



Rural
Assistance
Authority

NSW RURAL ASSISTANCE AUTHORITY ANNUAL REPORT 2011-2012



Annual report for the year ending 30 June 2012

Address	161 Kite Street Orange NSW 2800
Postal address	Locked Bag 23 Orange NSW 2800
DX	3037 Orange
Telephone	02 6391 3000
Toll Free	1800 678 593
Facsimile	02 6391 3098
Email	rural.assist@raa.nsw.gov.au
Website	www.raa.nsw.gov.au
Business hours	8.30 am to 4.30 pm Monday to Friday

This annual report summarises the activities and performance of the New South Wales Rural Assistance Authority for 2011–12. This and earlier annual reports are available on the Authority's website: www.raa.nsw.gov.au. Copies are available on request from the Authority.



LETTER TO THE MINISTER



**Rural
Assistance
Authority**

Our reference: ROUT12/462

Telephone (Direct):

The Hon. Katrina Hodgkinson MP
Minister for Primary Industries
Minister for Small Business
Level 30 Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

Dear Minister

We take pleasure in presenting on behalf of the members of the Board, the 2011-12 Annual Report for the NSW Rural Assistance Authority. This report is offered for your information and presentation to Parliament.

The report outlines the Authority's operational framework and highlights service delivery achievements to the primary production and small business sectors of regional and rural New South Wales.

In furnishing this report, the requirements of the *Annual Reports (Statutory Bodies) Act 1984* and Division 3, section 10 of the *Rural Assistance Act 1989* have been taken into consideration.

Yours sincerely

Fran Rowe
Chair

Michael Bullen
Chief Executive

TABLE OF CONTENTS

Chair's report	5
About Us — Introducing the NSW Rural Assistance Authority	6
Our Results — Performance under objectives.....	8
Objective 1 – Natural Disaster Relief Assistance	9
Objective 2 – Rural Adjustment Scheme (Exceptional Circumstances)	12
Objective 3 – Special Conservation Scheme.....	14
Farm Debt Mediation.....	15
Flying-Fox Netting Subsidy Program.....	16
Research Scholarship Program	16
Statistics on applications and approvals	17
Corporate governance.....	21
Corporate services and human resources.....	25
Financial statements	26
NSW Rural Assistance Authority	29
Office of the Rural Assistance Authority	53
Appendices	59
Index	67

CHAIR'S REPORT

Fran Rowe

The NSW Rural Assistance Authority continued to provide support and information throughout regional NSW during the 2012 financial year.

NSW was again inundated with flood during the 2011-2012 year with 27 Local Government areas declared a Natural Disaster (Flood) event in January / February 2012 and a further 64 in March 2012.

744 applications were processed under the Natural Disaster Relief Assistance (NDRA) scheme with more than \$34 million in loan advances provided to eligible primary producers and small businesses.

Due to the extreme nature of these events additional assistance of up to \$15,000 was made available through the Community Recovery provisions of the Natural Disaster Relief and Recovery Arrangements (NDRRA) to 18 areas classified as Category "C" disaster events.

The Authority processed 7,817 Recovery Grant applications for a total of over \$100.8 million in assistance to eligible primary producers and small businesses. Processing of these applications will continue up to the closing dates of 31 August 2012 and 31 October 2012.

Receipt of Special Conservation Scheme applications increased in the first six months of the year however, applications have now slowed, in all probability due to the natural disaster events experienced in the first part of 2012. During the 2012 financial year, the Authority received 88 Special Conservation Scheme applications with a total value of \$5.2 million approved.

April 2012 saw the expiry of Exceptional Circumstances (EC) Interest Rate Subsidies for the remaining two declared areas of Bundarra and Eurobodalla. The Authority processed 565 applications to the value of \$18.3 million for the financial year 2011-2012. Over 57,000 applications have been assessed since the initial 2002 declaration with over 49,000 approved to the value of \$1,594,931,345

This was the second year of the NSW Rural Assistance Authority Board Higher Degree Research Scholarships with 12 quality applications having been received. The aim of the Scholarships is to support research work by students enrolled in NSW Universities which assist in building productive and sustainable agricultural businesses and / or sustainable and successful rural communities. The Scholarships are awarded annually on a competitive basis.

The winners of the Scholarships for 2012 were Erin Smith who is completing a PhD thesis on the effects of the separation of land and water titles on farm adjustment and family succession strategies among farmers in the Murray-Darling Basin and Jane Rich whose PhD research is to understand how rural women have coped with the most recent drought and will provide the missing link to understanding how communities remain successful and sustainable over an extensive time in drought.

Farm Debt Mediation Act 1994 continues to be administered by the Authority. Mediation is a structured negotiation process in which the mediator, as a neutral and independent person, assists the farmer and the creditor in attempting to reach an agreement on the present arrangements and future conduct of financial relations between them. A total of 145 cases commenced under the NSW *Farm Debt Mediation Act 1994* in the 2012 financial year.

Victoria's Farm Debt Mediation Act was enacted on 1 December 2011, with the Authority continuing to be of assistance to the Department of Primary Industries and Office of Small Business during these initial stages of setup.

I will be retiring from Authority duties on 30 June 2012 following 23 years as a member of the Authority board. This decision resulted in much reflection and subsequent appreciation of the staff, executive and board members who demonstrated commitment and support to our rural communities over this time. In 2012 Michael Bullen was appointed Chief Executive of the New South Wales Rural Assistance Authority replacing Mr George Davey who previously held that position. I know that Michael and a newly appointed board will ensure an ongoing Authority tradition of commitment to New South Wales primary producers and small businesses.

May the next decade and beyond ensure prosperity to the primary producers, small businesses and rural communities of New South Wales.



Fran Rowe
Chair



INTRODUCING THE NSW RURAL ASSISTANCE AUTHORITY

A Brief History

The NSW Rural Assistance Authority can trace 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 then State Bank of NSW.

The Authority operated from Sydney in its various guises until early 1997 when it completed relocating 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.

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 businesses increase their ability to resist and overcome financial challenges
- NSW farmers and agricultural industries utilise improved natural resource management techniques.

Excellence in Service 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 continued staff training and development processes which include a focus on customer service, 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
- providing clear decisions
- being honest, courteous and respectful at all times

- not discriminating against a client who has difficulty understanding English and, if necessary, providing access to a free interpreter or translator
- keeping personal information confidential as required by law
- being available for inquiries from 8.30 am to 4.30 pm Monday to Friday, excluding public holidays.

