

NSW RURAL ASSISTANCE AUTHORITY
Annual Report 2007-2008





Annual report for the year ending 30 June 2008

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Dear Minister

We take pleasure in presenting the 2007-08 Annual Report for the NSW Rural Assistance Authority. This report is offered for your information and presentation to Parliament.

In order to comply with the requirements of the Annual Reports (Statutory Bodies) Act 1984 and Division 3, section 10 of the Rural Assistance Act 1989 an extension of time of up to two months was sought from, and granted by the NSW Treasurer for the following reasons:

- the audit of the Authority's 2007-08 financial reports did not commence until 7 October 2008. This date is one week later than the commencement of the 2006-07 audit, three weeks later than the 2005-06 audit and some five weeks later than 2004-05,
- the Authority is required to produce three sets of financial reports for the 2007-08 financial year. Statements are required for the NSW Rural Assistance Authority, the Office of the Rural Assistance Authority and the OJD Transaction Based Contribution Scheme. Prior to the 2005-06 financial year only reports for the NSW Rural Assistance Authority were produced and audited,
- full adoption of Australian Equivalents to International Financial Reporting Standards impacted on the 2007-08 audit by creating additional work for audit staff.


The above factors have resulted in delays in the submission of the Authority's report.

Yours sincerely

Fran Rowe
Chair

George Davey
Chief Executive

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Prolonged drought conditions continued to challenge NSW during the 2007-08 financial year, impacting on demand for support under the Exceptional Circumstances (EC) provisions of the *Rural Adjustment Act*.

During the financial year, the NSW Rural Assistance Authority (the Authority) received 10 111 EC applications and approved 10 399 subsidies valued at \$409 million. Since the initial declaration of Exceptional Circumstances in NSW in 2002 the Authority has processed more than 35 000 applications, approving approximately 30 000 subsidies valued at \$946 million.

Assistance under the Exceptional Circumstances Interest Rate Subsidy Scheme remains available to eligible primary producers and small businesses in most areas of NSW until 30 September 2008 by which time an assessment on EC extension or revocation will have been made by members of the National Rural Advisory Council.

In contrast to the severe and prolonged dry conditions experienced throughout most of NSW, the coastal areas north of Sydney experienced heavy falls of rain with flooding and severe storm damage over the Christmas and New Year period. There were 31 natural disasters declared in NSW. These declarations ranged from floods and storms through to bush fires. Affected areas included Lismore and Byron Bay in the north of the state, Carrathool and Hay in the south and Bourke and Brewarrina in the west. As a result of these natural disasters the Authority processed 386 loan applications and 2 902 grant applications under the Natural Disaster Relief Assistance scheme. Total assistance to eligible affected primary producers and small businesses came to approximately \$31 million.

The Special Conservation Scheme continues to attract applications from primary producers with applications for assistance totalling 371 in the twelve month period to 30 June 2008. A number of changes to this scheme occurred in 2007-08, among them the inclusion of hail netting and noxious weed control in eligible scheme works, an increase in the maximum loan amount and loan term and an increase in the net asset test. These changes resulted from a study commissioned by the Authority Board into the effectiveness of the Special Conservation scheme and will further enhance its relevance to primary producers preparing for future climatic events.



In April 2008, the Minister for Primary Industries the Honourable Ian Macdonald announced an additional \$2 million of funding for the AgStart scheme. This scheme provides an effective framework for trialling new approaches to agricultural career development for young people and provides an opportunity for interested organisations to partner with government in contributing to the development of profitable and sustainable rural industries and communities.

In the later part of the year the Minister appointed Mr Wayne Joliffe to the Authority's Board. Wayne brings to the Board 20 years of experience within the finance industry. His skills and expertise have been welcomed by all Board members.

The Board and Authority staff supported by the Chief Executive, Mr Alan Coutts, continues to address all challenges in a professional manner. I express my appreciation and thanks for this ongoing commitment to efficient and effective delivery of NSW government policy and services to primary producers and small businesses.

INTRODUCING THE NSW RURAL ASSISTANCE AUTHORITY

A brief history

The NSW Rural Assistance Authority traces its history back to the creation of the Farmers Relief Board in 1932, which was charged with preventing creditors taking action against farmers on debts. In 1939 the Board became the Rural Reconstruction Board and in 1971 evolved into the Rural Assistance Board.

Eighteen years later the NSW Rural Assistance Authority came into being as a result of the *Rural Assistance Act 1989*, which amalgamated the Rural Assistance Board with the Rural Industries Agency of the State Bank of NSW.

The Authority operated from Sydney in its various guises until late 1995 when it relocated to Orange in central western NSW. The relocation was designed to strengthen services to rural industries and give the Authority a regional presence with greater access to its client base.

In recent years the Authority has actively sought to establish strategic alliances with other government agencies that share a similar client base and goals. The first of these alliances was formalised in 2006 with the Lachlan Catchment Management Authority.

Charter

The function of the Authority as set by the 1989 legislation is to 'provide assistance, and administer programs for the provision of assistance, to farmers or other persons engaged in rural industries or any other persons eligible to obtain such assistance'. Assistance measures are funded by both the Australian and NSW governments.

While the rural sector is the Authority's principal client, it also deals with small businesses through administering financial assistance schemes for small businesses that have suffered loss or damage due to natural disaster.

Vision

Rural industries and businesses capable of adapting successfully to changing circumstances with policies which effectively assist the achievement and maintenance of this capability.

Mission

To administer, analyse and influence adjustment and assistance programs which encourage self-reliance, facilitate appropriate change and mitigate extreme events while being aware of the welfare of the people in the targeted business.

Objectives

The Authority's three corporate objectives relate to administration of assistance under the Natural Disaster Relief Assistance, Rural Adjustment Scheme and Special Conservation Scheme.

They are to ensure that:

- NSW farmers, agricultural industries and the general public are aware of and have access to the assistance available when dealing with extreme events
- NSW farmers and farming-related small business increase their ability to resist and overcome financial challenges
- NSW farmers and agricultural industries utilise improved natural resource management techniques.

Excellence in services delivery

The Authority recognises the importance of excellence in customer service and is committed to improving the quality of the services it offers. Excellence in service delivery is about identifying the needs of clients, ensuring that the service offered is relevant to those needs, and that the mode of delivery is appropriate for individual circumstances.

The Authority is sensitive to the challenges faced by rural NSW, in particular the varying availability of, and access to internet and email services as well as services for people with a disability.

The Authority's adaptability and commitment to meeting the changing needs of its diverse client base is evidenced by its multi-media approach to communication and its willingness to pursue new opportunities to provide rural NSW with information about its services.

Guarantee of Service

In pursuing excellence in service delivery the Authority is committed to:

- providing information about the types of financial assistance available
- assessing applications fairly and impartially
- under normal circumstances, making an initial decision within 28 days of receiving an application
- not discriminating against a client who has difficulty understanding English and, if necessary, providing access to a free interpreter or translator
- providing clear decisions
- being honest, courteous and respectful at all times
- keeping personal information confidential as required by law
- being available for inquiries from 8.30 am to 5.00 pm Monday to Friday, excluding public holidays.

To achieve this standard the Authority requests that clients:

- treat all staff with courtesy and respect
- provide all the necessary information to enable an accurate decision to be made
- notify the Authority if assistance is no longer required.

The full Guarantee of Service is available on the Authority's website and in the appendices of this report.

Performance at a glance

Scheme	Applications Received	Applications Approved	Assistance \$
Natural Disaster Relief Assistance - loans	386	171	15 916 000
Natural Disaster Relief Assistance - grants	2 902	2 677	15 261 943
Special Conservation Scheme	371	204	11 692 496
Rural Adjustment Scheme – primary producer	9 081	9 604	385 024 070
Rural Adjustment Scheme – small business	1 030	795	24 542 520

A total of 78 new cases commenced under the *Farm Debt Mediation Act 1994*.



Objective 1

“ To ensure that NSW farmers, agricultural industries and the general public are aware of and have access to the assistance available when dealing with extreme events. ”

Natural Disaster Relief Assistance

This scheme provides loans and grants to farmers and small businesses in rural and regional NSW to allow them to continue their normal farming and business operations following a natural disaster. Assistance is through recovery grants and concessional, fixed-interest rate loans with the interest rate fixed from the date of approval.

Applications must be lodged within six months of the declared date of the natural disaster.

In 2007-08 the Authority assisted applicants who were affected by natural disasters such as storms, bushfires and floods. The date of declaration, nature, date and area affected by these events are listed in the following table.

Natural disasters

Date of Declaration	Type of Event	Date of Event	Local Government Area Covered
30.08.07	flood	07.06.07	Pittwater
26.09.07	storm	19 – 24.08.07	Coffs Harbour
28.09.07	flood	20.01.07	Tenterfield
15.10.07	hail storm	09.10.07	Lismore, Byron Bay
15.10.07	wind storm	26.10.07	Lismore
30.10.07	wind storm	26.10.07	Lismore
08.11.07	hail storm	09.10.07	Lismore, Byron Bay, Ballina
21.11.07	bushfire	06-17.08.07	Richmond Valley, Lismore, Kyogle
21.11.07	bushfire	23.09.07 – 09.10.07	Tenterfield, Glen Innes, Inverell
21.11.07	bushfire	02-12.10.07	Richmond Valley, Lismore, Kyogle
21.11.07	bushfire	01-07.10.07	Port Stephens
13.12.07	wind storm	09.12.07	Baulkham Hills, Blacktown, Hornsby, Penrith
18.12.07	hail storm	08.10.07	Lanitza
18.12.07	hail storm	29.10.07	Tumbarumba
18.12.07	hail storm	28.10.07	Bilpin
24.12.07	wind & rain storm	21-22.12.07	Lachlan, Bland, Parkes, Coonamble, Warren, Carrathool, Bogan, Gilgandra, Warrumbungle, Narromine, Cobar, Walgett
08.01.08	flood	04.01.08	Tweed, Richmond Valley, Lismore, Kyogle, Tenterfield, Byron, Ballina, Clarence Valley
09.01.08	flood	04.01.08	Declaration extended to cover Tenterfield, Byron, Ballina, Clarence Valley
11.01.08	wind storm	02.11.07	Taree
11.01.08	storm	02.11.07	Mondrook, Glenthorne, Dumaresq, Central Taree Business District
31.01.08	storm	03.11.07	Limekilns (Bathurst)
05.02.08	hail storm	05.01.08	Batlow
06.02.08	storm	21-22.12.07	Declaration extend to cover localities of Oxley, Warburn
12.02.08	storm	21.12.07	Carrathool, Hay
18.02.08	storm	05-07.12.07	Wellington
03.03.08	bushfire	02-10.10.07	Guyra, Armidale, Dumaresq
03.03.08	bushfire	16-19.10.07	Wollongong, Shellharbour, Kiama
01.04.08	storm	21-24.12.07	Declaration extended to cover Narrabri, Brewarrina, Bourke and the Unincorporated Area
05.05.08	flood	24-25.04.08	Greater Taree City Council, Great Lakes
05.05.08	hail storm	26.02.08	Bilpin
05.05.08	hail storm	13.04.08	Darkes Forest (near Wollongong)



Loans

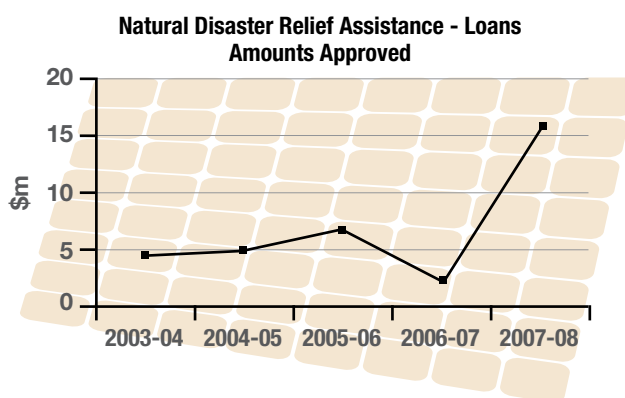
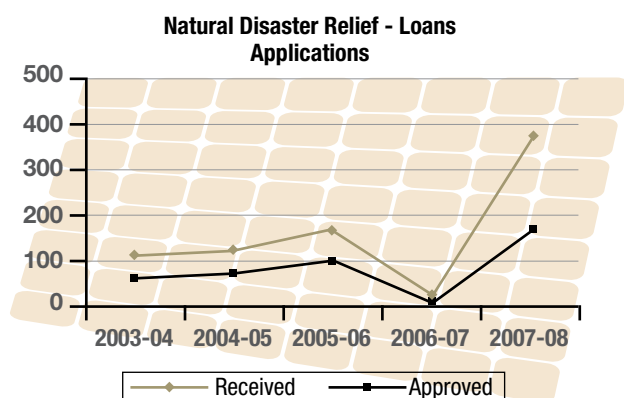
Loans are limited to the minimum amount required to cover normal farming and business activities, replace losses and make repairs not covered by insurance. The maximum loan is \$130 000. There is an interest and repayment-free period of two years followed by a maximum repayment term of 10 years. The interest rate for Natural Disaster Relief Assistance loans at 30 June 2008 was 2.85 per cent.

In 2007–08 the Authority received 386 applications for Natural Disaster Relief Assistance and approved close to \$16 million in loans.

See the Statistics on applications and approvals chapter in this report for more details.

The following charts show Natural Disaster Relief Assistance loan applications received and approved and amounts approved over the past five years.

Natural Disaster Loan Applications & Approvals



Recovery Grants

The Prime Minister and the NSW Premier announced additional assistance measures in June 2007 to provide immediate relief to primary producers and small businesses for clean-up and restoration costs in the aftermath of extreme natural disasters.

These measures include jointly funded recovery grants of up to \$15 000 to eligible primary producers and small businesses and are in addition to the loans and subsidies offered in the standard package.

Newcastle and Central Coast

As a result of the devastating floods and storms in the Newcastle and Central Coast regions during June 2007 Recovery Grants were made available in the Cessnock, Dungog, Gloucester, Gosford, Hawkesbury, Lake Macquarie,

Liverpool Plains, Maitland, Muswellbrook, Newcastle, Port Stephens, Singleton, Upper Hunter and Wyong local government areas.

Natural disaster, date and area affected, North Coast and Central West

Type of Event	Date Event occurred	Local Govt Area covered
wind/rain storm	21-22.12.2007	Bland, Bogan, Carrathool, Cobar, Coonamble, Gilgandra, Lachlan, Narromine, Parkes, Walgett, Warren, Warrumbungle
flood	04.01.2008	Ballina, Byron, Clarence Valley, Kyogle, Lismore, Richmond Valley, Tenterfield, Tweed
flood	04.01.2008	Declaration extended to cover Ballina, Byron, Clarence Valley, Tenterfield
storm	21-22.12.2007	Declaration extended to cover localities of Oxley & Warburn

Objective 2

“ NSW farmers and farming related small businesses increasing their ability to resist and overcome financial challenges. ”

North Coast & Central West

Following the severe damage caused by the floods in the Northern and Central West regions during December 2007 and January 2008, the federal and state governments announced a \$10.2 million assistance package to further assist small business owners and primary producers.

These measures included grants of up to \$5 000 for eligible

primary producers and small businesses in the following local government areas to assist with urgent clean-up costs. The Scheme closed on 31 March 2008.

The following table shows grant applications received and assistance paid in recovery grants in the Newcastle and Central Coast and North Coast and Central West regions.

Recovery grant applications and amounts paid 2007-08

	Applications Received	Amount \$
Newcastle/Central Coast – primary producer	1 173	6 854 324
Newcastle/Central Coast – small business	703	4 150 406
Central West/ North Coast – primary producer	992	4 138 572
Central West/ North Coast – small business	34	118 641
Total	2 902	15 261 943

RURAL ADJUSTMENT SCHEME

– EXCEPTIONAL CIRCUMSTANCES INTEREST RATE SUBSIDY

From time to time special assistance is provided under the Exceptional Circumstances provisions of the Rural Adjustment Scheme. Assistance is available to eligible farmers and farming-related small businesses (those with less than 100 employees) and/or in towns with populations of less than 10 000 people to assist them in overcoming difficulties due to either industry downturns or their location in areas suffering the effects of specific exceptional circumstances. Activation of Exceptional Circumstances assistance requires specific approval from the Australian Government.

The Scheme aims to assist farmers and small businesses with long-term prospects in specific industries or regions suffering from the effects of exceptional circumstances to obtain carry-on finance, restructure debt and implement productivity improvements. Assistance is through an interest subsidy grant to a maximum of 80 per cent of the interest payable on, and associated costs of, either existing or new farm or business related loans. The subsidy can be up to \$100 000 per year over periods set by the Australian Government.

During the past year the Australian Government has approved extended recovery periods until 30 September 2008 for the

majority of Exceptional Circumstances declared areas in NSW which has allowed eligible primary producers and small businesses to apply for continued Exceptional Circumstances support. At the present time members of the National Rural Advisory Council are reviewing conditions throughout the State and are to make recommendations to the Australian Government regarding the possible extension of Exceptional Circumstances declarations beyond this date.

