.1</b>	Cash and cash equivalents
	<b>5.2</b>	Commitments
Financial instruments and contingencies	<b>6.1</b>	Financial instruments
	<b>6.2</b>	Contingent assets and liabilities
Other disclosures	<b>7.1</b>	Events occurring after the end of the reporting period
	<b>7.2</b>	Initial application of Australian Accounting Standards
	<b>7.3</b>	Key management personnel
	<b>7.4</b>	Related parties
	<b>7.5</b>	Related bodies
	<b>7.6</b>	Affiliated bodies
	<b>7.7</b>	Commonwealth Concessional Loan Scheme
	<b>7.8</b>	Remuneration of auditors
	<b>7.9</b>	Supplementary financial information
	<b>7.10</b>	Explanatory statement

### Note 1. Basis of preparation

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

These annual financial statements were authorised for issue by the Accountable Authority of the agency on 09 September 2021.

### Statement of compliance

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

1. The Financial Management Act 2006 (FMA)
2. The Treasurer’s Instructions (the Instructions or TI)
3. Australian Accounting Standards (AASs) – Reduced Disclosure Requirements
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.

**Comparative figures**

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

**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.

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

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

	Notes
DPIRD contracted services	2.1
Other expenses	2.2

**2.1 DPIRD Contracted Service Costs**

	2021	2020
	\$	\$
<b>DPIRD contractors and service overheads</b>		
DPIRD contractors	45,440	142,802
Contractor related expenses (mileage, transfer costs, training)	-	8,567
Service agreement overheads	268,957	236,558
	<b>314,397</b>	<b>387,927</b>

**2.2 Other expenditure**

	2021	2020
	\$	\$
<b>Supplies and services</b>		
Services and contracts	1	59,321
Supplies consumed	269	2,011
<b>Total supplies and services expenses</b>	<b>270</b>	<b>61,332</b>
<b>Other expenditures</b>		
Expected credit losses expense	-	(1,409)
Audit fees	24,800	24,720
<b>Total other expenses</b>	<b>24,800</b>	<b>23,311</b>
<b>Total other expenditure</b>	<b>25,070</b>	<b>84,643</b>

**Supplies and services:** Supplies and services are recognised as an expense in the reporting period in which they are incurred.

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

**Expected credit losses expense:** The allowance for expected credit losses of trade receivables is measured at the lifetime expected credit losses at each reporting date. The Corporation has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.



### Note 3: Our funding sources

#### How we obtain our funding

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

	Notes
Income from State Government	3.1

#### 3.1 Income from State Government

	2021 \$	2020 \$
Appropriation received during the period		
Service appropriation <sup>(a)</sup>	<u>233,000</u>	<u>236,000</u>

There were no services received free of charge from other State government agencies during the period (2020: Nil).

The Corporation has adopted AASB 15 and AASB 1058 from 1 July 2019, however, it has had no impact on the treatment of income from State Government.

- (a) Service appropriations are recognised as revenues at fair value in the period in which the Corporation gains control of the appropriated funds. The Corporation 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.

### Note 4: Other assets and liabilities

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

	Notes
Receivables	4.1
Payables	4.2

#### 4.1 Receivables

	2021 \$	2020 \$
Trade receivables	<b>13,050</b>	13,050
Allowance for impairment of trade receivables	<b>(13,050)</b>	(13,050)
Accrued interest	-	6,181
Sundry receivables	<b>3,848</b>	-
GST receivable	<b>1,187</b>	1,186
	<u><b>5,035</b></u>	<u>7,367</u>

Trade 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.

**4.2 Payables**

	20210	2020
	\$	\$
Accrued expenses	<u>166,485</u>	<u>56,788</u>

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

**Note 5: Financing**

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

	Notes
Cash and cash equivalents	5.1
Commitments	5.2

**5.1 Cash and cash equivalents**

	2021	2020
	\$	\$
Rural Business Development Corporation General Operating Funds	<u>4,492,782</u>	<u>4,571,928</u>
	<u>4,492,782</u>	<u>4,571,928</u>

For the purpose of the Statement of Cash Flows, cash and cash equivalent assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

**5.2 Capital Commitments**

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

**Note 6: Financial instruments and contingencies**

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

	<b>Notes</b>
Financial instruments	6.1
Contingent liabilities and contingent assets	6.2

**6.1 Financial instruments**

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

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Financial assets not measured at fair value		
Cash and cash equivalents	<b>4,492,782</b>	4,571,928
Loans and receivables <sup>(a)</sup>	<b>3,848</b>	6,181
	<b>4,496,630</b>	4,578,109
Financial liabilities not measured at fair value		
Other liabilities: Payables	<b>166,485</b>	56,788

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

**6.2 Contingent assets and liabilities**

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

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

There were no contingent assets or contingent liabilities which would affect the Corporation at the end of June 2021.