To achieve high service standards 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: www.raa.nsw.gov.au



PERFORMANCE UNDER OBJECTIVES

Performance at a Glance

Scheme	Applications Received	Applications Approved	Assistance \$
Natural Disaster Relief Assistance - loans	671	320	34,889,900
Natural Disaster Relief Assistance - grants	6,338	6,809	100,813,303
Special Conservation Scheme	88	61	5,219,582
Rural Adjustment Scheme - primary producer	42	433	16,791,630
Rural Adjustment Scheme - small business	1	48	1,471,160
Flying-Fox Netting Subsidy Program	8	8	223,989

A total of 145 new cases commenced under the *Farm Debt Mediation Act 1994*.



OBJECTIVE 1:

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

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.

Assistance under this scheme by its nature is not compensatory, nor is it designed to replace the need for applicants to have appropriate insurance cover, therefore applicants need to be in urgent and genuine need of assistance.

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

In 2011–12 the Authority assisted applicants who were affected by natural disasters such as floods, wind storms and hail storms. In particular, there were various devastating storms and floods that took place between November 2011 and March 2012 that resulted in very high levels of demand for both the low interest rate loans and recovery grants administered by the Authority.

Natural Disaster Events

Date of Disaster	Nature of Natural Disaster	Area Affected (Local Government Area)
21/03/2011	Floods *	Trungley Hall (Temora LGA)
5/07/2011	Severe weather	Blue Mountains, Kiama, Lithgow, Oberon, Shellharbour, Shoalhaven, Wingecarribee, Wollongong
20-23/09/2011	Bushfire	Blue Mountains
1/10/2011	Hail Storm *	Bilpin and Mountain Lagoon districts
24-25/10/2011	Bushfire	Blue Mountains
9/11/2011	Floods *	Batlow
Nov 2011	Floods & Storm	Northern & Central NSW - Armidale-Dumaresq, Bland, Bourke, Brewarrina, Glenn Innes-Severn, Gunnedah, Guyra, Gwydir, Inverell, Lachlan, Liverpool Plains, Moree, Muswellbrook, Narrabri, Parkes, Tamworth, Upper Hunter, Uralla, Walgett
Nov 2011	Storm & Floods *	Parts of Bland, Forbes, Weddin
21-30/11/2011	Floods *	Wirrinya and Lake Cowal (Forbes Shire)
29/11/2011	Hail Storm *	North East Tumbarumba Shire

Date of Disaster	Nature of Natural Disaster	Area Affected (Local Government Area)
29/11/2011	Hail Storm *	Bogan, Lachlan, Forbes and Parkes
29/11/2011	Hail Storm *	Coolamon (Southern portion) Wagga Wagga (Western portion)
12/12/2011	Flood & Storm	Gosford City
Jan 2012	Floods	Northern NSW - Ballina, Bellingen, Bourke, Brewarrina, Byron, Central Darling, Clarence Valley, Cobar, Coffs Harbour, Gloucester, Greater Taree, Gunnedah, Gwydir, Inverell, Kempsey, Kyogle, Lismore, Liverpool Plains, Moree, Nambucca, Narrabri, Richmond Valley, Tamworth, Tenterfield, Tweed, Upper Hunter, Walgett
Feb 2012	Severe Storms	Western Sydney - Hawkesbury, Penrith
11-12/02/2012	Wind & Hail *	Coffs Harbour and parts of Clarence Valley Shire
17/02/2012	Hail Storm *	Batlow (Tumut LGA)
Mar 2012	Floods	Southern NSW - Albury, Balranald, Bathurst, Bega Valley, Berrigan, Blacktown, Bland, Blayney, Bogan, Bombala, Boorowa, Broken Hill, Cabonne, Carrathool, Central Darling, Cobar, Conargo, Coolamon, Cooma-Monaro, Cootamundra, Corowa, Cowra, Forbes, Goulburn-Mulwaree, Greater Hume, Griffith, Gundagai, Harden, Hay, Hawkesbury, Jerilderie, Junee, Lachlan, Leeton, Lithgow, Lockhart, Mid West Regional, Murray, Murrumbidgee, Narrandera, Narromine, Oberon, Palerang, Parkes, Penrith, Queanbeyan, Shellharbour, Shoalhaven, Snowy River, Temora, The Hills, Tumbarumba, Tumut, Unincorporated Area, Upper Hunter, Upper Lachan, Urana, Wagga Wagga, Wakool, Weddin, Wentworth, Wollongong, Yass, Young

* Indicates Agricultural Natural Disaster Declaration – assistance available to eligible Primary Producers only

Loans

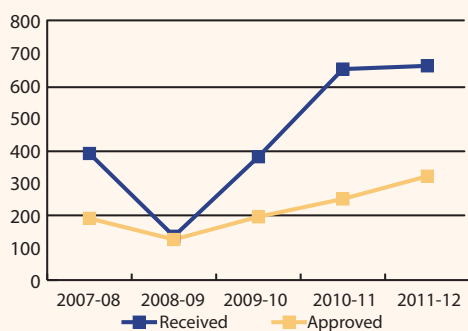
Loans are limited to the minimum amount required to cover normal farming and business activities, replace losses and make repairs not covered by insurance.

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 is fixed from the date of approval.

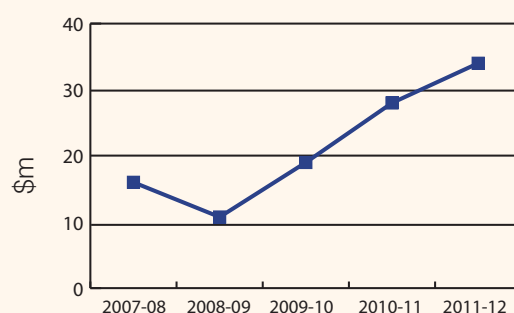
The interest rate for Natural Disaster Relief Assistance loans at 30 June 2012 was 2.67 per cent.

In 2011–12 the Authority received 671 Natural Disaster Relief Assistance applications and approved \$34.89 million in loans.

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

Natural Disaster Relief - Loan Applications

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

Natural Disaster Relief - Loan Amount Approved

Recovery Grants

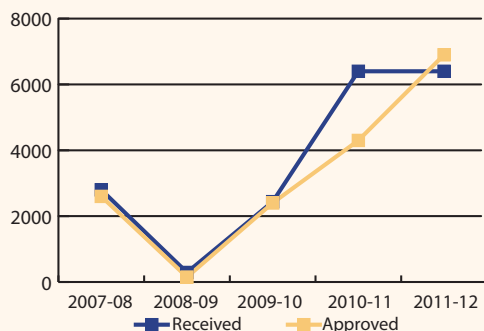
Additional assistance measures, which include recovery grants, have been available since June 2007 as part of the Community Recovery Package, to provide immediate relief to eligible primary producers and small businesses for clean-up and restoration costs in the aftermath of extreme natural disasters.