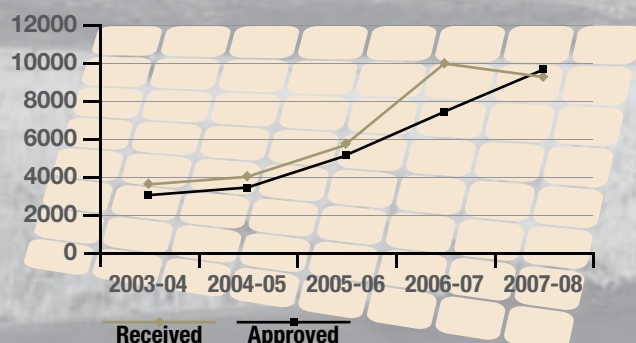
The Australian Government is also reviewing forms of assistance available during periods of Exceptional Circumstances, however this is not expected to affect the levels of assistance currently available.

Primary producers

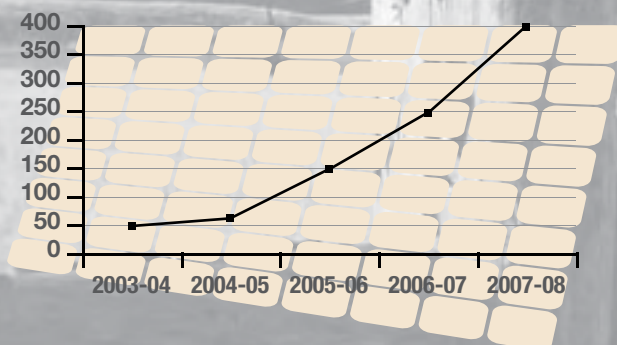
The 2007-08 financial year again saw very high levels of demand for Exceptional Circumstances assistance from Primary Producers with more than 9 000 applications received and over \$385 million in assistance approved.

The following charts show Rural Adjustment Scheme – primary producer applications received and approved and amounts approved over the past five years.

Exceptional Circumstances - Primary Producer Applications



Exceptional Circumstances - Primary Producer Amounts Approved



More details are available in the Statistics on applications and approvals chapter in this report.

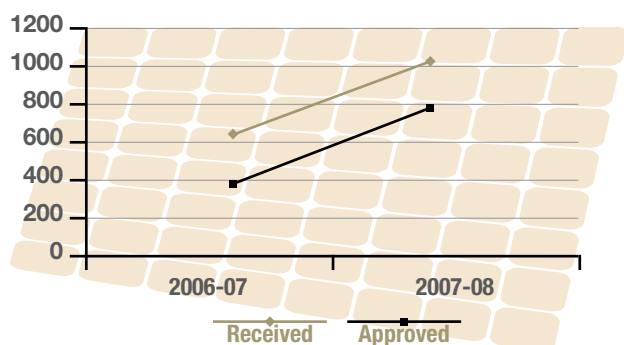
Objective 3

“ NSW farmers and agricultural industries utilising improved natural resource management techniques. ”

Small Business

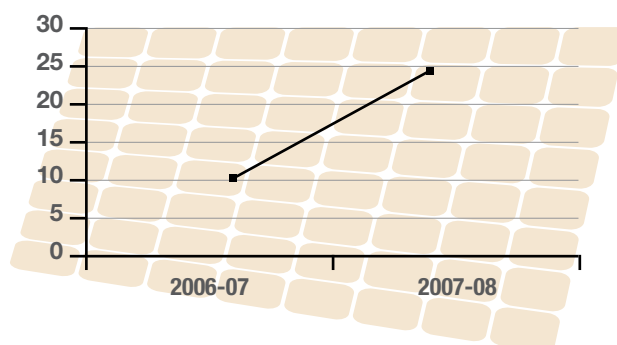
During 2007-08 the Authority saw a continued increase in demand for Exceptional Circumstances assistance from farmer-reliant small businesses in Exceptional Circumstances declared areas. There were over 1 000 applications received and more than \$24 million in assistance approved.

Exceptional Circumstances - Small Business



The following charts show Rural Adjustment Scheme – Small Business applications received and approved and amounts approved over the past two years.

Exceptional Circumstances - Small Business Amounts Approved



More details are available in the Statistics on applications and approvals chapter in this report.

Special Conservation Scheme

The Special Conservation Scheme is an incentive-based initiative to assist farmers within NSW to protect the States biological and physical resource base by completing certain conservation works on their property which they may not have otherwise undertaken.

In 2005, the Board of the Authority engaged a consultancy firm to study the effectiveness of the Scheme. During the past 12 months changes have been implemented to the Scheme which have affected the objective, criteria and the works aspect for which financial assistance is available.

Examples of acceptable works include:

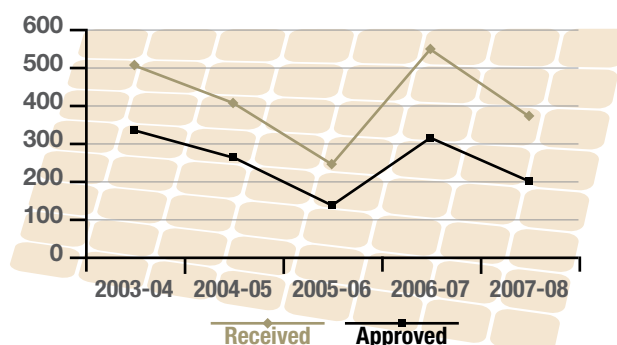
- soil conservation
- woody weed control
- control of noxious weeds (as defined in schedule 3 of the *Noxious Weeds Act*)
- stock and domestic water supply
- cap and piping of artesian bores
- exclusion netting to prevent flying fox damage to existing orchards with a demonstrated flying fox problem
- upgrading/improving of existing irrigation systems
- hail netting
- livestock effluent control
- refurbishment and de-silting of ground tanks
- planting of perennial species such as lucerne and old man saltbush
- hay, grain and silage storage for livestock fodder.

Assistance is in the form of a fixed-interest loan at a concessional rate. The interest rate for Special Conservation Scheme loans at 30 June 2008 was 5.50 per cent. Loans are limited to 90 per cent of the GST-exclusive cost of any proposed works to a total maximum of \$150 000. A maximum repayment term of 15 years is available with half yearly repayments in line with the client's cash flow.

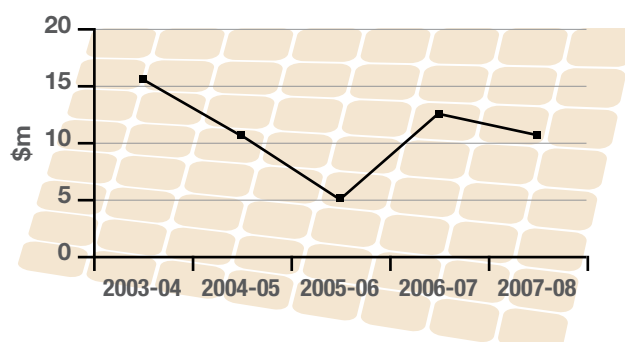
In 2007-08 the Authority received 371 Special Conservation Scheme applications and approved over \$11 million in assistance.

The following charts show Special Conservation Scheme applications and approvals and amounts approved over the past five years.

Special Conservation Scheme - Loans Applications



Special Conservation Scheme - Loans Amounts Approved



See the Statistics on applications and approvals chapter in this report for more details.

Farm debt mediation

The *Farm Debt Mediation Act 1994* aims to provide for the efficient and equitable resolution of farm debt disputes. Mediation is required before a creditor can take possession of property, or other enforcement action, under a farm mortgage.

During 2007-08 there were 78 new mediation cases commenced of which 47 were completed over the same period. Whilst the increase on the previous year is not significant, the number of new cases is the highest number for a twelve month period since 2001.

Since commencement of the Act in February 1995, the Authority has issued a total of 2 029 mediation kits in relation to new cases. Of the 1 750 cases completed and a Section 11 certificate issued, 1 054, went to mediation. Of these, 88 per cent resulted in an agreement between the parties.

AgStart

The AgStart Scheme, originally launched in February 2007, targets young people aged 18 to 35 entering or returning to agriculture in NSW.

AgStart assistance is available for (but not limited to):

- facilitating greater awareness of, and providing access to, potential entry points and career opportunities in agriculture for young people
- providing assistance that facilitates career and business development in agriculture
- promoting the use of environmentally sustainable and efficient management practices.

Its objective is to contribute to the development of profitable and sustainable rural industries by:

- assistance with stamp duty on property purchase
- succession planning and generational change
- capital improvements/purchases
- short course training, development in farming, business and financial management skills
- professional mentoring or coaching, including professional advisory services such as legal and accountancy services.

AgStart is not a 'one size fits all' scheme. It is based on a competitive process where each application is assessed individually and grants are awarded on a merit basis.

During 2007-08 the Authority assessed 53 Round 2 applications received prior to 30 June 2007 and approved 38 applications for a total of \$430 000.

Following receipt of additional funding, applications for Round 3 opened on 21 April 2008. At the close of the round on 31 May 2008, 190 applications had been received. These are currently being assessed.



STATISTICS ON APPLICATIONS AND APPROVALS

Applications for Assistance – Summary 2007-08

	Pending 01.07.07	Received (No.)	Withdrawn (No.)	Declined (No.)	Approved (No.)	\$ Value Approved	Pending 30.06.08
SPECIAL CONSERVATION SCHEME LOANS							
Soil Conservation	1	7	0	2	4	122 000	2
Irrigation	10	97	9	17	50	4 502 900	31
Stock & Dom. Water	56	188	30	75	106	4 773 096	33
Weed Control	1	0	0	0	1	61 400	0
Effluent Control	0	5	0	2	1	45 000	2
Flying Fox	1	0	0	1	0	0	0
Perennial Species	1	7	0	3	4	113 900	1
De-Silting	6	10	3	5	8	238 200	0
Feed Storage	8	49	3	19	28	1 536 000	7
Hail Netting	0	8	0	1	2	300 000	5
Sub Total	84	371	45	125	204	11 692 496	81
NATURAL DISASTER RELIEF ASSISTANCE - LOANS							
Bushfire	1	1	0	1	1	20 000	0
Flood	0	135	3	38	61	5 560 600	33
Storm	6	225	4	56	101	10 087 400	70
Small Business	0	15	4	5	3	206 000	3
Non - Profit Organisations	0	10	3	1	5	42 000	1
Sub Total	7	386	14	101	171	15 916 000	107
NATURAL DISASTER RELIEF ASSISTANCE - GRANTS							
Small Business	61	737	19	48	731	4 269 047	0
Primary Producer	62	2 165	28	250	1 946	10 992 896	3
Sub Total	123	2 902	47	298	2 677	15 261 943	3
EXCEPTIONAL CIRCUMSTANCES INTEREST RATE SUBSIDY							
Small Business	165	1 030	23	269	795	24 542 520	108
Primary Producer	1 992	9 081	91	931	9 604	385 024 070	447
Sub Total	2 157	10 111	114	1 200	10 399	409 566 590	555
GRAND TOTAL	2 371	13 770	220	1 724	13 451	452 437 029	746

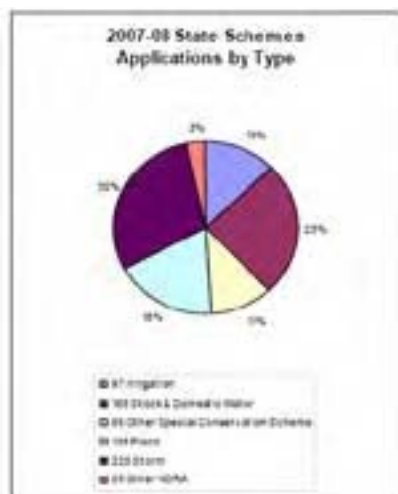
More details are available in the Statistics on applications and approvals chapter in this report.

Applications Refused – Summary 2007-08

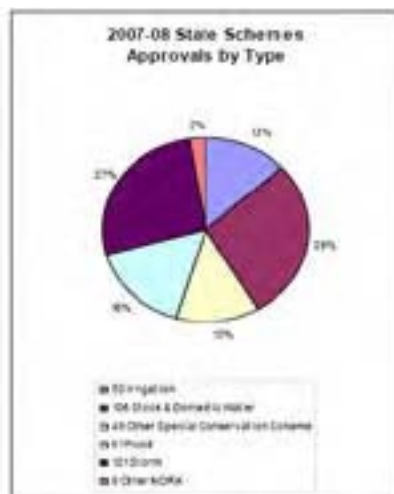
TYPE OF ASSISTANCE						
REASON FOR REFUSAL	SPECIAL CONSERVATION SCHEME	NDRA - LOANS	NDRA - GRANTS	ECIRS – PRIMARY PRODUCER	ECIRS – SMALL BUSINESS	TOTAL
Majority of income off-farm	16	15	0	242	0	273
No need for assistance	0	33	0	423	156	612
Refusal by other lenders	9	0	0	1	0	10
Not in working occupation	2	1	0	2	0	5
No prospects	0	0	0	22	0	22
Does not meet industry requirements	0	0	0	7	10	17
Debt level too high	0	0	0	6	0	6
Incomplete application	1	2	0	56	20	79
Other assistance granted	1	1	0	23	6	31
Unacceptable security	4	12	0	0	0	16
Inability to service	5	22	0	0	0	27
Not of moderate means	1	0	0	0	0	1
Ineligible purpose/amount	7	6	34	0	0	47
Application out of time	0	3	20	0	0	23
No response by applicant	79	3	46	0	0	128
Small business – farm activities < 70%	0	0	0	0	43	43
Not in small business for 2 years	0	0	0	0	14	14
Not small business	0	0	11	0	14	25
Commercial finance available	0	3	0	0	0	3
Cropping losses > 50%	0	0	0	1	0	1
Not broadacre livestock/cropping	0	0	0	1	0	1
Not sold non-essential assets	0	0	0	125	5	130
Purchase of capital items	0	0	0	13	0	13
Scheme closed	0	0	22	8	0	30
Outside declared area	0	0	18	1	0	19
Does not meet eligibility guidelines	0	0	6	0	0	6
Not major source of income	0	0	5	0	0	5
Not primary producer	0	0	136	0	0	136
Transfer to other scheme	0	0	0	0	1	1
TOTAL	125	101	298	931	269	1 724

More details are available in the Statistics on applications and approvals chapter in this report.

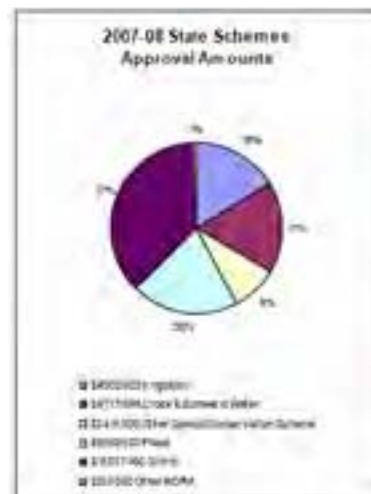
STATE SCHEMES



Total no. applications 757

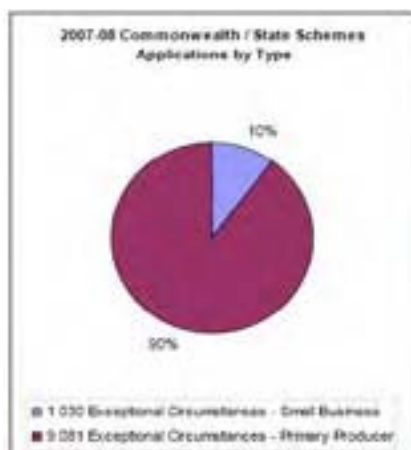


Total no. approved 375

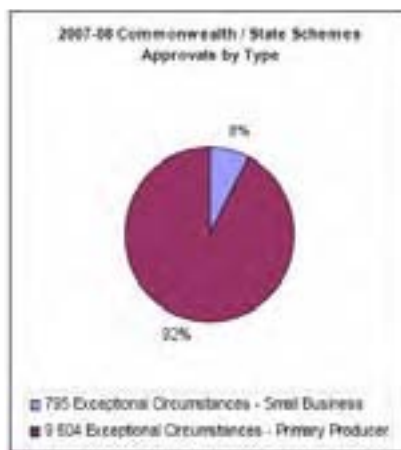


Total approved
\$27 608 496

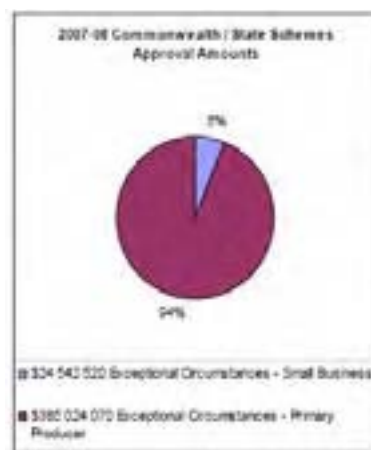
COMMONWEALTH / STATE SCHEMES



Total no. applications 10 111

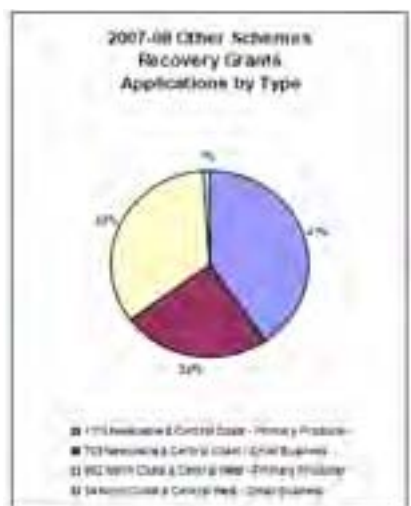


Total no. approved 10 399

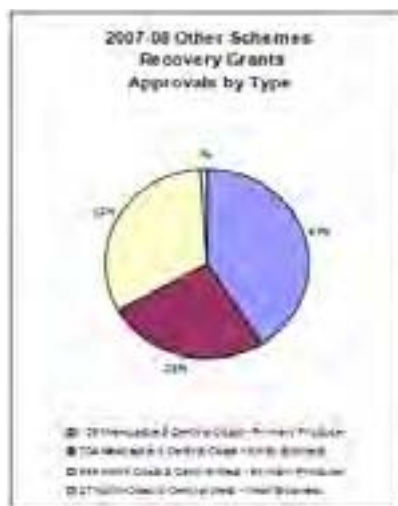


Total approved
\$409 566 590

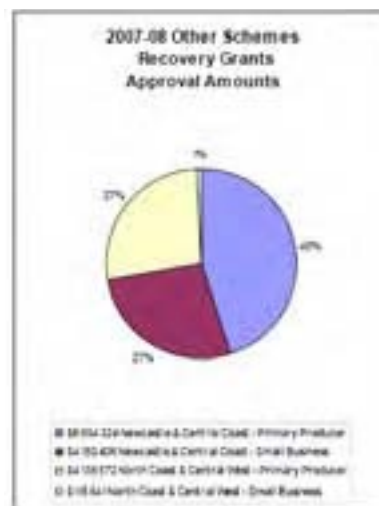
OTHER SCHEMES



Total no. applications 2 902



Total no. approved 2 677



Total approved
\$15 261 943

The Board

The activities of the Authority are overseen by a board, which determines policy and ensures that the Authority operates with due care and efficiency.