**Note 7: Other disclosures**

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

	<b>Notes</b>
Events occurring after the end of the reporting period	7.1
Changes in accounting policy	7.2
Key management personnel	7.3
Related parties	7.4
Related bodies	7.5
Affiliated bodies	7.6
Commonwealth Concessional Loan Scheme	7.7
Remuneration of auditors	7.8
Supplementary financial information	7.9
Explanatory statement	7.10

**7.1 Events occurring after the end of the reporting period**

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

## 7.2 Changes in accounting policy

The Corporation has adopted the following new Australian Accounting Standards in accordance with the transitional provisions applicable to each standard:

*AASB 1059 Service Concession Arrangements: Grantors*

*AASB 2018-5 Amendments to Australian Accounting Standards – Deferral of AASB 1059*

*AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business*

*AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material*

*AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework*

*AASB 2019-2 Amendments to Australian Accounting Standards – Implementation of AASB 1059*

*AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform*

*AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*

*AASB 2019-7 Amendments to Australian Accounting Standards – Disclosure of GFS Measures of Key Fiscal Aggregates and GAAP/GFS Reconciliations*

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

## 7.3 Key management personnel

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

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

Compensation band (\$)	2021	2020
30,001 – 40,000	1	1
20,001 – 30,000	1	-
10,001 – 20,000	3	2
0 – 10,000	-	2
	<b>\$</b>	<b>\$</b>
Total compensation of senior officers	97,848	94,048

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

## 7.4 Related parties

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

Related parties of the Corporation include:

- all Cabinet Ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other 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).

## Material transactions with other related parties

There were no other material transactions with other related parties.

## 7.5 Related bodies

There were no related bodies with the Corporation.

## 7.6 Affiliated bodies

There are no affiliated bodies with the Corporation.

## 7.7 Commonwealth Concessional Loans Scheme

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

## Farm Finance Concessional Loan Scheme

On 12 December 2013 the Commonwealth and the Corporation entered into an agreement whereby the Commonwealth would make available \$50 million for loans 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. The Scheme closed on 30 June 2015.

	2021	2020
	\$	\$
Monies to ultimately be returned to the Commonwealth comprising:		
Cash held with WA Treasury Corporation	-	-
Monies advanced to farmers under the Concessional Loan Scheme	3,108,131	7,009,842
Interest receivable	7,237	45,780
	<b>3,115,368</b>	<b>7,055,622</b>

### 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 in WA impacted by drought but considered to be experiencing financial difficulties and require assistance to restructure existing eligible debt (including a Farm Finance Concessional Loan) and/or provide new debt for operating expenses or drought recovery and preparedness activities. On 12 April 2016, the 2015-16 Drought Concessional Loans Scheme was opened in WA to assist those farmers impacted by drought to access concessional interest rate loans. The Scheme closed on 30 June 2017.

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Monies to ultimately be returned to the Commonwealth comprising:		
Cash held with WA Treasury Corporation	-	-
Monies advanced to farmers under the Concessional Loans Scheme	2,006,600	3,486,100
Interest receivable	7,176	16,023
	<b><u>2,013,776</u></b>	<b><u>3,502,123</u></b>

### 7.8 Remuneration of auditors

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

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Auditing the accounts, financial statements and key performance indicators	<b><u>24,800</u></b>	<b><u>24,720</u></b>

### 7.9 Supplementary financial information

During the financial year, \$Nil (2020: \$Nil) was written off in bad debts under the authority of the accountable authority.

### 7.10 Explanatory statement

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



# Audited Key Performance Indicators 2021

## Certification of Key Performance Indicators

### Rural Business Development Corporation 30 June 2021

#### 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 2021.



Andrew Clark  
Chairman  
09 September 2021



Amanda McLean  
Director  
09 September 2021

## Detailed information in support of key performance indicators

### Government Goal

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

### Desired Outcome

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

Year of Survey	Scheme	**Sample size	Maintain at least a 90% level of satisfaction with services provided by the Corporation (%)
2018-2019	*Concessional Loans Schemes	23	89%
2019-2020	*Concessional Loans Schemes	21	77%
2020-2021	*Concessional Loans Schemes	N/A	N/A

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

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

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

The only schemes operating in 2020-21 were the Concessional Loan Schemes. With few loan accounts active and all in their last year of the loan term (in which no reviews are undertaken), there are no clients to survey.

The RBDC are in the process of defining new key performance indicators.

### 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	2018 - 19	2019 - 20	2020 - 21 Target	2020 - 21 Actual
The proportion of administrative expenditure of loan value advanced	Reduction in the activity costs to administer the schemes of assistance	%	1.18	1.39	1.77	1.19
The administration cost per loan advanced amount	Reduction in the activity costs to administer schemes of assistance	\$	4,190	4,926	6,296	4,244

The main administered activity of the RBDC has been the Commonwealth Farm Finance and Drought Concessional Loans Schemes. The administration cost per loan advanced and the proportion of administrative expenditure of loan value advanced were below the targets set for 2020-21. The decrease in administrative cost per loan advanced reflects the reduction in activity as the number of outstanding loans reduces. Furthermore, as all outstanding loans are now in their last year no reviews are undertaken, which reduces the cost of administering the loans.

## Ministerial Directives

No Ministerial directives were received during the financial year.

## Other financial disclosures

### Pricing Policies of Services Provided

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

### Capital works

No capital projects were completed during the financial year.

### Employment and Industrial Relations

Staff Profile	2020	2021
Board member	5	5
	5	5

### Staff development

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

The completion of the Australian Institute of Company Directors course by Directors appointed in June 2019 has been delayed by the COVID-19 shutdowns and a switch to more on-line delivery.

### Workers Compensation

There were no compensation claims during the financial year.

### Unauthorised use of credit cards

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

## Government Policy Requirements

### Government building contracts

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

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

Measure	Building and construction 2021	Maintenance projects 2021
Awarded	0	0
Reported on	0	0
Commenced reporting	0	0
Continued reporting from previous reporting period	0	0
Target training rate	0	0
Met or exceeded	0	0
Did not meet	0	0
Granted a variation	0	0

## Contact Information

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