Recovery grants are funded by both the State and Australian governments, with activation of recovery grant provisions of the Natural Disaster Relief and Recovery Arrangements (NDRRA) requiring specific approval from the Australian Government.

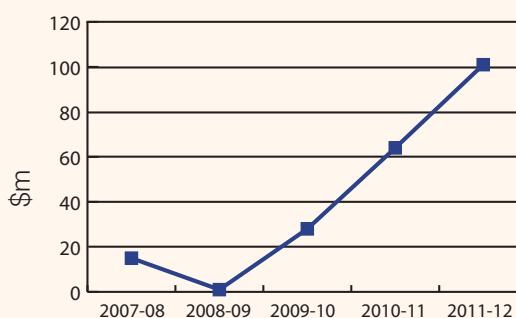
During 2011–12 the Authority completed processing applications following the November–December 2010 – January 2011 and the March 2011 floods. Processing of applications received following the January – February 2012 and March 2012 floods continues with applications for these events closing on 31 August 2012 and 31 October 2012 respectively.

Grants of up to \$15,000 per small business/farm enterprise were made available for January – February 2012 floods in Gwydir, Moree, Narrabri and Walgett and the March 2012 floods in Central Darling, Coolamon, Forbes, Griffith, Gundagai, Leeton, Lockhart, Murrumbidgee, Narrandera, Tumbarumba, Tumut, Urana, Wagga Wagga and Young. In total the Authority processed 7,817 applications and approved \$100.81 million in assistance for these events to 30 June 2012.

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

Natural Disaster Relief - Grant Applications

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

Natural Disaster Relief - Grant Amount Approved

OBJECTIVE 2:

NSW farmers and farming-related small businesses increase their ability to resist and overcome financial challenges.

Rural Adjustment Scheme – Exceptional Circumstances Interest Rate Subsidy

The Exceptional Circumstances Interest Rate Subsidy (ECIRS) scheme provided valuable support to primary producers and small business operators (those with less than 100 employees and/or that operate in towns with population of less than 10,000 people that are substantially reliant on farmer income) who were considered profitable in the long term, but whose businesses were suffering financial difficulty as a result of Exceptional Circumstances (EC) drought conditions being experienced.

Assistance was 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 business related loans. The subsidy could be up to \$100,000 per year with maximum total assistance available of \$500,000.

Assistance was available to eligible applicants for the duration of the EC declaration relevant to their farm or small business, with activation of EC assistance requiring specific approval from the Australian

Government. The Exceptional Circumstances (drought) had been in place since November 2002 for primary producers and 2007 for small business.

The remaining EC declared areas (Bundarra and Eurobodalla) expired on 30 April 2012.

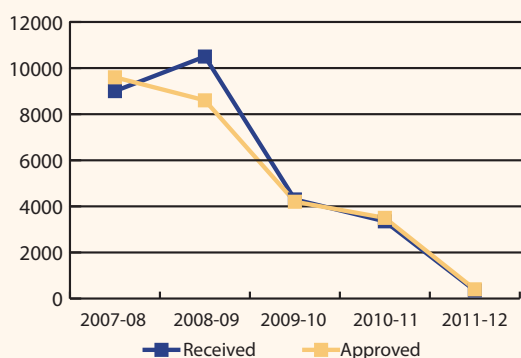
Processing of applications received during the 28 day grace period for acceptance of applications following the 30 April 2012 has been completed.

Primary Producers

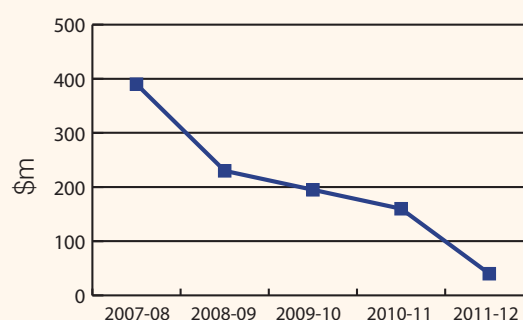
The Authority processed 502 applications and approved assistance of \$16.79 million for the 2011-2012 financial year, the remaining EC declared areas (Bundarra & Eurobodalla) in NSW have now expired.

The following charts show Rural Adjustment Scheme – Primary Producer applications, and amounts approved over the past five years.

Exceptional Circumstances - Primary Producer Applications



Exceptional Circumstances - Primary Producer Amounts Approved



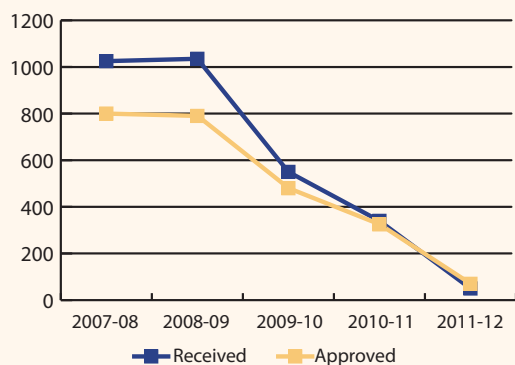
See the *Statistics on applications and approvals* chapter in this report for more details.

Small Businesses

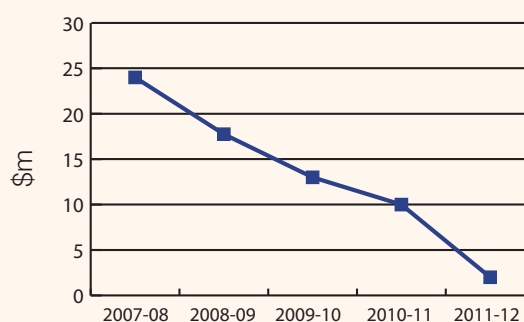
The Authority processed 63 applications and approved \$1.47 million in assistance during the 2011-2012 financial year.

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

Exceptional Circumstances - Small Business Applications



Exceptional Circumstances - Small Business Amounts Approved



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



OBJECTIVE 3:

NSW farmers and agricultural industries utilise improved natural resource management techniques.

Special Conservation Scheme

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

The Authority also works closely with other government agencies to assist farmers with their natural resource management projects. These agencies include the NSW Department of Primary Industries (NSW DPI) and Catchment Management Authorities.

Examples of acceptable works under the Special Conservation Scheme include:

- soil conservation
- woody weed control
- control of noxious weeds (as defined in Schedule 3 of the *Noxious Weeds Act 1993*)
- stock and domestic water supply
- capping and piping of artesian bores
- upgrading/improving of existing irrigation systems
- exclusion netting to prevent flying fox damage to existing orchards with a demonstrated flying fox problem
- 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.