The Authority's Board consists of six part-time members and the Chief Executive. Under the *Rural Assistance Act 1989* four of the part-time members must have specific qualifications and experience. The remaining two members are appointed to represent farmers.

Part-time members with relevant qualifications and experience

Fran Rowe (B. Econ. Dip.Ed) is chairman of the Board and a primary producer of grain and sheep at Tottenham in Central West NSW. She is a Rural Financial Counsellor with the Rural Financial Counselling Service, NSW-Central West. Previous service to agriculture includes positions as co-chair of the NSW Rural Women's Network State Advisory Council, member of the NSW Agcost Analysis Unit, member of the Rural Adjustment Scheme Advisory Council, member of the Agricultural Finance Forum and member of the Agriculture and Food Policy Reference group.

Appointed July 1989
Chairman since July 1994

Dr. Rae Cooper (BA (Hons), PhD) is a lecturer and researcher in the Faculty of Economics and Business at the University of Sydney. Dr Cooper was an appointee to the Australia: 2020 Summit for the Productivity Agenda Panel. She is a member of the Australian Institute of Company Directors and has previously been the Chair of the NSW Working Women's Centre.

Appointed March 2005

Ms Kate Woodward (B (Hons) Rural Science) is a breeder of dairy cattle and produces high quality cheese under her own label. She also works as an agricultural and dairy management consultant, developing genetics and marketing plans for stud cattle. Ms Woodward is also a member of the AgStart Ministerial Advisory Board, the NSW Dairy Industry Conference, a Trustee of the Coal and Allied Community Trust and was a runner up in the 2005 Rural Industries Research and Development Corporation Rural Women's Awards.

Appointed July 2006

Mr Wayne Joliffe has extensive experience in the financial industry in the areas of loans assessment, loans administration and customer relations. He currently runs his own finance broking business in Sydney.

Appointed March 2008

Part-time members appointed to represent farmers

Mr Robert Gledhill is a lifelong farmer in the Boorowa and Barmedman areas and is a former Mayor of Boorowa Council. He chairs the Lachlan Catchment Management Authority and is a member of the Noxious Weeds Advisory Council. Robert has also been awarded the Centenary Medal for Services to the Community.

Appointed July 2003

Mr Mal Peters is a sheep and cattle farmer from Ashford in Northern NSW. He is a Director of the Australian Farm Institute and the Border Rivers Catchment Management Authority. Mal is also a member of the Ministerial Advisory Group on Natural Resource Management, a member of the NSW Department of Primary Industries Scientific Advisory Body and past president of the NSW Farmers Association.

Appointed October 2001

Chief Executive

Mr Alan Coutts (B Com (Econ), Grad Dip Ed) was appointed as Chief Executive of the Rural Assistance Authority in March 2006. He is Deputy Director-General, Mineral Resources with the NSW Department of Primary Industries and Chairman of the Mine Subsidence Board. Mr Coutts has held appointments as Director-General of the NSW Department of Mineral Resources and Director-General of the NSW Department of Transport.

Board meetings and attendance

During 2007-08 the Board held meetings as follows:

28 August 2007
NSW Department of Primary Industries, Sydney

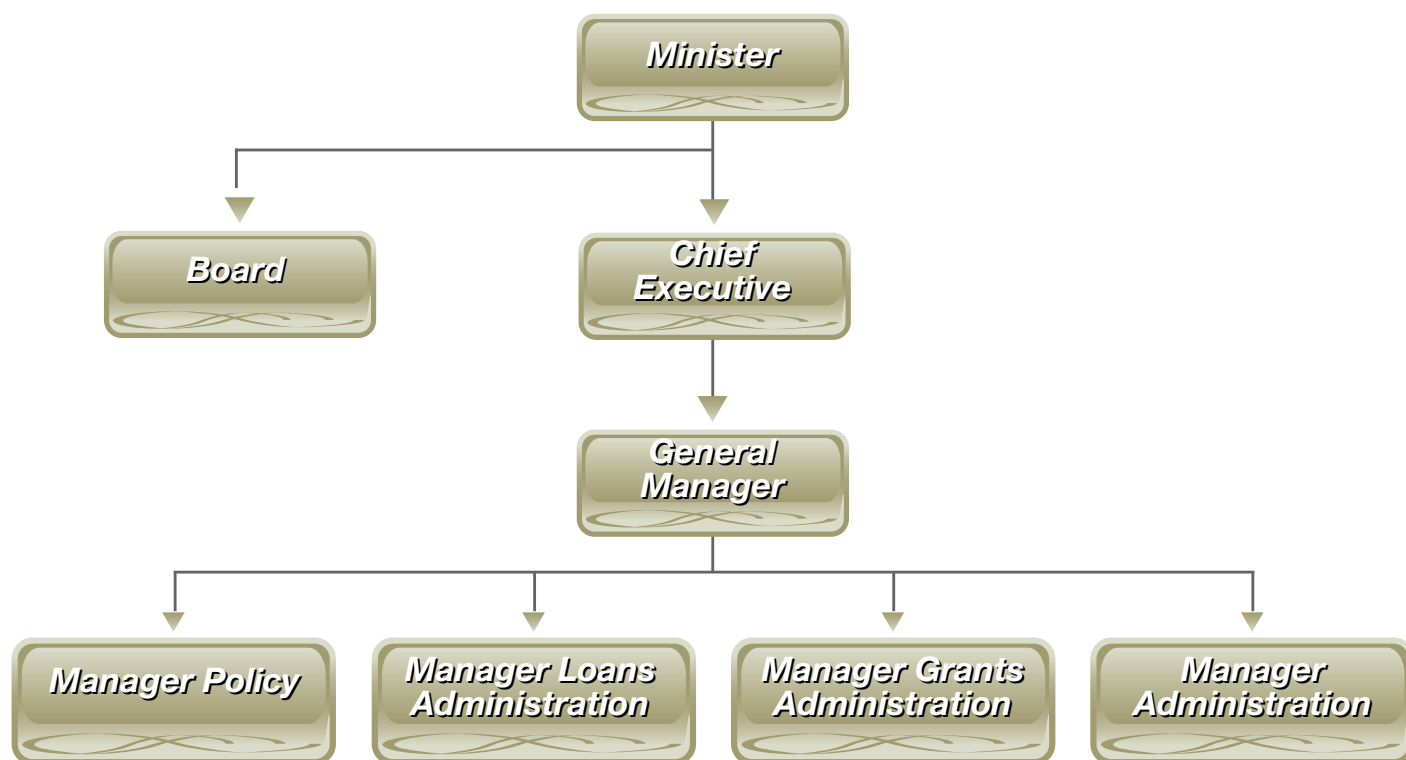
20 November 2007
NSW Department of Primary Industries, Sydney

28 February 2008
NSW Department of Primary Industries, Sydney

8 May 2008
NSW Department of Primary Industries, Sydney

BOARD ATTENDANCE	MEETINGS ELIGIBLE TO ATTEND	MEETINGS ATTENDED
Ms Fran Rowe	4	4
Dr Rae Cooper	4	4
Mr Alan Coutts	4	3
Mr Robert Gledhill	4	4
Mr Wayne Joliffe	1	1
Mr Mal Peters	4	4
Ms Kate Woodward	4	3

ORGANISATION STRUCTURE



Standing left to right: Mr Wayne Joliffe, Mr Robert Gledhill, Mr Mal Peters
Seated left to right: Ms Fran Rowe, Mr Alan Coutts, Dr Rae Cooper,
Absent: Ms Kate Woodward



Mr Alan Coutts, BCom (Econ), Grad Dip Ed

Chief Executive

Mr Coutts was appointed Chief Executive of the Authority in 2006 and is also the Deputy Director-General, Mineral Resources of the NSW Department of Primary Industries. In May 2007 he was reappointed as Chief Executive of the Authority for a further period of five years.



Mr Stephen Griffith, B AgEc (Hon), MPP

General Manager

Mr Griffith was Chief Manager Lending before being appointed General Manager in January 1996. He manages the day-to-day operations of the Authority and provides knowledge and experience in negotiations and dealings with the private sector and other areas of government. Mr Griffith provides a link between the Authority's Board, senior members of the public service and central government agencies.



Mr Kevin Ekerick

Manager Farm Debt Mediation

Acting Director Client Services

Mr Ekerick joined the Authority in September 1991 after 25 years in the banking industry. He manages the activities of the Farm Debt Mediation section and ensures delivery of effective dispute resolution, quality customer service and compliance with the *Farm Debt Mediation Act 1994*. Mr Ekerick is also responsible for overseeing the Authority's administration of the Ovine Johnes's disease industry fund.



Mr Thomas Bunworth

Manager Loans Administration

Mr Bunworth joined the Authority in 1996 after an extensive career in the banking industry. He coordinates the Loans Assessment section which provides financial assistance to farmers and small businesses. Mr Bunworth is required to ensure that financial assistance is administered within the terms of the relevant governing legislation and is also responsible for the ongoing maintenance of the loan portfolio including arrears management.



Mr Bruce Glover

Manager Grants Administration

Mr Glover joined the Authority in 1990 after 20 years in the banking industry. He is responsible for the day-to-day administration of the Rural Adjustment Scheme - Exceptional Circumstances Interest Rate Subsidy (primary producer and small business). Mr Glover ensures that the scheme is administered in accordance with the Australian Government's guidelines and to achieve the Authority's policies and objectives.



Ms Corinne Kennedy

Acting Manager Policy

Ms Kennedy joined the Authority in 1997 and has been relieving in this position since August 2007. Ms Kennedy is responsible for reviewing, developing, recommending and implementing appropriate assistance measures and promotion strategies to ensure programs of assistance are in accordance with government policy and industry objectives. Ms Kennedy also manages the Board secretariat and oversees the Farm Debt Mediation unit.

Appeals Committee

Mr Steve Griffith, General Manager, plus two of the following personnel: senior/experienced officers from within the Authority, who were not directly involved in the original decision making process, that is the subject of the appeal.

Function: Determine appeals from farmers against decisions to refuse assistance under the various schemes administered by the Authority.

Finance Committee

Mr Kevin Ekerick,
Acting Director Client Services

Mr Steve Griffith,
General Manager

Mr Michael Pickett,
Manager Administration

Function:
Consult on financial matters affecting the Authority.

Grievance Committee

Ms Corinne Kennedy,
Acting Manager Policy (grievance manager)

Mr Bruce Glover,
Manager Grants Administration (grievance receiver)

Ms Terese Grant,
(grievance receiver)

Mr Michael Pickett,
Manager Administration (grievance receiver)

Function:
Receive and deal with internal grievances.

Internal Audit Committee

Mr Michael Pickett,
(chair)

Ms Fran Rowe,
(board representative)

Mr Ian Hallett,
Manager Audit and Shared Services,
NSW Department of Primary Industries

Function:
Oversee the internal control procedures, risk management and corruption prevention for the Authority.

Joint Consultative Committee

Mr Wayne Townsend,
employee representative (chair)

Mr Kevin Ekerick,
employer representative

Ms Robyn McCahon,
employee representative

Mr Michael Pickett,
employer representative

Function:
Consult on industrial matters affecting the Authority.

Occupational Health and Safety Committee

Mr Chris Arrow,
employee representative (chair)

Mr Bruce Glover,
employee representative

Ms Terese Grant,
employee representative

Mr Michael Pickett,
employer representative

Function:
Monitor, review and make recommendations concerning occupational health and safety within the Authority.

Corporate services

The NSW Department of Primary Industries provides corporate services to the Authority under the Government's corporate services reform program. Services include personnel, payroll, industrial relations, finance and information communications technology.

The Authority utilises the SAP Client Loans Module in providing financial assistance to farmers and small business.

Staff education and training

The Authority continued its staff training program in 2007-08 with a view to improving organisational efficiency. Assessment of training requirements continued through consultation and needs analysis.

The Authority encourages staff to undertake tertiary education and allowed staff enrolled in external business-related courses to take study leave in accordance with policy.

In addition, on-the-job training was provided in all areas of the Authority, particularly to new staff. Assessment staff received intensive training prior to undertaking duties.

Staff induction

Staff induction was provided using the Staff Induction Manual. Through induction, all new staff were advised of their conditions of employment and the policies operating within the Authority. They also learned how and where to get advice and support when needed, particularly in the areas of grievance procedures, equal employment opportunity and occupational health and safety.

Industrial relations

Consultation on industrial relations issues is through the Joint Consultative Committee.

There were no significant industrial relations issues during the year.



FINANCIAL STATEMENTS – INDEPENDENT AUDITORS REPORT



New South Wales Rural Assistance Authority and Controlled Entity

GPO Box 12
Sydney NSW 2001

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the New South Wales Rural Assistance Authority, which comprises the balance sheet as at 30 June 2008, the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes for both the Authority and the consolidated entity. The consolidated entity comprises the Authority and the entities it controlled at the year's end or from time to time during the financial year.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all materials respects, the financial position of the Authority and the consolidated entity as of 30 June 2008, and of its financial performance and their cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

My opinion should be read in conjunction with the rest of this report.

The Board's Responsibility for the Financial Report

The members of the Board are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Audit's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

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

My opinion does *not* provide assurance:

- about the future viability of the Authority or consolidated entity,
- that they have carried out their activities effectively, efficiently and economically, or
- about the effectiveness of their internal controls.

Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.

A handwritten signature in black ink, appearing to read 'R Hegarty'.

R Hegarty FCPA
Director, Financial Audit Services

22 December 2008
Sydney

SIGNED CERTIFICATE 41C

NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY CERTIFICATE UNDER SECTION 41C OF THE PUBLIC FINANCE AND AUDIT ACT, 1983

The accompanying financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act, 1983, regulations contained within the Public Finance and Audit Regulation 2005; and the Financial Reporting Directives published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies.

In our opinion the statements exhibit a true and fair view of the financial position and transactions of the Authority's operations for the year ended 30 June 2008.

The members of the Board are not aware of any circumstances, as at the date of this certificate, which would render any particulars to be misleading or inaccurate.