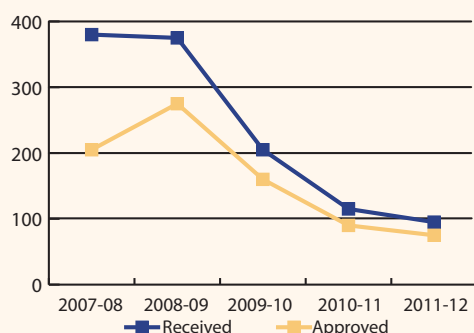
Assistance is in the form of a fixed-interest loan at a concessional rate. Loans are limited to 90 per cent of the GST-exclusive cost of the proposed works. The maximum amount any one applicant can receive at a time under this scheme is \$150,000. A maximum repayment term of 15 years is available with half yearly repayments in line with the client's cash flow.

The interest rate for Special Conservation Scheme loans at 30 June 2012 was 3.50 per cent.

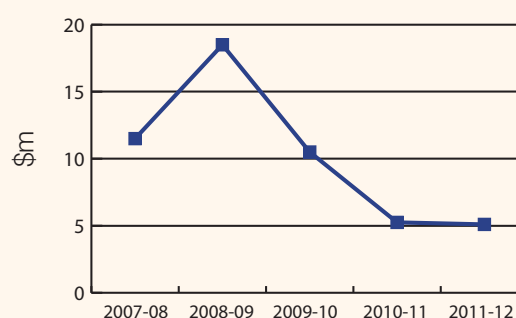
During 2011–12 the Authority received 88 Special Conservation Scheme applications and approved over \$5.22 million in assistance.

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

Special Conservation Scheme Applications



Special Conservation Scheme Amounts Approved



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

Other Schemes

Farm Debt Mediation

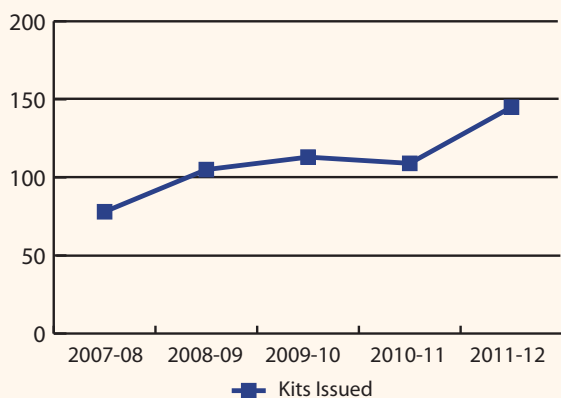
Objective: Efficient and equitable resolution of farm debt disputes.

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.

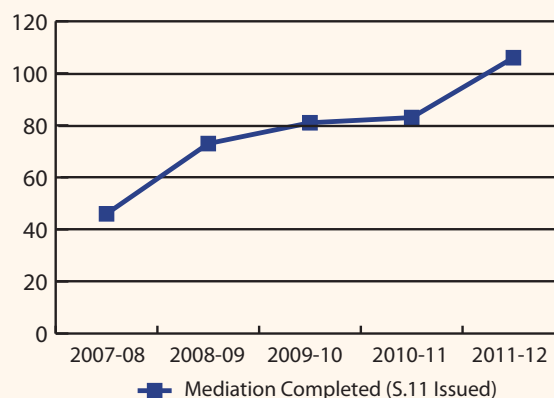
Demand for Farm Debt Mediation action from both farmers and credit providers increased during 2011-2012 year, with 145 new cases commenced and 106 cases completed with Section 11 certificates issued.

Since commencement of the Act in February 1995, the Authority has issued a total of 2,501 mediation kits in relation to new cases commenced. Of the 2,100 cases completed and a Section 11 certificate issued, 1,328 went to mediation. The parties reached an agreement in 89 per cent of those cases.

*Farm Debt Mediation
New Cases*



*Farm Debt Mediation
Cases Completed*



Flying-Fox Netting Subsidy Program

Objective: To install exclusion netting to prevent Flying-Fox damage on existing Orchards.

The Flying-Fox Netting Subsidy Program was introduced in July 2011 and assists orchardists in the Sydney Basin and Central Coast regions of NSW whose operation would be significantly affected by the prohibition of licensed shooting of flying foxes as a crop protection measure.

Subsidies are available for the installation of permanent exclusion bat netting completed after 25 June 2011.

The netting structure must be full canopy netting (roof and sides), with netting held by a rigid structure of poles and tensioned cables. The mesh size for the netting must be no larger than 30mm and poles must be CCA treated to H5 standard or galvanised steel.

A subsidy of 50% of the cost of installation is available to approved orchardists on eligible properties, up to a maximum of \$20,000 per hectare.

The Authority received 8 applications in the 2011-12 financial year with all applications approved and \$223,989 in assistance provided.

Research Scholarship Program

Objective: Supporting research work by students enrolled in universities in NSW & the ACT.

The Rural Assistance Authority Board Higher Degree Research Scholarships aim to support research work by students enrolled in universities located in NSW or the ACT which assist in *"building productive and sustainable agricultural businesses and / or sustainable and successful rural communities."*

The NSW Rural Assistance Authority Board will support up to two annual research scholarships at \$10,000 per annum for the academic year, 2012.

The Grant may be used in any way the host institution sees as an appropriate support for the sustenance of the successful applicant or the proposed research project, and must be expended within one calendar year.

Scholarships will be awarded annually on a competitive

basis for research students working on an excellent research project in one of the following research areas:

- Agriculture
- Economics and Business
- the Sciences; or
- the Social Sciences.

The Authority received 12 quality applications from Masters Research or Doctoral students enrolled in NSW and ACT universities whose degree involves writing a dissertation.

Following assessment on a merit basis according to the strength of the application, the extent to which the proposal addressed the aim of the Scholarship, the proposed outcomes of the project and the degree of support from the host institution for the proposed research, two very successful post-graduate students with outstanding academic record and achievement were awarded scholarships for 2012 – Erin Smith from the University of Sydney and Jane Rich from the University of Newcastle.

STATISTICS ON APPLICATIONS AND APPROVALS

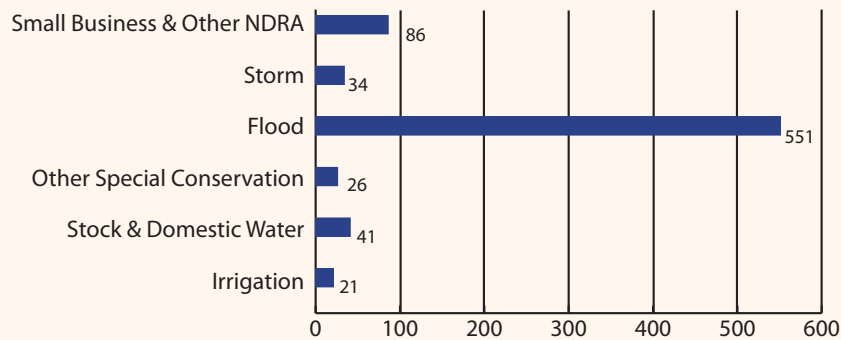
Applications for Assistance - Summary 2011-2012

	Pending 01.07.11	Received (No.)	Withdrawn (No.)	Declined (No.)	Approved (No.)	\$ Value Approved	Pending 30.06.12
SPECIAL CONSERVATION SCHEME LOANS							
Soil Conservation	0	5	2	0	1	27,000	2
Stock & Dom. Water	8	41	10	3	26	2,614,400	10
Upgrade Irrigation	5	21	4	1	17	1,610,282	4
De-Silting	1	1	1	1	0	0	0
Feed Storage	8	15	5	2	14	711,700	2
Other	0	5	2	0	3	256,200	0
Sub Total	22	88	24	7	61	5,219,582	18
NATURAL DISASTER RELIEF ASSISTANCE - LOANS							
Flood	193	551	22	328	292	32,482,900	102
Storm	3	34	1	12	11	1,205,000	13
Small Business	8	85	6	55	16	1,192,000	16
Non-profit organisation	0	1	0	0	1	10,000	0
Sub Total	204	671	29	395	320	34,889,900	131
NATURAL DISASTER RELIEF ASSISTANCE - GRANTS							
Small Business	77	464	6	76	424	5,995,589	35
Primary Producer	1,579	5,874	50	876	6,385	94,817,714	142
Sub Total	1,656	6,338	56	952	6,809	100,813,303	177
EXCEPTIONAL CIRCUMSTANCES INTEREST RATE SUBSIDY							
Small Business	62	1	0	15	48	1,471,160	0
Primary Producer	460	42	3	66	433	16,791,630	0
Sub Total	522	43	3	81	481	18,262,790	0
FLYING-FOX NETTING SUBSIDY PROGRAM							
1st Application	0	6	0	0	6	191,564	0
2nd Application	0	2	0	0	2	32,425	0
Sub Total	0	8	0	0	8	223,989	0
GRAND TOTAL	2,404	7,148	112	1,435	7,679	159,409,564	326

SCHEMES

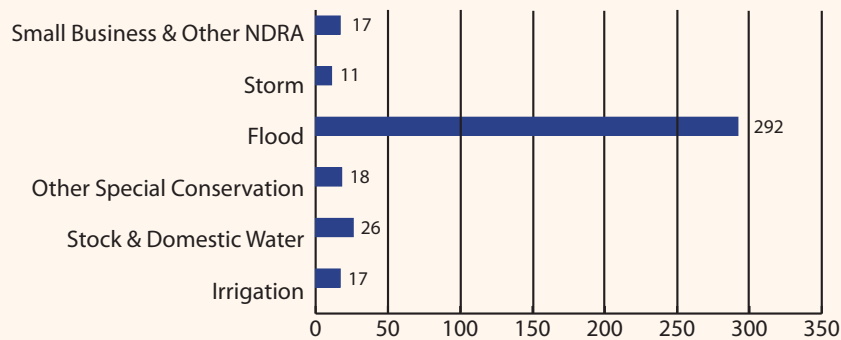
State Schemes

*Applications Received by Type
2011 - 2012*



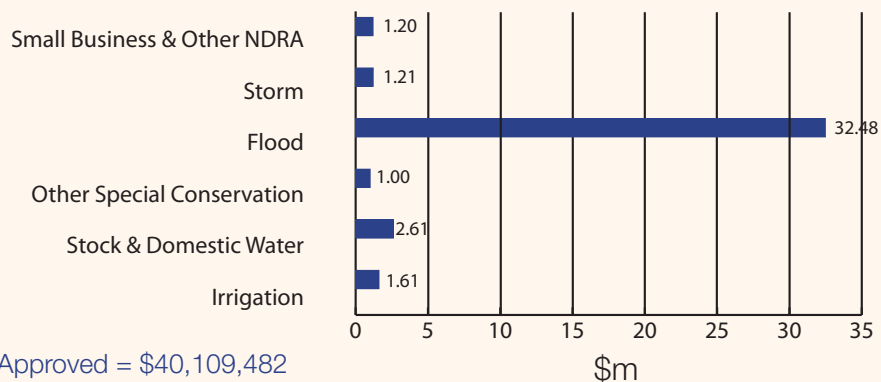
Total No. Applications Received = 759

*Approvals by Type
2011 - 2012*



Total No. Approved = 381

*Approval Amounts
2011 - 2012*

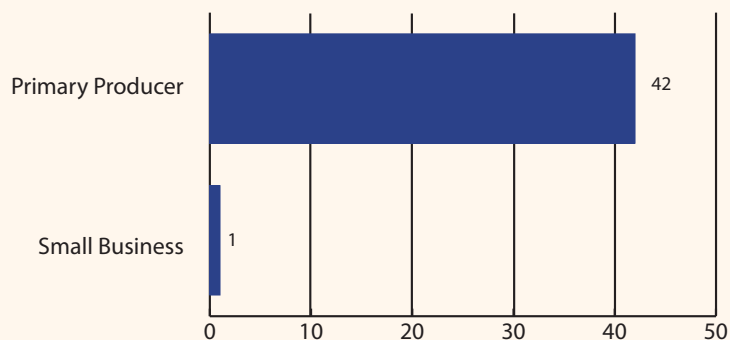


Total Approved = \$40,109,482

Australian/State Government Schemes

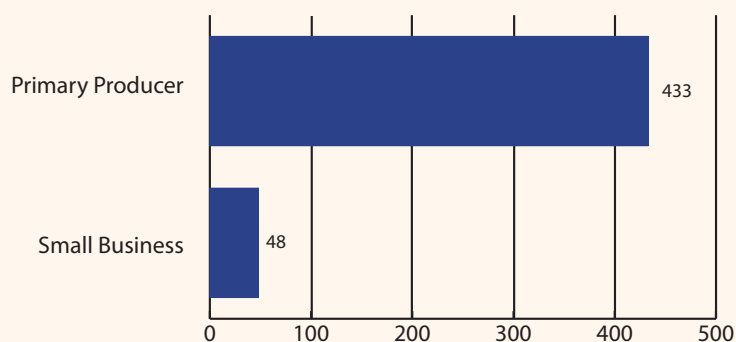
Exceptional Circumstances Interest Rate Subsidy