Date:

19/12/08



F Rowe
Board Member

Date:

32/12/08



W Joliffe
Board Member

Operating Statement for the year ended 30 June 2008

	Notes	Consolidated Actual 2008 \$'000	Consolidated Actual 2007 \$'000	Parent Actual 2008 \$'000	Parent Budget 2008 \$'000	Parent Actual 2007 \$'000
Expenses excluding losses						
Operating expenses						
Employee related	2(a)	3,102	2,919	3,102	3,056	2,919
Other operating expenses	2(b)	4,371	3,121	4,371	3,693	3,121
Depreciation and amortisation	2(c)	29	21	29	18	21
Grants and subsidies	2(d)	430,263	272,676	430,263	191,197	272,676
Finance costs	2(e)	4,516	4,480	4,516	4,540	4,480
Total expenses excluding losses		442,281	283,217	442,281	202,504	283,217
Revenue						
Investment revenue	3(a)	6,423	5,284	6,423	4,943	5,284
Grants and contributions	3(b)	18,831	5,077	18,831	2,510	5,077
Other revenue	3(c)	198	338	198	62	338
Total revenue		25,452	10,699	25,452	7,515	10,699
Net Cost of Services		416,829	272,518	416,829	194,989	272,518
Government contributions						
Recurrent appropriation	4	421,487	280,019	421,487	196,205	280,019
Capital appropriation	4	43	10	43	50	10
Acceptance by the Crown Entity of employee benefits and other liabilities	5	147	153	147	131	153
Total Government Contributions		421,677	280,182	421,677	196,386	280,182
Surplus/(Deficit) for the year		4,848	7,664	4,848	1,397	7,664

The accompanying notes form part of these financial statements.

Statement of recognised income and expense for the year ended 30 June 2008

	Notes	Consolidated Actual 2008 \$'000	Consolidated Actual 2007 \$'000	Parent Actual 2008 \$'000	Parent Budget 2008 \$'000	Parent Actual 2007 \$'000
Total income and expense recognised directly in equity		0	0	0	0	0
Surplus/(Deficit) for the year		4,848	7,664	4,848	1,397	7,664
Total income and expense recognised for the year	15	4,848	7,664	4,848	1,397	7,664

The accompanying notes form part of these financial statements.

Balance sheet as at 30 June 2008

	Notes	Consolidated Actual 2008 \$'000	Consolidated Actual 2007 \$'000	Parent Actual 2008 \$'000	Parent Budget 2008 \$'000	Parent Actual 2007 \$'000
ASSETS						
Current Assets						
Cash and cash equivalents	7	25,248	15,938	25,248	17,559	15,938
Receivables	8	3,523	7,323	3,523	6,823	7,323
Other financial assets	9	3,699	4,016	3,699	4,016	4,016
Total Current Assets		32,470	27,277	32,470	28,398	27,277
Non-Current Assets						
Other financial assets	9	77,747	75,265	77,747	79,765	75,265
Property, plant and equipment						
Plant and equipment	10	142	128	142	160	128
Total Non-Current Assets		77,889	75,393	77,889	79,925	75,393
Total Assets		110,359	102,670	110,359	108,323	102,670
LIABILITIES						
Current Liabilities						
Payables	11	6,404	7,217	6,404	8,037	7,217
Borrowings	12	14,684	11,832	14,684	11,628	11,832
Provisions	13	319	316	319	279	316
Other	14	2,360	820	2,360	0	820
Total Current Liabilities		23,767	20,185	23,767	19,944	20,185
Non-Current Liabilities						
Borrowings	12	66,566	67,308	66,566	71,808	67,308
Provisions	13	4	3	4	0	3
Total Non-Current Liabilities		66,570	67,311	66,570	71,808	67,311
Total Liabilities		90,337	87,496	90,337	91,752	87,496
Net Assets		20,022	15,174	20,022	16,571	15,174
EQUITY						
Accumulated funds	15	20,022	15,174	20,022	16,571	15,174
Total Equity		20,022	15,174	20,022	16,571	15,174

The accompanying notes form part of these financial statements.

Cash flow statement for the year ended 30 June 2008

	Notes	Consolidated Actual 2008 \$'000	Consolidated Actual 2007 \$'000	Parent Actual 2008 \$'000	Parent Budget 2008 \$'000	Parent Actual 2007 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related		(2,951)	(2,724)	(2,951)	(2,911)	(2,724)
Grants and subsidies		(430,263)	(272,676)	(430,263)	(191,197)	(272,676)
Finance costs		(4,516)	(4,480)	(4,516)	(3,730)	(4,480)
Other		(46,807)	(32,429)	(46,807)	(8,747)	(32,429)
Total Payments		(484,537)	(312,309)	(484,537)	(206,585)	(312,309)
Receipts						
Interest received		1,503	611	1,503	413	611
Other		69,371	32,346	69,371	8,072	32,346
Total Receipts		70,874	32,957	70,874	8,485	32,957
Cash Flows from Government						
Recurrent appropriation		423,847	280,839	423,847	196,205	280,839
Capital appropriation		43	10	43	50	10
Cash reimbursements from the Crown Entity		0	0	0	0	0
Cash transfers to the Consolidated Fund		(820)	(1,259)	(820)	0	(1,259)
Net Cash Flows from Government		423,070	279,590	423,070	196,255	279,590
NET CASH FLOWS FROM OPERATING ACTIVITIES	19	9,407	238	9,407	(1,845)	238
CASH FLOWS FROM INVESTING ACTIVITIES						
Advance repayments received		13,597	11,872	13,597	18,030	11,872
Purchases of plant and equipment		(43)	(59)	(43)	(50)	(59)
Advances made		(15,797)	(10,211)	(15,797)	(18,000)	(10,211)
Other		35	(323)	35	0	(323)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(2,208)	1,279	(2,208)	(20)	1,279
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from borrowings and advances		15,797	10,211	15,797	18,000	10,211
Repayment of borrowings and advances		(13,597)	(11,872)	(13,597)	(14,514)	(11,872)
Other		(89)	31	(89)	0	31
NET CASH FLOWS FROM FINANCING ACTIVITIES		2,111	(1,630)	2,111	3,486	(1,630)
NET INCREASE / (DECREASE) IN CASH						
Opening cash and cash equivalents		15,938	16,051	15,938	15,938	16,051
CLOSING CASH AND CASH EQUIVALENTS	7	25,248	15,938	25,248	17,559	15,938

The accompanying notes form part of these financial statements.

Parent - Summary of compliance with financial directives

	2008				2007			
	Recurrent Appropriation \$'000	Expenditure/ Net claim on consolidated fund \$'000	Capital Appropriation \$'000	Expenditure/ Net claim on consolidated fund \$'000	Recurrent Appropriation \$'000	Expenditure/ Net claim on consolidated fund \$'000	Capital Appropriation \$'000	Expenditure/ Net claim on consolidated fund \$'000
ORIGINAL BUDGET APPROPRIATION / EXPENDITURE								
Appropriation Act	196,205	196,205	50	43	35,743	35,743	50	10
Section 26 of PF&AA – Commonwealth specific purpose payments	205,272	203,108	0	0	205,844	193,541	0	0
	401,477	399,313	50	0	241,587	229,284	50	10
OTHER APPROPRIATIONS / EXPENDITURE								
Treasurer's Advance	0	0	0	0	359	359	10	0
Section 22 - expenditure for certain works and services	22,370	22,174	0	0	20,754	20,725	0	0
Transfers from another agency (s27 of the Appropriation Act)	0	0	0	0	30,652	29,700	0	0
Enforced Adj & Additional Appropriation	0	0	0	0	(49)	(49)	0	0
Total Appropriation/ Expenditure/ Net Claim on Consolidated Fund (includes transfer payments)	423,847	421,487	50	43	293,303	280,019	60	10
Amount drawn down against Appropriation		423,847		43		280,839		10
Liability to Consolidated Fund		(2,360)		0		(820)		0

The Summary of Compliance is based on the assumption that Consolidated Fund moneys are spent first (except where otherwise identified or prescribed). The Liability to Consolidated Fund represents the difference between the "Amount Drawn against Appropriation" and the "Total Expenditure / Net Claim on Consolidated Fund".

For an explanation of variances to Budget, you are referred to Note 18.



NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

(a) Reporting Entity

The NSW Rural Assistance Authority (the Authority) is incorporated as a reporting statutory body, representing the State, under the Rural Assistance Act 1989.

In 2006 staff were designated as being employed by the Government of NSW in service of the Crown to provide personnel services to enable the statutory corporation to exercise its functions. The Office of the Rural Assistance Authority was established as a Division of the Government Service, pursuant to Part 1 of Schedule 1 to the Public Sector Employment and Management Act 2002 (PSEMA) with the specific objective to provide personnel services to the NSW Rural Assistance Authority. A separate financial report has been prepared for the Office of the Rural Assistance Authority as it meets the definition of a reporting entity under the Statement of Accounting Concepts SAC 1 Definition of the Reporting Entity.

In accordance with AASB 127 Consolidated and Separate Financial Statements and Interpretation 112 Consolidation-Special Purpose Entities (SPE) the Office of the Rural Assistance Authority has been consolidated with its related statutory corporation, the NSW Rural Assistance Authority.

In the process of preparing the consolidated financial report for the economic entity consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated.

Where reference in these notes is made to 'Agency' it refers to the total activities of the NSW Rural Assistance Authority and the Office of the Rural Assistance Authority. A reference to the 'Parent' relates to the activities of the NSW Rural Assistance Authority.

The NSW Rural Assistance Authority is a NSW government authority. The Authority is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total Sector Accounts.

This consolidated financial report for the year ended 30 June 2008 has been authorised for issue by the Board on 22 December 2008.

(b) Basis of Preparation

The Authority's financial report is a general purpose financial report which has been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the Public Finance and Audit Act 1983 and Regulation; and
- the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer.

Property, plant and equipment, investment property, assets (or disposal groups) held for sale and financial assets at 'fair value through profit and loss' and available for sale are measured at fair value. Other financial report items are prepared in accordance with the historical cost convention.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial report.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) Statement of Compliance

The consolidated and parent entity financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's Mandate to general government sector agencies.

(e) Insurance

The Agency's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past claim experience.

(f) Accounting for the Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except that:

- the amount of GST incurred by the agency as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the cash flow statement on a gross basis. However, the GST components of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

(g) Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

(i) Parliamentary appropriations and contributions

Except as specified below, parliamentary appropriations and contributions from other bodies (including grants and donations) are generally recognised as revenue when the Authority obtains control over the assets comprising the appropriations/contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash. Appropriations and contributions are not recognised as revenue in the following circumstances:

- Unspent appropriations are recognised as liabilities rather than revenue, as the authority to spend the money lapses and the unspent amount must be repaid to the Consolidated Fund. The liability is disclosed in Note 14 as part of 'Current Liabilities – Other'. The amount will be repaid and the liability will be extinguished next financial year.
- Contributions from other bodies received in advance of the commencement of a grant program are recognised as Unearned revenue. The liability is disclosed in Note 11 as part of 'Current / Non-current Liabilities – Payables'.

(ii) Investment revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 Financial Instruments: Recognition and Measurement.

(h) Assets

(i) Acquisition of assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Authority. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Where payment for an item is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. deferred payment amount is effectively discounted at an asset-specific rate.

(ii) Capitalisation thresholds

Property, plant and equipment and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised.

(iii) Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 07-01). This policy adopts fair value in accordance with AASB 116 Property, Plant and Equipment.

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

(iv) Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, the Authority is effectively exempted from AASB 136 Impairment of Assets and impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

(v) Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Authority.

All material separately identifiable components of assets are depreciated over their shorter useful lives.

Default asset class lives are:

Computer Equipment	4 Years
Furniture and Fittings	8 Years
Compactus and Shelving	15 Years

Depreciation rates are reviewed and determined on an annual basis.

(vi) Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

(vii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are accounted for in the operating statement when impaired, derecognised or through the amortisation process.

The Authority has a loan facility with the Crown which makes available to the Authority funds from which the Authority may recoup for advances it has made under various schemes of assistance. The Authority must repay to the Crown on a monthly basis both the principal and interest on the advances in line with the principal and interest that the Authority collects from re-lending the funds for approved purposes. Accordingly, the value of this facility is determined by the value of the re-loaned funds.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Bad debts are written off as incurred.

(viii) Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the Authority will not be able to collect all amounts due.



For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the operating statement.

Any reversals of impairment losses are reversed through the operating statement, where there is objective evidence. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

(ix) De-recognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the Authority transfers the financial asset:

- where substantially all the risks and rewards have been transferred; or
- where the Authority has not transferred substantially all the risks and rewards, if the entity has not retained control.

Where the Authority has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Authority's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

(i) Liabilities

(i) Payables

These amounts represent liabilities for goods and services provided to the Authority and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(ii) Borrowings

Loans are not held for trading or designated at fair value through profit or loss and are recognised at amortised cost using the effective interest rate method. Gains or losses are recognised in the operating statement on derecognition.

(iii) Employee benefits and other provisions

(a) Salaries and wages, annual leave, sick leave and on-costs

Liabilities for salaries and wages (including non-monetary benefits) and annual leave and paid sick leave that fall due wholly within 12 months of the reporting date are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long-term annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119 Employee Benefits.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

(b) Long service leave and superannuation

The Agency's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The agency accounts for the liability as having been extinguished; resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown Entity of employee benefits and other liabilities".

Long service leave is measured at present value in accordance with AASB 119 Employee Benefits. This is based on the application of certain factors (specified in NSWTC 07/04) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

(c) Other Provisions

Other provisions exist when: the agency has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

(j) Budgeted amounts

The budgeted amounts are drawn from the budgets as formulated at the beginning of the financial year and with any adjustments for the effects of additional appropriations, s 21A, s 24 and / or s 26 of the Public Finance and Audit Act 1983.

The budgeted amounts in the operating statement and the cash flow statement are generally based on the amounts disclosed in the NSW Budget Papers (as adjusted above). However, in the balance sheet, the amounts vary from the Budget Papers, as the opening balances of the budgeted amounts are based on carried forward actual amounts; i.e. per the audited financial report (rather than carried forward estimates).

(k) Comparative Information

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

Where necessary, the Authority has reclassified and repositioned comparatives to be consistent with current year disclosures except when an Australian Accounting Standard permits or requires otherwise.

(l) Prior Period Errors

For the year ended 30 June 2007 transactions and balances related to the Authority's loan portfolio were determined using a less accurate process. In 2008, the Authority undertook a revaluation of the loan portfolio, arriving at a more accurate determination of transactions and balances for the year ended 30 June 2007. The financial statements for the year ended 30 June 2007 also included assets and liabilities associated with the NSW Ovine Johne's Disease Transaction Based Contribution Scheme which have been adjusted out. The effect of the changes for each line item affected is tabulated below:

	Reported 2007 Balance	Adjustment Incr/(decr)	Adjusted 2007 Balance
Income Statement			
Grants & Subsidies	271,592	1,084	272,676
Finance Costs	7,052	(2,572)	4,480
Total	278,644	(1,488)	277,156
Investment Revenue	834	4,450	5,284
Grants & Contributions	0	5,077	5,077
Other Revenue	11,353	(11,015)	338
Total	12,187	(1,488)	10,699
Balance Sheet			
Current Assets			
Cash and cash equivalents	15,905	33	15,938
Receivables	11,444	(4,121)	7,323
Other financial assets	-	4,016	4,016
Non-Current Assets			
Receivables	73,777	(73,777)	-
Other financial assets	-	75,265	75,265
Total	101,126	1,416	102,542
Current Liabilities			
Payables	3,595	3,622	7,217
Payables - Treasury	3,694	(3,694)	-
Payables - Accrued Grants	0	0	-
Non-Current Liabilities			
Borrowings	65,820	1,488	67,308
Total	73,109	1,416	74,525

Restated financial information for 2007 is presented as if the errors had not been made.

(m) New Australian Accounting Standards issued but not effective

At reporting date all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (The AASB) that are relevant to the Authority's operations and effective for the current annual reporting period have been adopted.

The adoption of the following new and revised Standards and Interpretations have resulted in changes to the entity's accounting policies as outlined below:

• AASB 7 Financial Instruments: Disclosure

The application of AASB 7 Financial Instruments: Disclosure does not affect any of the amounts reported in the financial statements for the current or prior years, but does change the disclosures previously made in relation to the Authority's financial assets and financial liabilities.

• AASB 2007-4 Amendments to Australian Accounting Standards arising from ED 151 and other Amendments

This Standard was issued as a result of the Australian Accounting Standards Board's decision that, in principle all options that currently exist under IFRSs should be included in the Australian Accounting Standards. There has been no impact on the Authority's policies as the options are consistent with previous practices mandated by NSW Treasury.