*Applications Received by Type
2011 - 2012*



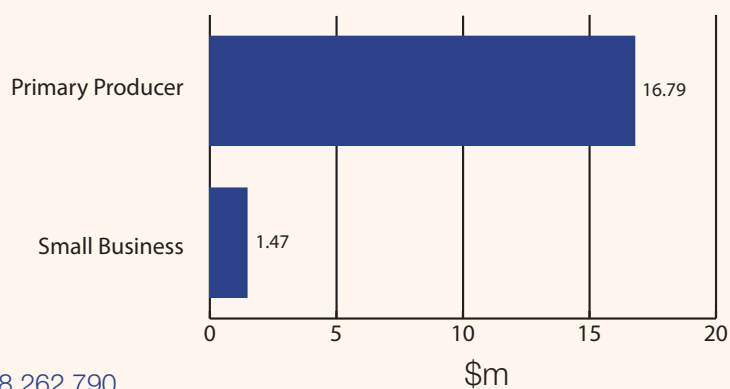
Total No. Applications Received = 43

*Approvals by Type
2011 - 2012*



Total No. Approved = 481

*Approval Amounts
2011 - 2012*

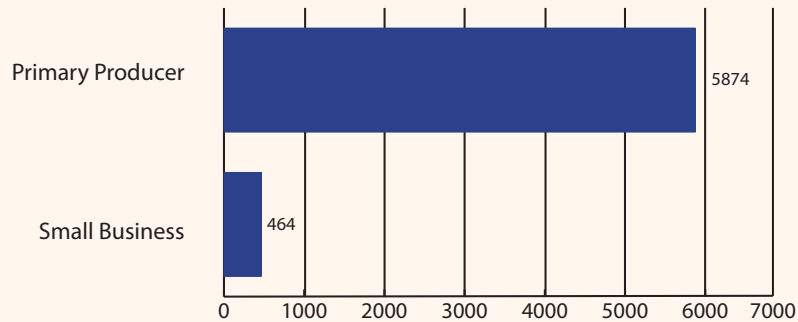


Total Approved = \$18,262,790

Australian/State Government Schemes

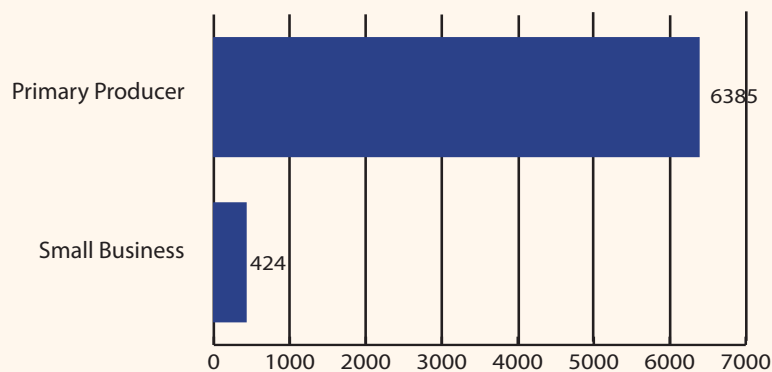
Natural Disaster Relief & Recovery Grants

*Applications Received by Type
2011 - 2012*



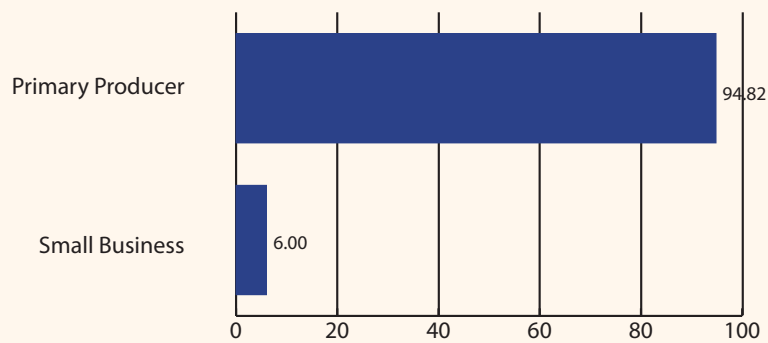
Total No. Applications Received = 6,338

*Approvals by Type
2011 - 2012*



Total No. Approved = 6,809

*Approval Amounts
2011 - 2012*

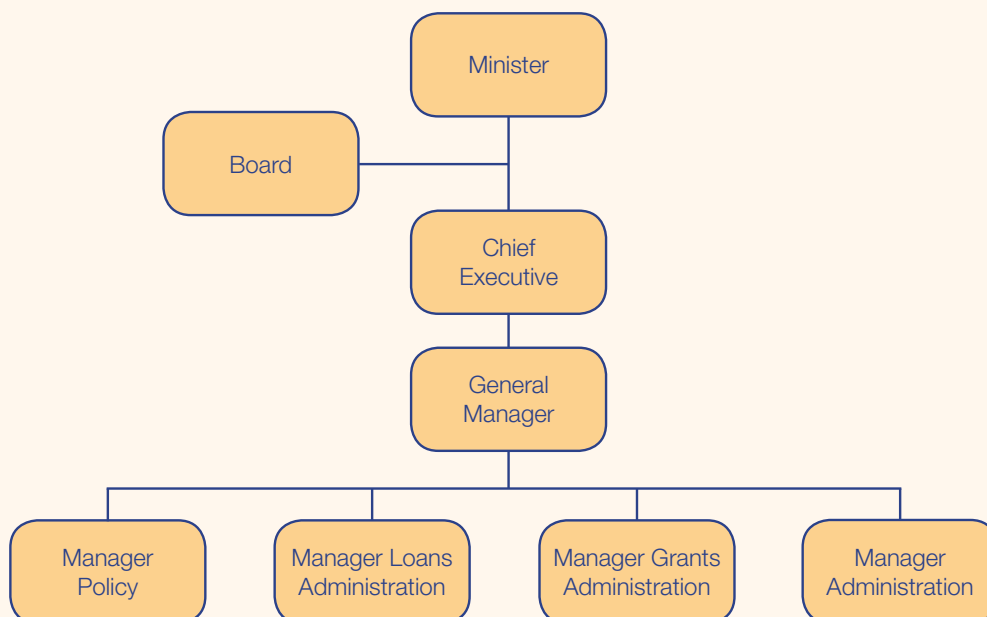


Total Approved = \$100,813,303

\$m

CORPORATE GOVERNANCE

Organisational Structure



The Board

The activities of the Authority are overseen by a board, which has the following functions:

- a. to advise the Minister for Primary Industries on the provision of assistance under the *Rural Assistance Act 1989*,
- b. to report to the Minister at least annually on:
 - i. the effectiveness of programs of assistance implemented under this Act in meeting the Government's objectives for those programs, and
 - ii. the performance of the Authority in the delivery of assistance under programs implemented or administered under this Act,
- c. to determine the general policies of the Authority including by means of the setting of guidelines

for the implementation of particular programs of assistance under this Act.