At the date of the financial report, the following Standards and Interpretations were on issue but not yet effective:

Accounting Standard/Interpretation Effective

AASB 3, AASB 127 and AASB 2008-3 (Mar 2008) regarding business combinations	2009/10
AASB 8 and AASB 2007-3 regarding operating segments	2009/10
AASB 101 (Sept 2007) and AASB 2007-8 regarding presentation of financial statements	2009/10
AASB 123 (June 2007) and AASB 2007-6 regarding borrowing costs	2009/10
AASB 1004 (Dec 2007) regarding contributions	2008/09
AASB 1049 (Oct 2007) regarding the whole of government and general government sector financial reporting	2008/09
AASB 1050 (Dec 2007) regarding administered items	2008/09
AASB 1051 (Dec 2007) regarding land under roads	2008/09
AASB 1052 (Dec 2007) regarding disaggregated disclosures	2008/09
AASB 2007-9 regarding amendments arising from the review of AAS 27, AAS 29 and AAS 31	2008/09
AASB 2008-1 regarding share based payments	2009/10
AASB 2008-2 regarding puttable financial instruments	2009/10
Interpretation 4 regarding determining whether an arrangement contains a lease (Feb 2007) (amended as a result of Interpretation 12)	2008/09
Interpretation 12 and AASB 2007-2 regarding services concession arrangements (except Changed references to UIG Interpretations which apply from 2006/07)	2008/09
Interpretation 13 on customer loyalty programmes	2008/09
Interpretation 14 regarding the limit on a defined benefit asset	2008/09
Interpretation 129 (Feb 2007) regarding services concession disclosures	2008/09
Interpretation 1038 (Dec 2007) regarding contribution by owners	2008/09



Early adoption of new or revised Accounting Standards/ Interpretation.

The following Australian Accounting Standards/Interpretations have been mandated by NSW Treasury not to be adopted early in this financial report:

- AASB 3 (March 2008), AASB 127 and AASB 2008-3 regarding business combinations;
- AASB 8 and AASB 2007-3 regarding operating segments;
- AASB 101 (Sept 2007) and AASB 2007-8 regarding presentation of financial statements;
- AASB 123 (June 2007) and AASB 2007-6 regarding borrowing costs;
- AASB 1004 (Dec 2007) regarding contributions;
- AASB 1049 (Oct 2007) regarding the whole of government and general government sector financial reporting;
- AASB 1050 (Dec 2007) regarding administered items;
- AASB 1051 (Dec 2007) regarding land under roads;
- AASB 1052 (Dec 2007) regarding disaggregated disclosures;
- AASB 2007-9 regarding amendments arising from the review of AASs 27, 29 and 31;
- AASB 2008-1 regarding share based payments;
- AASB 2008-2 regarding puttable financial instruments;
- Interpretation 4 (Feb 2007) regarding determining whether an arrangement contains a lease;
- Interpretation 12 and AASB 2007-2 regarding service concession arrangements;
- Interpretation 13 on customer loyalty programmes;
- Interpretation 14 regarding the limit on a defined benefit asset;
- Interpretation 129 (Feb 2007) regarding service concession disclosures;
- Interpretation 1038 (Dec 2007) regarding contributions by owners.

2. Expenses excluding losses

	Consolidated 2008 \$'000	Consolidated 2007 \$'000	Parent 2008 \$'000	Parent 2007 \$'000
(a) Employee Related Expenses				
Salaries and wages (including recreation leave)	2,573	2,400	0	0
Superannuation – defined benefit plans	49	44	0	0
Superannuation – defined contribution plans	174	166	5	5
Long service leave	97	111	0	0
Workers compensation insurance	11	11	0	0
Payroll tax and fringe benefits tax	139	127	4	4
Personnel services	0	0	3,035	2,851
Other - Miscellaneous	59	60	58	59
	3,102	2,919	3,102	2,919
(b) Other operating expenses include the following:				
Auditor's remuneration – audit or review of financial reports	117	61	117	61
Rent expense	391	368	391	368
Maintenance*	33	52	33	52
Insurance	9	5	9	5
Telecommunications	35	43	35	43
Travel	57	69	57	69
Outsourcing	2,849	1,638	2,849	1,638
Administration Fees	582	582	582	582
Miscellaneous	298	303	298	303
	4,371	3,121	4,371	3,121
Maintenance Reconciliation				
*Maintenance expense as above	33	52	33	52
Maintenance related employee expenses included in Note 2(a)	0	0	0	0
Total maintenance expenses included in Note 2(a) + (b)	33	52	33	52
No employee related costs have been capitalised.				
(c) Depreciation and amortisation expense				
Plant and equipment	29	21	29	21
	29	21	29	21
(d) Grants and subsidies				
Rural Adjustment Scheme (State)	40,954	25,125	40,954	25,125
Rural Adjustment Scheme (Commonwealth)	368,585	226,126	368,585	226,126
West 2000 Plus	241	404	241	404
Forging Partnerships	635	646	635	646
Agstart	652	183	652	183
Extraordinary Assistance Program	392	19,048	392	19,048
Natural Disaster Relief Grants	15,574	60	15,574	60
Grant expense on low interest loans	3,230	1,084	3,230	1,084
	430,263	272,676	430,263	272,676
(e) Finance Costs				
Interest on Treasury Advance	3,392	3,430	3,392	3,430
Amortised interest expense	1,124	1,050	1,124	1,050
	4,516	4,480	4,516	4,480

3. Revenues

	Consolidated 2008 \$'000	Consolidated 2007 \$'000	Parent 2008 \$'000	Parent 2007 \$'000
(a) Investment revenue				
Interest	1,907	834	1,907	834
Interest income on loans	3,392	3,430	3,392	3,430
Amortised interest revenue	1,124	1,020	1,124	1,020
	6,423	5,284	6,423	5,284
(b) Grants and Contributions				
Grant revenue on low interest loan	3,230	1,084	3,230	1,084
Reimbursement for Natural Disaster Relief Grants	15,574	60	15,574	60
Grants – Budget Sector Agencies	27	3,993	27	3,993
	18,831	5,077	18,831	5,077
(c) Other revenue				
Forgiveness of liabilities	100	20	100	20
Reduction in Doubtful Debts	84	301	84	301
Fees	0	6	0	6
Other revenue	14	11	14	11
	198	338	198	338

4. Appropriations

	Consolidated 2008 \$'000	Consolidated 2007 \$'000	Parent 2008 \$'000	Parent 2007 \$'000
Recurrent appropriations				
Total recurrent draw-downs from Treasury (per Summary of Compliance)	423,847	280,839	423,847	280,839
Less: Liability to Consolidated Fund (per Summary of Compliance)	(2,360)	(820)	(2,360)	(820)
	421,487	280,019	421,487	280,019
Comprising:				
Recurrent appropriations (per Operating Statement)	421,487	280,019	421,487	280,019
	421,487	280,019	421,487	280,019
Capital appropriations				
Capital appropriations	43	10	43	10
Total capital draw-downs from Treasury (per Summary of Compliance)	0	0	0	0
Less: Liability to Consolidated Fund (per Summary of Compliance)	43	10	43	10
Comprising:				
Capital appropriations (per Operating Statement)	43	10	43	10
	43	10	43	10

5. Acceptance by the crown entity of employee benefits and other liabilities

	Consolidated 2008 \$'000	Consolidated 2007 \$'000	Parent 2008 \$'000	Parent 2007 \$'000
The following liabilities and/or expenses have been assumed by the Crown Entity or other Government agencies				
Superannuation – defined benefit	49	44	49	44
Long Service Leave	95	106	95	106
Payroll tax	3	3	3	3
	147	153	147	153

6. Programs/Activities of the authority

Assistance to Farmers

Program Objective(s): To support the strong economic performance of primary industries, particularly by assisting farmers to manage farm debt and business risks such as natural disasters and drought. To encourage the sustainable use of natural resources.

Program Description: Provide interest subsidies, loans and grants to farmers and small business under various schemes, and debt mediation.

7. Current Assets - Cash and cash equivalents

	Consolidated 2008 \$'000	Consolidated 2007 \$'000	Parent 2008 \$'000	Parent 2007 \$'000
Cash at bank and on hand				
Operating Account	21,754	12,049	21,754	12,049
Remitting Account	3,494	3,889	3,494	3,889
	25,248	15,938	25,248	15,938

For the purpose of the Cash Flow Statement, cash and cash equivalents include cash at bank, cash on hand, short term deposits and bank overdraft.

Cash and cash equivalent assets recognised in the Balance Sheet are reconciled at the end of the financial year to the Cash Flow Statement as follows:

Cash and cash equivalents (per Balance Sheet)	25,248	15,938	25,248	15,938
Closing cash and cash equivalents (per Cash Flow Statement)	25,248	15,938	25,248	15,938

Refer Note 20 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

8. Current/Non-current assets-receivables

	Consolidated 2008 \$'000	Consolidated 2007 \$'000	Parent 2008 \$'000	Parent 2007 \$'000
CURRENT				
Interest Receivable	967	563	967	563
Interest Receivable – Interest on Loans	596	578	596	578
Prepayments	5	5	5	5
GST	1,895	6,048	1,895	6,048
Miscellaneous	60	129	60	129
	3,523	7,323	3,523	7,323

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 20.

9. Current/Non-current assets - Other financial assets

	Consolidated 2008 \$'000	Consolidated 2007 \$'000	Parent 2008 \$'000	Parent 2007 \$'000
CURRENT				
Advances Receivable - Loans to Clients	3,699	4,116	3,699	4,116
Less: Allowance for impairment	0	(100)	0	(100)
	3,699	4,016	3,699	4,016
NON-CURRENT				
Advances Receivable - Loans to Clients	78,308	75,909	78,308	75,909
Less: Allowance for impairment	(561)	(644)	(561)	(644)
	77,747	75,265	77,747	75,265

Movement in the allowance for impairment.

	Consolidated 2008 \$'000	Consolidated 2007 \$'000	Parent 2008 \$'000	Parent 2007 \$'000
Advances Receivable – Loans to Clients				
Balance at 1 July	744	1,065	744	1,065
Amounts written off during the year	(100)	(20)	(100)	(20)
Amounts recovered during the year	(83)	(301)	(83)	(301)
Increase / (decrease) in allowance recognised in profit or loss	0	0	0	0
Balance at 30 June	561	744	561	744

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 20.

10. Non-current assets - Plant and equipment

	Plant and equipment		Total	
	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000
At 1 July 2007 – fair value				
Gross carrying amount	214	214	214	214
Accumulated depreciation	(86)	(86)	(86)	(86)
Net Carrying Amount	128	128	128	128
At 30 June 2008 – fair value				
Gross carrying amount	257	257	257	257
Accumulated depreciation	(115)	(115)	(115)	(115)
Net Carrying Amount	142	142	142	142

Reconciliation

A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the current reporting period is set out below.

	Plant and equipment		Total	
	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000
Year ended 30 June 2008				
Net carrying amount at start of year	128	128	128	128
Additions	43	43	43	43
Disposals	0	0	0	0
Depreciation expenses	(29)	(29)	(29)	(29)
Net carrying amount at end of year	142	142	142	142
At 1 July 2006 – fair value				
Gross carrying amount	155	155	155	155
Accumulated depreciation	(65)	(65)	(65)	(65)
Net Carrying Amount	90	90	90	90
At 30 June 2007 – fair value				
Gross carrying amount	214	214	214	214
Accumulated depreciation	(86)	(86)	(86)	(86)
Net Carrying Amount	128	128	128	128

Reconciliation

A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the current reporting period is set out below.

	Plant and equipment		Total	
	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000
Year ended 30 June 2007				
Net carrying amount at start of year	90	90	90	90
Additions	59	59	59	59
Disposals	0	0	0	0
Depreciation expenses	(21)	(21)	(21)	(21)
Net carrying amount at end of year	128	128	128	128

11. Current/Non-current liabilities - payables

	Consolidated 2008 \$'000	Consolidated 2007 \$'000	Parent 2008 \$'000	Parent 2007 \$'000
CURRENT				
Accrued salaries, wages and on-costs	112	107	0	0
Personnel Services payable	0	0	112	107
Creditors	866	1,971	866	1,971
Creditors - Treasury	4,633	5,139	4,633	5,139
Unearned revenue	793	0	793	0
	6,404	7,217	6,404	7,217

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 20.

12. Current/Non-current liabilities - borrowings

	Consolidated 2008 \$'000	Consolidated 2007 \$'000	Parent 2008 \$'000	Parent 2007 \$'000
CURRENT				
Secured/Unsecured				
Treasury, NSW Loan Capital	14,684	11,832	14,684	11,832
	14,684	11,832	14,684	11,832
NON-CURRENT				
Secured/Unsecured				
Treasury, NSW Loan Capital	66,566	67,308	66,566	67,308
	66,566	67,308	66,566	67,308

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings, are disclosed in Note 20.

13. Current/Non-current liabilities - provisions

	Consolidated 2008 \$'000	Consolidated 2007 \$'000	Parent 2008 \$'000	Parent 2007 \$'000
CURRENT				
Employee benefits and related on-costs				
Personnel services	0	0	319	316
Recreation Leave	249	252	0	0
Long Service Leave	70	64	0	0
	319	316	319	316
NON-CURRENT				
Employee benefits and related on-costs				
Personnel services	0	0	4	3
Long Service Leave	4	3	0	0
	4	3	4	3
Aggregate employee benefits and related on-costs				
Provisions – current	319	316	319	316
Provisions – non-current	4	3	4	3
Personnel Services payable (Note 11)	0	0	112	107
Accrued salaries, wages and on-costs (Note 11)	112	107	0	0
	435	426	435	426

14. Current/Non-current liabilities - other

	Consolidated 2008 \$'000	Consolidated 2007 \$'000	Parent 2008 \$'000	Parent 2007 \$'000
CURRENT				
Liability to Consolidated Fund	2,360	820	2,360	820
	2,357	820	2,357	820

15. Changes in equity

	Consolidated 2008 \$'000	Consolidated 2007 \$'000	Parent 2008 \$'000	Parent 2007 \$'000
Balance at the beginning of the financial year	15,174	7,510	15,174	7,510
Charges in Equity – Other than transactions with owners as owners.				
Surplus / (Deficit) for the year	4,848	7,664	4,848	7,664
Balance at the end of the financial year	20,022	15,174	20,022	15,174

16. Commitments for expenditure

	Consolidated 2008 \$'000	Consolidated 2007 \$'000	Parent 2008 \$'000	Parent 2007 \$'000
(a) Service Level Agreement DPI				
Aggregate operating expenditure contracted for at balance date but not provided for in accounts payable:				
Not later than one year	972	972	972	972
Later than one year and not later than five years	3,888	3,888	3,888	3,888
Later than five years	7,299	8,271	7,299	8,271
Total (including GST)	12,159	13,131	12,159	13,131
The total of 'Service Level Agreement' above includes input tax credits of \$553 that are expected to be recoverable from the Australian Taxation Office (50% of GST paid is not recoverable due to provision of financial supply).				
(b) Loan Commitments				
Commitments for the payment of Special Conversation Scheme and Natural Disaster Loans.				
Not later than one year	2,799	3,023	2,799	3,023
Later than one year and not later than five years	0	0	0	0
Later than five years	0	0	0	0
Total (including GST)	2,799	3,023	2,799	3,023
The total of Loan Commitments does not include GST as they are financial supplies.				
(c) Operating Lease Commitments				
Lords Place, Orange building lease				
Future non-cancellable operating lease rentals not provided for and payable -				
Not later than one year	22	26	22	26
Later than one year and not later than five years	0	0	0	0
Later than five years	0	0	0	0
Total (including GST)	22	26	22	26
No input tax credits are expected to be recoverable from the Australian Taxation Office.				

17. Contingent liabilities and contingent assets

No Contingent Liabilities or Contingent Assets are known to exist at the time of signing of these statements.

18. Budget review

The budget process is finalised prior to the beginning of each financial year. Events can arise after that date that necessitates variations to the planned activities of the Authority for that year. This in turn may cause variations to the financial activities. Major variations between the original budget and actual amounts are outlined below.

Net Cost of services

The Net Cost of Services result was \$221.840m over original budget. Grants and subsidies of \$430.263m (\$272.676m in 2006/07) were \$239.066m higher than budget mainly due to expenditure on the Rural Adjustment Scheme. Supplementation of \$227.400m was received for the continuation of the Advancing Australian Agriculture – Exceptional Circumstances (EC) scheme.

Assets and liabilities

Current Assets are over budget by \$4.072m. Cash and cash equivalents of \$25.248m (\$15.938m in 2006/07) was over budget by \$7.689m mainly due to increased interest, increased

liability to consolidated fund and an accumulation of funding for administration of Rural Adjustment Scheme grants. Receivables of \$3.523m (\$7.323m in 2006/07) was \$3.300m under budget due to lower than expected grant payments being made in June and the consequent impact on GST receivable.

Non-current Assets are under budget by \$2.036m. This is mainly due to the increased reduction to present value of the loan portfolio caused by the increased level of new loans (\$19.027m in 2007/08; \$11.295m in 2006/07).

Total Liabilities are under budget by \$1.415m. This is mainly due to the valuation of the loan liability of \$81.250m (\$79.140m in 2006/07) being \$2.186m under the total Borrowings budget of \$83.436m.

Cash flows

Net Cash Flows from Operating are \$11.252m under budget mainly due to accumulation of funds for the ongoing administration of the Rural Adjustment Scheme grants and increased interest received.

Net Cash Flows from Investing and Financing activities was under budget by \$3.563m mainly due to the proportion of loans made in the later portion of the financial year and the consequent lower level of repayments during the year.

19. Reconciliation of cash flows from operating activities to net cost of services

	Consolidated 2008 \$'000	Consolidated 2007 \$'000	Parent 2008 \$'000	Parent 2007 \$'000
Net cash used on operating activities	9,407	238	9,407	238
Cash Flows from Government / Appropriations	(423,070)	(279,590)	(423,070)	(279,590)
Acceptance by the Crown Entity of employee benefits and other liabilities	(147)	(153)	(147)	(153)
Depreciation and amortisation	(29)	(21)	(29)	(21)
Increase / (Decrease) in Receivables	(3,800)	5,111	(3,800)	5,111
(Increase) / Decrease in Provisions	(4)	(42)	(4)	(42)
Increase / (Decrease) in Payables	814	1,939	814	1,939
Net cost of services	(416,829)	(272,518)	(416,829)	(272,518)

20. Financial instruments

The Authority's principal financial instruments are outlined below. These financial instruments arise directly from the Authority's operations or are required to finance the Authority's operations. The Authority does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Authority's main risks arising from financial instruments are outlined below, together with the Authority's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout this financial report.

The Board has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Authority, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Internal auditors on a continuous basis.

(a) Financial instrument categories

Financial Assets	Note	Category	Consolidated Carrying Amount 2008 \$'000	Consolidated Carrying Amount 2007 \$'000	Parent Carrying Amount 2008 \$'000	Parent Carrying Amount 2007 \$'000
Class:						
Cash and cash equivalents	7	N/A	25,248	15,938	25,248	15,938
Receivables	8	Loans and receivables (at amortised cost)	1,623	1,270	1,623	1,270
Other Financial Assets	9	Loans and receivables (at amortised cost)	81,446	79,281	81,446	79,281
Financial Liabilities	Note	Category	Consolidated Carrying Amount 2008 \$'000	Consolidated Carrying Amount 2007 \$'000	Parent Carrying Amount 2008 \$'000	Parent Carrying Amount 2007 \$'000
Class:						
Payables	11	Financial liabilities measured at amortised cost	5,611	7,217	5,611	7,217
Borrowings	12	Financial liabilities measured at amortised cost	81,250	79,140	81,250	79,140

(b) Credit Risk

Credit risk arises when there is the possibility of the Authority's debtors defaulting on their contractual obligations, resulting in a financial loss to the Authority. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Authority, including cash, receivables, authority deposits and advances receivable. No collateral is held by the Authority. The Authority has not granted any financial guarantees.

Credit risk associated with the Authority's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW TCorp are guaranteed by the State.

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury. The TCorp Hour Glass cash facility is discussed in para (d) below.

Receivables – trade debtors

All trade debtors are recognised as amounts at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

The Authority is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2008: \$0; 2007: \$0) and past due (2008: \$0; 2007: \$0) are not considered impaired and together these represent 100% of the total trade debtors. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

The only financial assets that are past due or impaired are 'sales of goods and services' in the 'receivables' category of the balance sheet. The Authority has no receivables for sales of goods and services.

Other Financial Assets

Other Financial Assets represents loans advanced by the Authority to primary producers and small businesses under various schemes. The carrying amount of Advances Receivable-Loans to Clients represents the present value of the outstanding principal and interest raised not accrued. Collectability of Advances Receivable-Loans to Clients is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. The credit risk is the carrying amount (net of any allowance for impairment). Interest is charged on the loans using various methods and rates, depending on the loan scheme. Currently, the interest rate on the special conservation scheme loans is set at 75% of the current NSW Treasury Corporation 10-year Bond Rate adjusted quarterly. This interest rate is set at the approval rate and is fixed for the life of the loan. The interest rate on Natural Disaster Loans is fixed at 50% of the 10-year Bond Rate. Currently the rate is 2.85% fixed for a year.

Special conversation scheme loans may be drawn down over a period, generally 12 months, and are recognised at fair value, usually based on the transaction cost or face value until fully determined (2008: \$4,066; 2007: \$3,967). Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables.

The Authority is not materially exposed to concentrations of credit risk to a single loan debtor or group of loan debtors. Based on past experience, debtors that are not past due (2008: \$84,927; 2007: \$80,429) and past due (2008: \$3,143; 2007 \$3,372) are not considered impaired and together these represent 99% (2007: 99%) of the total loan debtors.

	Total \$'000	Past due but not impaired \$'000	Considered impaired \$'000
2008			
< 3 months overdue	257	257	0
3 months – 6 months overdue	197	190	7
> 6 months overdue	3,251	2,697	554
2007			
< 3 months overdue	610	607	3
3 months – 6 months overdue	289	289	0
> 6 months overdue	3,217	2,476	741

Authority Deposits

The Authority has no funds placed on deposit with TCorp.

Other Facilities

The Authority has access to the following banking facilities:

	2008 \$'000	2007 \$'000
Mastercard Limit	15	15

(c) Liquidity risk

Liquidity risk is the risk that the Authority will be unable to meet its payment obligations when they fall due. The Authority continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of loans and other advances.

During the current and prior years, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. The Authority's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. The rate of interest applied during the year was 0% (2007 – 0%).

The table below summarises the maturity profile of the Authority's financial liabilities, together with the interest rate exposure.

Maturity analysis and interest rate exposure of financial liabilities

			Interest Rate Exposure			Maturity Dates		
			Fixed Int. Rate \$'000	Variable Int. Rate \$'000	Non- interest bearing \$'000	< 1 yr	1 – 5 yrs	> 5 yrs
2008								
Payables	0	5,611	0	0	5,611	5,611	0	0
Borrowings:								
Advances repayable	6.14%	101,603	101,603	0	0	18,376	51,131	32,096
		107,214	101,603	0	5,611	23,987	51,131	32,096
2007								
Payables	0	7,217	0	0	7,217	7,217	0	0
Borrowings:								
Advances repayable	5.97%	96,131	96,131	0	0	14,859	49,089	32,183
		103,348	96,131	0	7,217	22,076	49,089	32,183

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Authority's exposures to market risk are primarily through interest rate risk on the Authority's borrowings and other price risks associated with the movement in the unit price of the Hour Glass Investment Facilities. The Authority has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Authority operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposure in existence at the balance sheet date. The analysis is performed on the same basis for 2007. The analysis assumes that all other variables remain constant.

Interest rate risk

Exposure to interest rate risk arises primarily through the Authority's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with NSW TCorp. The Authority does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of + / - 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Authority's exposure to interest rate risk is set out below.

		-1%		1%	
	Carrying Amount \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2008					
<i>Financial assets</i>					
Cash and cash equivalents	25,248	(252)	(252)	252	252
Receivables	1,623	0	0	0	0
Other Financial Assets	81,446	0	0	0	0
<i>Financial liabilities</i>					
Payables	5,611	0	0	0	0
Borrowings	81,250	0	0	0	0
2007					
<i>Financial assets</i>					
Cash and cash equivalents	15,938	(159)	(159)	159	159
Receivables	1,270	0	0	0	0
Other Financial Assets	79,281	0	0	0	0
<i>Financial liabilities</i>					
Payables	7,217	0	0	0	0
Borrowings	79,140	0	0	0	0

Other price risk – Tcorp Hour-Glass facilities

Exposure to 'other price risk' primarily arises through the investment in the TCorp Hour-Glass Investment Facilities, which are held for strategic rather than trading purposes. The Authority has no direct equity investments. The Authority holds no units in Hour-Glass investment trusts.

(e) Fair Value

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the balance sheet approximates the fair value, because of the short-term nature of many of the financial instruments.

End of the audited financial statements.

FINANCIAL STATEMENTS – INDEPENDENT AUDITORS REPORT



Office of the Rural Assistance Authority

GPO Box 12
Sydney NSW 2001

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the Office of the Rural Assistance Authority (the Office), which comprises the balance sheet as at 30 June 2008, the operating statement, statement of recognised income and expense and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all materials respects, the financial position of the Office as of 30 June 2008, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

Division Head's Responsibility for the Financial Report

The Division Head of the Office is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Audit's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

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

My opinion does *not* provide assurance:

- about the future viability of the Office,
- that they have carried out their activities effectively, efficiently and economically, or
- about the effectiveness of their internal controls.

Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.

A handwritten signature in black ink, appearing to read 'R Hegarty'.

R Hegarty FCPA
Director, Financial Audit Services

1 December 2008
Sydney

STATEMENT BY CEO

OFFICE OF THE RURAL ASSISTANCE AUTHORITY

STATEMENT BY THE CHIEF EXECUTIVE

Pursuant to Section 45F of the Public Finance and Audit Act, 1983, I state that:

- The accompanying financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act, 1983, the Financial Reporting Code for Budget Dependent General Government Sector Agencies, the applicable clauses of the Public Finance and Audit Regulation 2005 and the Treasurer's Directions;

- The statements exhibit a true and fair view of the financial position and transactions of the Office for the year ended 30 June 2008; and
- At the date on which the statement is signed, there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Date:

1/12/08



A Coutts
Chief Executive

Income Statement for the year ended 30 June 2008

	Notes	Actual 2008 \$'000	Actual 2007 \$'000
Expenses excluding losses			
Employee related			
Salaries and wages (including recreation leave)		2,573	2,400
Superannuation-defined benefit plans		49	44
Superannuation-defined contribution plans		169	161
Long service leave		97	111
Workers compensation insurance		11	11
Payroll tax and fringe benefits tax		135	123
Other - Miscellaneous		1	1
Total expenses excluding losses		3,035	2,851
Revenue			
Personnel Services	1(d)	3,035	2,851
Total Revenue		3,035	2,851
SURPLUS/(DEFICIT) FOR THE YEAR		0	0

Statement of recognised income and expense for the year ended 30 June 2008

	Notes	Actual 2008 \$'000	Actual 2007 \$'000
Total income and expense recognised directly in equity		0	0
Surplus/(Deficit) for the year		0	0
Total income and expense recognised for the year		0	0

The accompanying notes form part of these financial statements.

Balance Sheet as at 30 June 2008

	Notes	Actual 2008 \$'000	Actual 2007 \$'000
ASSETS			
Current Assets			
Receivables	1(e)	431	423
Total Current Assets		431	423
Non-Current Assets			
Receivables	1(e)	4	3
Total Non-Current Assets		4	3
Total Assets		435	426
LIABILITIES			
Current Liabilities			
Payables	1(f), 1(h)	45	52
Accrued salaries, wages and on-costs	1(f), 1(h), 2	67	55
Employee Provisions	1(g), 2	319	316
Total Current Liabilities		431	423
Non-Current Liabilities			
Employee Provisions	1(g), 2	4	3
Total Non-Current Liabilities		4	3
Total Liabilities		435	426
Net Assets		0	0
Equity			
Accumulated Funds		0	0
Total Equity		0	0

The accompanying notes form part of these financial statements.

Cash Flow Statement for the year ended 30 June 2008

	Notes	Actual 2008 \$'000	Actual 2007 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee related		0	0
Total Payments		0	0
Receipts			
Personnel Services		0	0
Total Receipts		0	0
NET CASH FLOWS FROM OPERATING ACTIVITIES		0	0
NET INCREASE/(DECREASE) IN CASH		0	0
Opening cash and cash equivalents		0	0
CLOSING CASH AND CASH EQUIVALENTS		0	0

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

(a) Reporting Entity

The Office of the Rural Assistance Authority (The Office) is a Division of the Government Service, established pursuant to Part 1 of Schedule 1 of the Public Sector Employment and Management Act 2002. It is consolidated as part of the NSW Total State Sector Accounts.

The Office's objective is to provide personnel services to the NSW Rural Assistance Authority. The Office has responsibility for the employees and employee-related liabilities of the NSW Rural Assistance Authority.

This financial report for the year ended 30 June 2008 has been authorised for issue by the Chief Executive on 1 December 2008.

(b) Basis of Preparation

The Office's financial report is a general purpose financial report which has been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the Public Finance and Audit Act 1983 and Regulation; and
- the Financial Reporting Directions issued by the Treasurer.

Generally, the historical cost basis of accounting has been adopted and the financial report does not take into account changing money values or current valuations.

The accrual basis of accounting has been adopted in the preparation of the financial report, except for cash flow information.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial report.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) Statement of Compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Income recognition

Income is measured at the fair value of the consideration received or receivable. Income from the rendering of personnel services is recognised when the service is provided and only to the extent that the associated recoverable expenses are recognised.

(e) Receivables

A receivable is recognised when it is probable that the future cash inflows associated with it will be realised and it has a value that can be measured reliably. It is derecognised when the contractual or other rights to future cash flows from it expire or are transferred.

A receivable is measured initially at fair value and subsequently at amortised cost using the effective interest rate method, less any allowance for doubtful debts. A short-term receivable with no stated interest rate is measured at the original invoice amount where the effect of discounting is immaterial. An invoiced receivable is due for settlement within thirty days of invoicing.

If there is objective evidence at year end that a receivable may not be collectable, its carrying amount is reduced by means of an allowance for doubtful debts and the resulting loss is recognised in the income statement. Receivables are monitored during the year and bad debts are written off against the allowance when they are determined to be irrecoverable. Any other loss or gain arising when a receivable is derecognised is also recognised in the income statement.

(f) Payables

Payables include accrued wages, salaries, and related on costs (such as payroll tax, fringe benefits tax and workers' compensation insurance) when there is certainty as to the amount and timing of settlement.

A payable is recognised when a present obligation arises under a contract or otherwise. It is derecognised when the obligation expires or is discharged, cancelled or substituted.

A short-term payable with no stated interest rate is measured at historical cost if the effect of discounting is immaterial.

(g) Employee benefits and other provisions

(i) Salaries and wages, annual leave, sick leave and on-costs

Liabilities for salaries and wages (including non-monetary benefits) and annual leave and paid sick leave that fall due wholly within 12 months of the reporting date are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long-term annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119 Employee Benefits.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.



(ii) Long service leave and superannuation

The Agency's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The agency accounts for the liability as having been extinguished; resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown Entity of employee benefits and other liabilities".

Long service leave is measured at present value in accordance with AASB 119 Employee Benefits. This is based on the application of certain factors (specified in NSWTC 07/04) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

(h) Comparative Information

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

Where necessary, the Office has reclassified and repositioned comparatives to be consistent with current year disclosures except when an Australian Accounting Standard permits or requires otherwise.

(i) New Australian Accounting Standards issued but not effective

At reporting date all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (The AASB) that are relevant to the Office's operations and effective for the current annual reporting period have been adopted. At reporting date, a number of Australian Accounting Standards have been issued by the AASB but are not yet operative. These have not been early adopted by the Authority. These standards have been assessed for their possible impact on the financial report, if any, in the period of their application. The following is a list of those standards that will have an impact on the financial report:

- AASB 101 Presentation of Financial Statements – prescribes the basis for presentation of the financial statements. Effective 2009/10
- Interpretation 14 regarding the limit on a defined benefit asset. Effective 2008/09

These standards will be implemented when they become effective.

2. Current/Non-Current Liabilities - Provisions

	2008 \$'000	2007 \$'000
CURRENT		
Employee benefits and related on-costs		
Recreation Leave	249	252
Long Service Leave	70	64
	319	316
NON-CURRENT		
Employee benefits and related on-costs		
Long Service Leave	4	3
	4	3
Aggregate employee benefits and related on-costs		
Provisions - current	319	316
Provisions - non-current	4	3
Accrued salaries, wages and on-costs	67	55
	390	374

3. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

No Contingent Liabilities or Contingent Assets are known to exist at the time of signing of these statements.

4. COMMITMENTS

There were no Operating Commitments outstanding as at 30 June 2008.

5. FINANCIAL INSTRUMENTS

The Office has no cash and cash equivalents and all receivables (2008: \$435; 2007: \$426) relate to a single debtor, the NSW Rural Assistance Authority. No receivables are past due or impaired.

All liabilities (2008: \$435; 2007: \$426) are payables, accruals and provisions relating to the provision of personnel services to the NSW Rural Assistance Authority.

These financial instruments arise directly from the Office's operations or are required to finance the Office's operations. The Office does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Office's financial instruments are managed by the NSW Rural Assistance Authority. The Authority continuously manages risk through monitoring future cash flows. The Office's exposure to liquidity risk is deemed insignificant based on prior period's data and current assessment of risk.

The Office has no interest bearing liabilities or assets and is not exposed to market risk.

End of the audited financial statements.

APPENDICES

Management

1. Legislation
2. Risk management
3. Statement of Responsibility
4. Business Continuity Plan
5. Energy management
6. Waste reduction and purchasing policy
7. Use of consultants
8. Payment performance
9. Credit card certification
10. Reviews

Stakeholder Relationships

11. Publicity and promotion
12. Electronic service delivery
13. Freedom of information
14. Ombudsman
15. Privacy management
16. Consumer response
17. Guarantee of service

Human Resources

18. Occupational health and safety
19. Equal employment opportunity
20. Disability action plan
21. Protected disclosures
22. Ethnic Affairs Priorities Statement
23. Code of conduct

1. Legislation

State

There were no amendments to the state legislation administered by the Authority (the *Rural Assistance Act 1989* and the *Farm Debt Mediation Act 1994*) nor were there any significant judicial decisions affecting the Authority or its clients.