In exercising those functions, the Board, as far as practicable, ensures that the activities of the Authority are carried out properly and efficiently.

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

The current Board's tenure expired on the 30 June 2012, advertisement of the positions was carried out from February 2012 with a closing date of 9 March 2012.



Seated: George Davey (former Chief Executive), Fran Rowe, Mal Peters
 Standing: Andrew Brown, Robert Gledhill, Wayne Joliffe, Rae Cooper
 Inset: Michael Bullen (Chief Executive)

Chief Executive

Mr George Davey, BSc (Hons), MSc (Food Technology), Fellow, AIFST, was Deputy Director-General, Primary Industries with the NSW Department of Primary Industries and was previously Director-General of the NSW Food Authority. Prior to this he had a long career in the dairy industry and food safety and had gained a wealth of public sector experience. Mr Davey also led the PRIMEX team in the promotion of trade in primary industries between New South Wales and Asian countries, including Korea, Japan and the Sub-continent. In 2005 Mr Davey was awarded the Australian Institute of Food Science and Technology (AIFST) Award of Merit, and in 2010 was appointed to the position of Honorary Professor of Food Science by Changzhou University in Jiangsu Province, China.

Mr Davey took up a permanent position as General Manager—NSW Royal Agricultural Society on 28 November 2011.

Appointed December 2008 to November 2011

Mr Michael Bullen, BScFor (ANU), MBA (UNE), MAICD, commenced as Deputy Director General, Agriculture NSW in February 2012 and Chief Executive of the Rural Assistance Authority in May 2012. Agriculture NSW is responsible for leading the NSW Government's commitment to sustainable production of food and fibre based on the best available science. Mr Bullen graduated with a Bachelor of Science (Forestry) from the Australian National University in 1983. He commenced work as a forester in Tasmania and then joined the then Forestry Commission in 1986. He remained with Forests NSW and worked across all aspects of plantation, native forests and commercial services until 2008 when he left Forests NSW to lead the Sydney Catchment Authority until joining Agriculture NSW. Mr Bullen completed a Masters in Business Administration in 1996, and has an interest in natural resource management and played a key role in the NSW Government's Regional Forest Assessment process.

Appointed 23 May 2012

Part-time Members with Relevant Qualifications and Experience

Ms Fran Rowe, BEcon, DipEd, is Chair 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 Committee, 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
Chairperson since July 1994

Dr Rae Cooper, BA (Hons), PhD, is Senior Lecturer in the University of Sydney Business School. Her research on collective bargaining and gender work has been published in leading international and Australian journals. Dr Cooper is Deputy Chair of the NSW Premier's Expert Advisory Council for Women, is Review Editor for the Journal of Industrial Relations and is President of the Association of Industrial Relations Academics of Australia and New Zealand (AIRAANZ). She is also a member of the Board of the NSW TAFE Commission, has previously been the Chair of the NSW Working Women's Centre, in 2008 was an appointee to the Australia: 2020 Summit for the Productivity Agenda Panel, and in 2008–2009 was a visiting scholar at two North American Universities, the University of California, Berkeley, and the Harvard Law School.

Appointed March 2005

Mr Wayne Joliffe has had extensive experience in the financial industry over the past 35 years in the areas of loan assessments and submissions (residential, investment, commercial, business and asset finance) with major and second tier lenders in Australia. Wayne has also chaired the Authority's 'Audit and Risk' Committee and currently has a full time position with Australian Unity as a Finance Broker.

Appointed March 2008

Mr Andrew Brown (RFD, LL.M) has practised law since 1981, and has extensive experience on trust and corporate structures, corporate governance, legislation and regulatory systems. He currently operates his own practice broadly commercial in focus, acting for a number of larger not-for-profit organisations. He is a past Secretary/In-House Counsel for The Law Society of New South Wales and has been Principal/Associate/Consultant for other commercial and litigation law firms in Sydney. Currently a Fellow of The Australian and New Zealand College of Notaries and a Fellow of the Financial Services Institute of Australasia. He is a Commander, in the Royal Australian Navy currently posted as Deputy Director Strategic, Maritime Trader Operations in Border Protection Command, Canberra.

Appointed July 2009

Part-time Members Appointed to Represent Farmers

Mr Mal Peters operates in partnership with his wife a 13,500 acre beef, sheep and cropping property near Ashford in northern NSW. Mal currently chairs Regional Development Australia Northern Inland and the Ministerial Oversight Committee into the Namoi water study, he is a director of Border Rivers/Gwydir Catchment Management Authority & CB Alexander foundation. He writes a column for the Land newspaper and is a life member of Australian Farm Institute and NSW Farmers' Association of which he

was a former President. Mal is a passionate defender of regional Australia and agriculture and maintains his local community involvement as a councillor on Inverell Shire Council.

Appointed October 2001

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, NSW Landcare Advisory Committee and the NSW Pest Animal Council. Robert has also been awarded the Centenary Medal for Services to the Community.

Appointed July 2003

Board Meetings and Attendance

During 2011–12 the Board held meetings as follows:

18 August 2011

NSW Department of Industry and Investment, Sydney

17 November 2011

NSW Department of Industry and Investment, Sydney

16 February 2012

NSW Department of Industry and Investment, Sydney

17 May 2012

Rural Assistance Authority, Kite Street, Orange

Board Attendance	Meetings Eligible to Attend	Meetings Attended
Ms Fran Rowe	4	4
Mr Andrew Brown	4	4
Dr Rae Cooper	4	3*
Mr Robert Gledhill	4	4
Mr Wayne Joliffe	4	4
Mr Mal Peters	4	3
Mr George Davey	2	2
Mr Michael Bullen	1	1

* Dr Cooper attended by Teleconference for a portion of 1 of these meeting

SENIOR OFFICERS

Mr George Davey, BSc (Hons), MSc (Food Technology), Fellow, AIFST Chief Executive

Mr Davey was appointed as Chief Executive in December, 2008. He was Deputy Director-General, Primary Industries with the NSW Department of Primary Industries and was previously Director-General of the NSW Food Authority. Prior to this he had a long career in the dairy industry and food safety area. Mr Davey also led the PRIMEX team in the promotion of trade in primary industries between New South Wales and Asian countries, including Korea, Japan and the Sub-continent.

Mr Davey took up a permanent position as General Manager – NSW Royal Agricultural Society on 28 November 2011.