Commonwealth

The Authority is also responsible for the administration of Australian Government-funded assistance. By agreement, the Authority is affected by the relevant Australian Government legislation. Assistance measures available to farmers under the *Rural Adjustment Act 1992* ceased on 30 June 1998, with the exception of assistance under the Exceptional Circumstances provisions of that legislation.

2. Risk Management

As an inner budget sector organisation, the Authority participates in the NSW Treasury's Managed Fund, the NSW Government's self-insurance scheme. The scheme is administered on behalf of the Government by the GIO and Allianz to include insurance cover for workers compensation, motor vehicles, public liability, property and miscellaneous insurance.

The Manager Administration is responsible for ensuring that an effective program of risk management and insurance operates within the Authority.

The main risk areas identified within the Authority are:

- workers' injury risk
- property damage
- equipment damage
- public liability exposure
- risks associated with domestic travel.

The Authority's 2007-08 Workers' Compensation premium increased slightly by \$103 on the 2006-07 premium. There were no new worker's compensation claims received in 2007-08.

General insurance premiums increased by \$4 042 in 2007-08 due to the acquisition of an additional rental property.

Safety Inspections

Workplace inspections required under the *Occupational Health and Safety Act 2000* were conducted by the Occupational Health and Safety Committee on a regular basis during 2007-08.

Significant improvements in internal control

The Authority has in place policy and procedures for supplying information to both clients and external bodies in compliance with the *Freedom of Information Act 1989* and the *Privacy and Personal Information Protection Act 1998*.

Training in occupational health and safety, the code of conduct, fraud awareness, investigating fraud and corruption are completed on a regular basis in key work areas.

Fraud risk assessments were conducted.

3. Statement of Responsibility

In accordance with Treasury's statement of best practice in July 1995, I am pleased to provide reasonable assurance that the NSW Rural Assistance Authority, through its senior management,

policy board and other employees has in place an internal control and audit process designed to assess and review the Authority's performance in achieving its stated objectives.

These measures include internal audit, corporate and strategic planning, annual reporting of outputs, outcomes and inputs, annual program statements to government and management reviews.

Specific matters highlighted in fraud risk assessment and audit reviews are conveyed to the relevant staff for implementation of recommended strategies where appropriate.



GEORGE DAVEY
Chief Executive

4. Business Continuity Plan

Business continuity plans have been developed for the Authority. Staff training and testing of the plans is yet to be undertaken.

5. Energy management

The Authority is co-located with NSW Department of Primary Industries and operates under the Department's energy management plan.

6. Waste reduction and purchasing policy

In compliance with the *Waste Avoidance and Resource Recovery Act 2001*, the Authority has implemented the following:

Waste Reduction

- Extensive use of the internet, which reduces the use of paper products
- Printing of large documents doubled-sided, where possible.

Purchases

The Authority has increased purchase of:

- recycled toner cartridges by 40 per cent
- large envelopes made with recycled paper by 75 per cent
- advertising material on recycled cardboard by 20 per cent
- business cards on recycled cardboard by 100 per cent.

Resource Recovery

The Authority:

- returns all used toner cartridges to the relevant suppliers for recycling
- sends approximately 80 per cent of waste paper for recycling
- reprocesses all documents sent for certificated secure shredding.

7. Use of Consultants

The Authority engaged consultants during 2007-08 to perform analysis and updates to the SAP loans module and the AgStart database.

The cost for the SAP consultancy was \$3 025. The cost for the AgStart consultancy will be met in the 2008-09 year and is not expected to exceed \$40 000.

8. Payment Performance

Aged Analysis at the End of each Quarter

Quarter	Current (i.e. within due date) \$	Less than 30 days overdue \$	Between 30 and 60 days overdue \$	Between 60 and 90 days overdue \$	More than 90 days overdue \$
September	945 469	5 665	0	0	0
December	1 370 038	20 648	8 433	2 414	0
March	1 197 961	76 751	0	450	134
June	1 203 970	21 895	1 467	0	0

Accounts Paid on Time within each Quarter

Total Accounts Paid on Time				
Quarter	Target %	Actual %	\$	Total Amount Paid \$
September	95	99.40	945 469	951 134
December	95	97.75	1 370 038	1 401 534
March	95	93.94	1 197 961	1 275 296
June	95	98.10	1 203 970	1 227 333

Commentary on Payment Performance

- Percentages of payments paid on time were generally in line with the Authority's target percentage.
- The third quarter was below the target due to queries relating to several invoices received.
- There were no instances of penalty interest paid or incurred during 2007-08.
- The terms of payment on suppliers are reviewed to ensure that sufficient and reasonable time is afforded the Authority for payment.

9. Credit card certification

The Authority has three credit card holders. The maximum limit is \$3 500. These cards are managed in accordance with the Premier's memoranda and Treasurer's directions.

10. Reviews

There were four internal audit reviews in 2007-08 and two external audit reviews.

11. Publicity and Promotion

Publicity

The Authority endeavours to inform NSW farmers and small business operators, as well as their advisers, about the financial assistance available through the Authority.

The increasing need to assist farmers and small business in managing the financial effects of the continuing drought, together with the floods and severe storms that can affect the State has reinforced the importance of an effective promotion strategy.

Strategies include but are not limited to:

- regularly reviewing, updating and improving the Authority's website
- making available electronic and hard copy application forms, information bulletins and brochures
- participating in radio and television interviews, publishing newspaper articles and advertisements
- attending promotional events such as farm family gatherings and field days
- partnering agencies, including the NSW rural counselling services, catchment management authorities and the NSW Department of Primary Industries to exchange information and provide improved service to clients.

Publications

The following publications were available from the Authority in 2007-08:

- A Brief History of the New South Wales Rural Assistance Authority
- AgStart Application Form
- Annual Report 2006-2007
- Appeal Process Brochure
- Application for Deferral of Loan Repayments – Primary Producer
- Application for Deferral of Loan Repayments – Small Business
- Disability Action Plan
- Exceptional Circumstances Assistance Lenders Certificate
- Exceptional Circumstances Interest Rate Subsidy Application Form – Primary Producer
- Exceptional Circumstances Interest Rate Subsidy Application Form – Small Business
- Exceptional Circumstances Interest Rate Subsidy Assistance Information Bulletin – Primary Producer
- Exceptional Circumstances Interest Rate Subsidy Information Bulletin – Small Business
- Exceptional Circumstances Schedule 1
- Farm Debt Mediation Brochure
- Farm Debt Mediation Kit
- Natural Disaster Relief Assistance - Recovery Grant - Primary Producer - Information Bulletin
- Natural Disaster Relief Assistance - Recovery Grant – Small Business - Information Bulletin
- Natural Disaster Relief Assistance - Recovery Grant - Primary Producer - Application Form
- Natural Disaster Relief Assistance - Recovery Grant – Small Business - Application Form
- Natural Disaster Relief Scheme Brochure
- Natural Disaster Relief Scheme - Primary Producers Application Form
- Natural Disaster Relief Scheme - Primary Producer Information Brochure
- Natural Disaster Relief Scheme - Small Business Application Form
- Natural Disaster Relief Scheme - Small Business Information Brochure

- Ovine Johne's Disease Transaction Based Contribution Scheme - Claim-Back Form
- Ovine Johne's Disease Transaction Based Contribution Scheme - Fact Sheet
- Ovine Johne's Disease Transaction Based Contribution Scheme - Refund of Contributions
- Privacy Management Plan
- Special Conservation Scheme Application Form
- Special Conservation Scheme Information Brochure
- Special Conservation Scheme Interim Application Form
- Special Conservation Scheme – Mortgagee's Consent
- What is AgStart?
- Who we are – Information Brochure
- Working Together - NSW Rural Assistance Authority/Lachlan Catchment Management Authority Partnership – Brochure
- Working Together - NSW Rural Assistance Authority/Lachlan Catchment Management Authority Partnership - Flyer

12. Electronic service delivery

The Authority's application forms for assistance are available on the website along with information relating to available assistance.

The Authority's website is currently being upgraded in line with the NSW Government's Website Style Directive for improved accessibility and information delivery to clients.

13. Freedom of information

The *Freedom of Information Act 1989* provides legal access to members of the public to documents and files held by government agencies.

The Act is administered in the NSW Rural Assistance Authority through FOI officers who have delegations to make determination for access or amendments to records.

The following statistical information relates to FOI applications received and processed in 2007-08.

Number of new FOI requests

	Personal		Other		Total	
	06-07	07-08	06-07	07-08	06-07	07-08
FOI Requests						
New	2	2	3	0	5	2
Brought forward	0	0	0	0	0	0
Total to be processed	2	2	3	0	5	2
Completed	2	2	3	0	2	2
Transferred out	0	0	0	0	0	0
Withdrawn	0	0	0	0	0	0
Total processed	2	2	3	0	5	2
Unfinished	0	0	0	0	0	0

What happened to completed requests?

	Personal		Other	
	06-07	07-08	06-07	07-08
Results of FOI Requests				
Granted in full	2	2	1	0
Granted in part	0	0	2	0
Refused	0	0	0	0
Deferred	0	0	0	0
Completed	2	2	3	0

Formal consultations

	Personal		Other	
	06-07	07-08	06-07	07-08
Number of requests requiring formal consultation	0	0	0	0

Costs and fees of requests processed

	Assessed Costs		FOI Fees Received	
	06-07	07-08	06-07	07-08
All completed requests	0	0	\$150	\$60

Discounts allowed

	Personal		Other	
	06-07	07-08	06-07	07-08
Nil	0	0	0	0
Total	0	0	0	0

Elapsed Time

	Personal		Other	
	06-07	07-08	06-07	07-08
0-21 days	2	2	3	0
22-35 days	0	0	0	0
Over 35 days	0	0	0	0
Total	2	2	3	0

Processing hours

	Personal		Other	
	06-07	07-08	06-07	07-08
0-10 hours	2	2	3	0
Over 40 hours	0	0	0	0
Total	2	2	3	0

Reviews and appeals

	Assessed Costs		FOI Fees Received	
	06-07	07-08	06-07	07-08
Total	0	0	0	0

SUMMARY OF AFFAIRS

FREEDOM OF INFORMATION ACT 1989

Section 14 (1) (b) and (3)

SUMMARY OF AFFAIRS OF THE NSW RURAL ASSISTANCE AUTHORITY

SECTION 1 – POLICY DOCUMENTS

- Annual Report
- Apologies
- Appeal Review Process
- Broadcast email
- Complaints
- Code Of Conduct
- Communications and Service Delivery
- Conduct Guidelines for Members of the NSW Rural Assistance Authority Board
- Corporate Plan
- Corruption Prevention (incorporating Protected Disclosures)
- Delegations of Authority
- Disability Action Plan
- Ethnic Affairs Priority Statement
- Electronic Records Management Policy
- Farm Debt Mediation Policy Guidelines
- Grievance Procedure
- Guarantee of Service
- Job Evaluation Policy
- Media Relations
- Mobile Communications Devices
- Occupational Health and Safety Policy
- Policy Development
- Policy Guidelines on various assistance measures
- Privacy Management Plan
- Records Management
- Records Management – Functional Retention and Disposal Schedule
- Records Management – Strategic and Operational Plan
- Rehabilitation Policy
- Staff Induction Manual
- Workplace Harassment and Bullying

SECTION 2**STATEMENT OF AFFAIRS**

The Authority's most recent Statement of Affairs is dated June 2008. Copies of this document can be obtained as detailed below.

SECTION 3 – INQUIRIES UNDER THE FREEDOM OF INFORMATION ACT

Inquiries can be directed to the F.O.I. Officer by telephone on 02 6391 3020, or by fax on 02 6391 3098. Requests for access to documents should be accompanied by a \$30 application fee and directed in writing to:

The Freedom of Information Officer
 NSW Rural Assistance Authority
 Locked Bag 23
 ORANGE NSW 2800
 email: rural.assist@raa.nsw.gov.au

14. Ombudsman

The Authority received one inquiry from the Ombudsman in 2007-08. Further investigation by the Ombudsman was declined on grounds of resource/priority.

15. Privacy management

To comply with the *Privacy and Personal Information Protection Act 1998*, the Authority has completed a Privacy Management Plan and submitted it to the Privacy Commissioner.

16. Consumer Response

There were no formal complaints relating to client services in 2007-08. The mechanism for handling complaints from clients is detailed in the following Guarantee of Service.

17. Guarantee of service**SERVICES AVAILABLE**

Our responsibility is assistance.

The schemes currently available are:

- the Commonwealth Rural Adjustment Scheme, which gives financial help to farmers to promote both growth in productivity and farm adjustment
- the State Special Conservation Scheme, which gives financial help to farmers to promote better land management
- the State Relief Scheme, which gives financial help to farmers and small businesses to help them recover from production losses after natural disasters.

Other schemes are provided from time to time, and special Information Bulletins are issued for these.

QUALITY OF SERVICE

Our responsibilities are to:

- give you full details of the types of help available
- assess your application fairly and impartially
- under normal circumstances, give you an initial decision within 28 days of receiving your application
- not make it hard for you to use our services if you have difficulty understanding English
- not make it hard for you to use our services if you have difficulty reading and writing
- give you a clear and easily understood decision
- treat you with honesty, courtesy and respect
- provide a free interpreter or translator if you need one
- handle your application with the utmost privacy and confidentiality
- be available for enquiries from 8.30 am to 5.00 pm, Monday to Friday, excluding public holidays.

YOUR RESPONSIBILITIES

Your responsibilities are to:

- treat our staff with courtesy and respect
- give us all the information we need to make an accurate decision
- let us know if your situation changes and you no longer need help.

HOW TO MAKE A COMPLAINT

If you are not satisfied with our quality of service you can:

- first discuss the matter with the Authority staff member responsible for handling your application or inquiry, and/or
- arrange for a personal interview with a senior officer

If you are still not satisfied, put your suggestion or complaint in writing to:

The Manager Administration
NSW Rural Assistance Authority
Locked Bag 23
ORANGE NSW 2800
Email: rural.assist@raa.nsw.gov.au
Fax: 02 6391 3098

Your complaint should include:

- your name and contact details
- a short summary of the issue and the Authority's actions relevant to the complaint. Staff members involved in the issue
- the action you are seeking to resolve the complaint.

If you have difficulty writing this complaint you should seek the assistance of your rural/financial counsellor, solicitor, accountant or a trusted family member/friend.

As a last resort, make a formal complaint to:

Office of the Ombudsman
Level 24, 580 George Street
SYDNEY NSW 2000

The Authority is involved in implementing government policy. If you have a complaint about policy we can help you by explaining the policy and its aims, but we cannot change the policy. Nevertheless we can give the Government your valuable feedback.

18. Occupational health and safety

The Authority is committed to providing a safe and supportive working environment. The Occupational Health and Safety Committee continued to work closely with management in 2007–08 to achieve the Authority's objectives. Safety inspections continued during the year, with no major areas of concern being identified. All incidents reported were reviewed by the Committee to ensure compliance with policy and procedures.

Occupational health and safety procedures and policy form part of the induction program for Authority staff. A range of Occupational Health and Safety policies and procedures have been drafted during the year and should be implemented in 2008–09 following approval by the Authority's management and the Occupational Health and Safety Committee.

During the year the Authority had no workers compensation claims.

19. Equal employment opportunity

Number of Employees

Category	June 04	June 05	June 06	June 07	June 08
CHIEF & SENIOR EXECUTIVE SERVICES					
Level 1	1	1	1	1	1
Number filled by Women	0	0	0	0	0
ADMINISTRATIVE & CLERICAL					
Assessment Staff	21	20	18	18	19
Legal	2	2	2	1	2
Finance, Administration & Other	16	15	15	18	17
TOTAL	40	38	36	38	39

Representation of EEO Target Groups

	2006-07			2007-08		
	Total Staff	Women	NESB (1)	Total Staff	Women	NESB (1)
< \$35 266 (2)						
\$35 266 - \$46 319 (3)	6	5	1	6	5	1
\$46 320 - \$51 783	8	7	1	9	8	1
\$51 784 - \$65 526	13	5	1	14	7	1
\$65 527 - \$84 737	5	2	0	5	2	0
\$84 738 - \$105 923	5	1	0	4	0	0
> \$105 923 (SES)	1	0	0	1	0	0
TOTAL	38	20	3	39	22	3

1. Non-English speaking background
2. Employees on salaries below Clerical Officer Scale Grade 1, Year 6.
3. Employees on salaries from Clerical Officer Grade 1, Year 6 to below minimum Administrative and Clerical Scale Grade 1.

Trends in the Representation of EEO Groups

EEO Group	Benchmark or Target %	% of Total Staff			
		2005	2006	2007	2008
Women	50	53	47	53	56
Aboriginal people & Torres Strait Islanders	2	3.6	0	0	0
People whose first language was not English	20	14	11	11	13
People with a disability	12	3	3	3	0
People with a disability requiring work-related adjustment	7	0	0	0	0

Trends in the Distribution of EEO Groups

EEO Group	Benchmark or Target %	Distribution Index			
		2005	2006	2007	2008
Women	100	n/a	n/a	n/a	n/a
Aboriginal people and Torres Strait Islanders	100	n/a	n/a	n/a	n/a
People whose first language was not English	100	n/a	n/a	n/a	n/a
People with a disability	100	n/a	n/a	n/a	n/a
People with a disability requiring work-related adjustment	100	n/a	n/a	n/a	n/a

Notes:

1. Staff numbers are as at 30 June.
2. Excludes casual staff.
3. A Distribution Index of 100 indicates that the centre of the distribution of the EEO group across salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the EEO group is less concentrated at lower salary levels. The Distribution Index is automatically calculated by the software provided by ODEOPE.
4. The Distribution Index is not calculated where EEO group or non-EEO group numbers are less than 20.

Representation & Recruitment of Aboriginal Employees and Employees with Physical Disabilities

	2006-07			2007-08		
	Total Staff	Aboriginal People	PWPD*	Total Staff	Aboriginal People	PWPD*
Total Employees	38	0	1	39	0	0
Recruited in the year	3	0	0	5	0	0

Flexible working arrangements

The Authority continues to make flexible work arrangements available to its staff through the Flexible Working Hours Agreement and the provision of flexible work practices.

Spokeswoman's Program

The Authority continued its support for the Spokeswomen's Program in 2007-08.

The program is still being reviewed by the Premier's Department and once this has been completed, staff will be advised of the outcome.

20. Disability Action Plan

The Authority is committed to maintaining and improving access for disabled people to its services and employment opportunities. This is achieved by:

- ensuring disability access to the Authority's office for clients and staff
- ensuring access to services
- providing employment opportunities for people with disabilities
- making retraining programs available to people who are not able to continue their preferred career due to a disability.

The Disability Action Plan was last reviewed in August 2006 and will be reviewed again during 2008-09 in line with revised guidelines to be published by the NSW Department of Ageing, Disability and Home Care.

21. Protected disclosures

The Authority provides information on employees' rights under the *Protected Disclosures Act 1994* by:

- circulating information on the Act
- making freely available the Premier's Department brochure regarding the Act
- utilising its grievance procedures as the basis for internal reporting under the Act
- incorporating the main aims of the Act into the Authority's code of conduct.

There were no protected disclosures in 2007-08.

22. Ethnic Affairs Priorities Statement

In response to the cultural and linguistic needs of its clients and staff, the Authority has developed an Ethnic Affairs Priorities Statement (EAPS). The EAPS seeks to achieve outcomes in the areas of social justice, community harmony, and economic and cultural opportunities, together with performance measures and plans for future action.

The Authority's EAPS includes initiatives and strategies designed to better meet the needs of our clients.

23. Code of Conduct

The Authority has revised its Code of Conduct in accordance with the Model Code of Conduct for NSW Public Agencies. A copy of the full code appears below.

1. New South Wales Rural Assistance Authority

The NSW Rural Assistance Authority is a Schedule 2 Administrative Unit under the Public Sector Management Act 1988 and was constituted pursuant to the *Rural Assistance Act 1989*.

The Authority evolved from a Working Party report commissioned by the Government to rationalise the administration of assistance to the rural sector. Prior to the formation of the Authority, assistance was administered by two separate agencies - i.e. Rural Assistance Board and the Rural Industries Agencies which were administered by the Rural Bank of NSW, and more recently the State Bank of NSW.

In broad terms the function of the Authority is to administer a wide range of assistance measures to the rural sector. These assistance measures are both Commonwealth and State funded. Whilst the rural sector is the agency's core client, it must also be mentioned that the Authority is responsible for the administration of relief assistance to small businesses who have suffered loss or damage due to natural disaster.

The nature of the Authority's work requires that it has skilled staff, particularly in the areas of lending, finance and legal - who have the knowledge, ability and experience to respond to the obligations imposed by the institution of various schemes and assistance measures.

It also requires staff who exhibit care and compassion in their dealings with clients - staff who are good communicators and who are motivated and flexible in their approach to their work.

The Authority is particularly aware of the way staff present themselves in all facets of their work including appearance, manner of communication, competency in handling matters etc., as it is aware many of its clients are in extremely adverse circumstances and it is therefore keen to try and impart a sense of confidence in its clients.

It is recognised that each individual in the workforce has their own set of moral and ethical standards and these will vary from one individual to another, however, the purpose of the guidelines set out in the code following is to prescribe the minimum standards that will be acceptable and applicable to all employees.

2. To Whom Does This Code of Conduct Apply

This code applies to permanent and temporary full-time and part-time employees of the Authority.

Officers of the Senior Executive Service are subject to a separate Code of Conduct.

3. Principles

Codes are prepared within a framework of principles which are fundamental to the ethos governing behaviour. These have been identified for the public sector as:

Responsibility to the Government of the Day

The Government of the day is entitled to expect officers of the Authority to provide impartial and accurate advice and to implement its policies promptly, efficiently and effectively. Employees of the Authority must comply with any relevant legislative, industrial and administrative requirements.

When implementing Government policy, officers of the Authority's own values should not take precedence over those explicit or implicit in Government policy. When faced with having to implement a policy which is at variance with their own views, officers of the Authority should discuss the matter with an appropriate officer, depending on the nature of the matter, to resolve the issue.

Respect for People

Officers of the Authority are to treat members of the public and their colleagues fairly and consistently, in a non-discriminatory manner with proper regard for their rights and obligations. In this regard, they should perform their duties in a professional and responsible manner.

They should also ensure that their decisions and actions are reasonable, fair and appropriate to the circumstances, based on a consideration of all the relevant facts, and supported by adequate documentation.

Integrity and Public Confidence

The public has a right to expect that public sector organisations are of the highest integrity and competence which treat all citizens fairly, reasonably and equitably.

Officers should protect the reputation of the Authority. They should not engage in activities, at work or outside work, which would bring the Authority into disrepute.

Responsive Service

Officers are to provide a relevant and responsive service to their clients, providing all necessary and appropriate assistance and fulfil the Authority's service performance standards.

They should provide information promptly and in an appropriate format that is easy for the recipient to understand. The information should be clear, accurate, current and complete.

Economy and Efficiency

Officers should keep up to date with advances and changes in their area of expertise, and look for ways to improve performance and achieve high standards of public administration. They should use their authority, available resources and information only for the work-related purpose intended.

Rights of Officers of the Authority

The rights of officers of the Authority are the normal rights of employees, under the common law and within the provisions of legislation as applicable to Public Servants generally.

4. Conflicts of Interest

Officers of the Authority should avoid any financial or other interest or undertaking that could directly or indirectly compromise the performance of their duties.

Conflicts of interest should be assessed in terms of the likelihood that officers possessing a particular interest could be influenced, or might appear to be influenced, in the performance of their duties on a particular matter.

Some related interests that may give rise to a conflict of interest include:

- financial interests in a matter the Authority deals with or having friends or relatives with such an interest that the officer is aware of
- personal beliefs or attitudes that influence the impartiality of advice given
- personal relationships with people the Authority is dealing with that go beyond the level of a professional working relationship
- secondary employment that comprises the integrity of the officer and the Authority
- party political activities or making adverse political comments that relate to the Authority's work.

In many cases only the individual officer will be aware of the potential for conflict. Therefore, the onus is on the officer to notify their manager if a potential or actual conflict of interest arises. If officers are uncertain whether a conflict exists, they should discuss the related interest matter with their manager and attempt to resolve any conflicts of interest that may exist.

5. Acceptance of Gifts or Benefits

No officer of the Authority should accept a gift or benefit if it could be seen by the public, knowing the full facts, as intended or likely to cause the officer to do their job in a particular way, or deviate from the proper course of duty.

Organisations will vary in their policies on accepting gifts and benefits depending upon the nature of their business. It is expected, however, that token gifts or benefits may be accepted in circumstances approved by the Chief Executive, provided that there is no possibility that the recipient might be, or might appear to be, compromised in the process.

As a general rule a line may be drawn in situations where a gift could be seen by others as either an inducement or a reward which might place an officer under an obligation.

In all instances, gifts that are received by any officer of the Authority must be recorded in a Gifts Register detailing the following:

- date received
- name of recipient
- name of offerer
- type of gift
- estimated value
- accepted or declined
- reason for decision
- authorisation

6. Personal and Professional Behaviour

Officers of the Authority should perform any duties associated with their positions diligently, impartially and conscientiously, to the best of their ability.

In the performance of their duties, officers of the Authority should:

- keep up to date with advances and changes in their area of expertise
- comply with any relevant legislative, industrial or administrative requirements
- maintain adequate documentation to support any decisions made
- treat members of the public and other staff members with courtesy and sensitivity to their rights
- treat fellow workers with dignity, respect and courtesy, observing acceptable standards of conduct and speech in accordance with the general standards of society today. Staff should also exhibit tolerance and helpfulness towards their fellow workers – the more experienced and senior members of staff should accept as part of their duty the obligation to assist, train and impart knowledge to younger or less experienced staff
- provide all necessary and appropriate assistance to members of the public

- strive to obtain value for public money spent and avoid waste and extravagance in the use of public resources
- not take or seek to take improper advantage of any official information gained in the course of employment
- deal consistently, promptly and fairly with issues or cases under consideration and without any hint of discrimination on any grounds.

Officers of the Authority have a duty to report to a senior officer any unethical behaviour or wrong doing by any other public servant.

7. Discrimination and Harassment

Officers of the Authority should not harass or discriminate in work practices on the grounds of sex, marital status, pregnancy, age, race, colour, nationality, ethnic or national origin, physical or intellectual impairment, sexual preference, or religious or political conviction when dealing with their colleagues and members of the public. Such harassment or discrimination may constitute an offence under the Anti-Discrimination Act 1977.

Managers must make sure that the workplace is free from all forms of harassment and discrimination. They should understand and apply the principles of equal employment opportunity and ensure that the employees they supervise are informed of these principles. Managers should also take all necessary steps, such as training and other active measures, to prevent and deal with harassment and discrimination in their work area.

8. Fairness and Equity

Issues or cases being considered by Authority staff should be dealt with consistently, promptly and fairly. This involves dealing with matters in accordance with approved procedures.

Some Authority staff have discretionary powers in dealing with certain matters. These staff must exercise their discretion in a fair and equitable manner to ensure that decisions are made taking into account all of the circumstances.

9. Public Comment and Media

The Authority has in place a policy that any comments to, or inquiries from, the media are to be directed to the Chief Executive Officer or in his absence the General Manager, who will either respond directly to any such inquiries or alternatively issue specific delegation and direction on the matter at hand.

In general terms all staff should ensure that any comments made outside the office are confined to matters of public knowledge or are clearly expressed as personal opinion, but which in no way relate or comment directly on individual clients or matters or office policies or any other matters which are clearly of a confidential nature.

Apart from the above matters, staff should only speak on a matter or disclose documents in a matter when they are legally bound to do so.

Comments made on matters pertaining to union business by members of unions in their capacity as a local delegate within the Authority, or by union office holders employed by the Authority, are permissible.

10. Confidentiality

Some of the information that Authority staff have access to is regarded as confidential and should not be disclosed to a third party without the permission of the Authority. Examples of information regarded as confidential are:

- client information, including financial statements
- leave records
- salaries information
- ministerial papers
- personal files

The above list highlights that confidentiality of information is expected and respected by all Authority staff. Confidentiality of information extends beyond cessation of employment and confidential information gained in the course of employment must not be released without the Authority's approval.

Personal information is protected under the Authority's Privacy Management Plan developed in accordance with the Privacy and Personal Information Protection Act

1998. Staff, and all persons engaged by the Authority, must not use or disclose personal information, that is, any information that relates to an identifiable person, without clear authority for legitimate purposes.

Information Protection Principles cover matters such as storage, use and disclosure of personal information including rights of access and correction.

11. Records

In undertaking their duties, staff are expected to conform with the Authority's Records Management Policy and the State Records Act 1998.

12. Use of Official Equipment and Facilities

Staff should exhibit all reasonable care and discretion in their use and handling of equipment and should be mindful of their role as custodian of this equipment.

Staff should observe all the normal guidelines in use and mode of operation of equipment to enhance and preserve its operational life. Staff should also acknowledge the ownership and proprietary rights of all materials used in conjunction with the running of the Authority and that all such material should be used specifically only for work related purposes.

13. Outside Employment

Staff of the Authority should be aware that outside employment should only be undertaken after having obtained official approval from the Chief Executive Officer.

Staff should always be aware that they must never place themselves in a situation where there could be a conflict of interest between their work and the Authority and any outside employment.

Officers of the Authority have an obligation to serve the Government of the day in a politically neutral manner and should therefore ensure that any political participation does not bring them into conflict with their obligation as a Public Servant or their obligation to serve the Government properly.

Any officer confronting such a situation should immediately contact their manager so that the matter can be resolved satisfactorily.

14. Post Separation Employment

Former officers of the Authority should ensure that they do not accept employment or engage in activities which may cast doubts on their own integrity or that of the organisation in which they were previously employed or of the Public Service generally.

15. Reporting Corrupt Conduct, Maladministration and Serious and Substantial Waste of Public Resources

Officers of the Authority are urged to report suspected corrupt conduct, as well as maladministration and serious and substantial waste of public resources. The Protected Disclosures Act 1994 provides certain protections against reprisals for employees who voluntarily report such matters either to the Chief Executive Officer, or to one of the three investigative bodies: the ICAC, the Auditor General or the Ombudsman.

The Authority has developed procedures for the purposes of the Protected Disclosures Act 1994. In the first instance the Authority's existing Grievance Procedures should be utilised as the basis for internal reporting for protected disclosures. Protected disclosure may also be made directly to ICAC, the Auditor General or the NSW Ombudsman. Under circumstances specified in the Act, protected disclosure may be made to a Member of Parliament or a journalist.

Protection is not available for disclosures which are frivolous or vexatious, primarily question the merits of government policy or are made in an attempt to avoid dismissal or disciplinary action.

Under Section 11 of the Independent Commission Against Corruption Act 1988, the Chief Executive must report corrupt conduct to the Independent Commission Against Corruption (ICAC). Corrupt conduct includes any dishonest or improper use of position by a public official and specifically includes misuse of information or material acquired in the course of official duties.

16. Guarantee of Service

The NSW Rural Assistance Authority is determined to excel in the area of customer service. The Authority is committed to improving the quality of services provided to its customers and clients. All staff are to take responsibility for ensuring a high level of customer service and satisfaction.

17. Political and Community Participation

Employees must make sure that any participation in party political activities does not conflict with their primary duty as a public employee to serve the Government of the day in a politically neutral manner.

This is important because of the need to maintain Ministerial and public confidence in the impartiality of the actions taken and advice given by public employees. What is considered appropriate in any particular case will depend on the nature of the issue, the position held by the employee, the extent of the employee's participation, and their public prominence.

If employees become aware that a potential conflict of interest has arisen or might arise, they should inform the Chief Executive Officer immediately and they may have to stop the political activity or withdraw from the areas of their work where the conflict is occurring.

Within the context of the requirements of this Code, employees are free to fully participate as volunteers in community organisations and charities, and in professional associations.

18. Relevant Legislation

Legislation relevant to the NSW Rural Assistance Authority is as follows:

Anti-Discrimination Act 1977
Crimes Act 1900
Evidence Act 1995
Farm Debt Mediation Act 1994
Freedom of Information Act 1989
Independent Commission Against Corruption Act 1988
Industrial Relations Act 1996
Limitation Act 1969
Occupational Health and Safety Act 2000
Ombudsman Act 1974
Privacy and Personal Information Protection Act 1998
Protected Disclosures Act 1994
Public Finance and Audit Act 1983
Public Sector Employment and Management Act 2002
Rural Adjustment Act 1992
Rural Assistance Act 1989
State Records Act 1998

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ABBREVIATIONS

EAPS	Ethnic Affairs Priorities Statement
EC	Exceptional Circumstances
ECIRS	Exceptional Circumstances Interest Rate Subsidy
EEO	Equal Employment Opportunity
FOI	Freedom of information
NDRA	Natural Disaster Relief Assistance
PWPD	People with a physical disability

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Produced by staff of the NSW Rural Assistance Authority

Co-ordinated by Wayne Townsend, NSW Rural Assistance Authority

Photographs by NSW Rural Assistance Authority

Edited by Julie Harders, Communications Solutions

Cover design and layout by Progress Printing (West)

Production costs \$6 480 (excluding GST)

Published by the NSW Rural Assistance Authority, October 2008

Available on the internet at: www.raa.nsw.gov.au





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Providing financial assistance to rural producers
and small businesses in New South Wales.