Mr Michael Bullen, BScFor (ANU), MBA (UNE), MAICD Chief Executive

Mr Bullen commenced as Deputy Director General, Agriculture NSW in February, 2012 and Chief Executive of the Rural Assistance Authority in May, 2012. Mr Bullen graduated with a Bachelor of Science (Forestry) from the Australian National University in 1983. He commenced work as a forester in Tasmania and then joined the then Forestry Commission in 1986 and remained with Forests NSW until 2008 when he left to lead the Sydney Catchment Authority. Mr Bullen completed a Masters in Business Administration in 1996, and has an interest in natural resource management and played a key role in the NSW Government's Regional Forest Assessment process.

Appointed 23 May 2012.





Mr Stephen Griffith, BAgEc (Hons), 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.

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.



Ms Fran Willard
Acting Manager Farm Debt Mediation

Ms Willard joined the Authority in 1996 after 26 years in the banking industry. She 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*. Ms Willard has extensive knowledge of bank securities and has experience in loan assessment and debt recovery.

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, NDRRA—Recovery Grants, part of the Community Recovery Package, (primary producer and small business) and Flying-Fox Netting Subsidy Program. Mr Glover ensures that the Schemes are administered in accordance with the Australian Government's guidelines and to achieve the Authority's policies and objectives.

CORPORATE SERVICES AND HUMAN RESOURCES

Corporate Services

The NSW Department of Trade and Investment, Regional Infrastructure and Services (DTIRIS) 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

Assessment of training requirements continued in 2011-12 through consultation and needs analysis.

Staff are encouraged to relieve in higher positions with additional training and instruction provided as necessary. This provides the Authority with a core group of multi-skilled staff members able to perform in a variety of positions.

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.

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

Staff Induction

Staff induction is provided using the Staff Induction Manual. Through induction, all new staff members are advised of their conditions of employment and the policies operating within the Authority. They also learn how and where to get advice and support when needed, particularly in the areas of grievance procedures, public interest disclosure, equal employment opportunity and work 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.



NSW RURAL ASSISTANCE AUTHORITY FINANCIAL STATEMENTS – INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

New South Wales Rural Assistance Authority and Controlled Entity

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of New South Wales Rural Assistance Authority and its controlled entity (the Authority), which comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows, and a summary of compliance with financial directives for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of 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.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Authority and the consolidated entity as at 30 June 2012, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

The Board's Responsibility for the Financial Statements

The members of the Board are responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the members of the Board determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. 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 statements.

I believe 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
- about the effectiveness of internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information, that may have been hyperlinked to/from the financial statements
- about the assumptions used in formulating the budget figures disclosed in the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- 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 of New South Wales are not compromised in their role by the possibility of losing clients or income.



Peter Barnes
Director, Financial Audit Services

19 September 2012
SYDNEY

CERTIFICATE UNDER SECTION 41C OF THE PUBLIC FINANCE AND AUDIT ACT 1983

NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY

CERTIFICATE UNDER SECTION 41C OF THE PUBLIC FINANCE AND AUDIT ACT 1983

The accompanying financial statements and notes to the accounts 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 2010*, and the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

In our opinion the statements exhibit a true and fair view of the financial position and transactions of the New South Wales Rural Assistance Authority's operations for the year ended 30 June 2012.

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

Date: 13.09.12



David Palmer
Board Member

Date: 13.09.12



Michael Bullen
Chief Executive

NSW RURAL ASSISTANCE AUTHORITY FINANCIAL STATEMENTS

NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY

Financial Statements for the year ended 30 June 2012

FINANCIAL STATEMENTS – NSW RURAL ASSISTANCE AUTHORITY

Statement of comprehensive income for the year ended 30 June 2012

	Notes	Consolidated Actual 2012 \$'000	Budget 2012 \$'000	Consolidated Actual 2011 \$'000	Parent Actual 2012 \$'000	Parent Actual 2011 \$'000
Expenses excluding losses						
Operating expenses						
Employee related	2(a)	2,537	2,295	2,520	42	41
Personnel services	2(b)				2,495	2,479
Other operating expenses	2(c)	2,559	1,275	2,832	2,559	2,832
Depreciation and amortisation	2(d)	15	25	25	15	25
Grants and subsidies	2(e)	56,313	50,441	290,556	56,313	290,556
Finance Costs	2(f)	6,910	7,200	6,592	6,910	6,592
Total expenses excluding losses		68,334	61,236	302,525	68,334	302,525
Revenue						
Recurrent appropriation	3(a)	0	0	153,606	0	153,606
Capital appropriation	3(a)	0	0	0	0	0
Investment revenue	3(b)	7,487	7,763	7,554	7,487	7,554
Grants and contributions	3(c)	140,551	154,840	38,538	140,551	38,538
Acceptance by the Crown Entity of employee benefits and other liabilities	3(d)	236	146	189	0	0
Other revenue	3(e)	14	14	267	250	456
Total Revenue		148,288	162,763	200,154	148,288	200,154
Gain / (loss) on disposal	4	0	0	(24)	0	(24)
Net result		79,954	101,527	(102,395)	79,954	(102,395)
Other comprehensive income						
Total other comprehensive income		0	0	0	0	0
TOTAL COMPREHENSIVE INCOME		79,954	101,527	(102,395)	79,954	(102,395)

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS – NSW RURAL ASSISTANCE AUTHORITY

Statement of financial position as at 30 June 2012

	Notes	Consolidated Actual 2012 \$'000	Budget 2012 \$'000	Consolidated Actual 2011 \$'000	Parent Actual 2012 \$'000	Parent Actual 2011 \$'000
ASSETS						
Current Assets						
Cash and cash equivalents	6	21,333	16,003	16,415	21,333	16,415
Receivables	7	1,621	1,725	2,484	1,621	2,484
Other financial assets	8	13,553	14,079	13,040	13,553	13,040
Total Current Assets		36,507	31,807	31,939	36,507	31,939
Non-Current Assets						
Other financial assets	8	122,138	97,834	97,388	122,138	97,388
Plant and equipment	9	32	72	47	32	47
Total Non-Current Assets		122,170	97,906	97,435	122,170	97,435
Total Assets		158,677	129,713	129,374	158,677	129,374
LIABILITIES						
Current Liabilities						
Payables	11	6,643	5,277	4,867	6,643	4,867
Borrowings	12	13,553	13,934	13,040	13,553	13,040
Provisions	13	13,478	301	88,642	13,478	88,642
Other	14	0	0	2,602	0	2,602
Total Current Liabilities		33,674	19,512	109,151	33,674	109,151
Non-Current Liabilities						
Borrowings	12	122,538	98,160	97,714	122,538	97,714
Provisions	13	7	5	5	7	5
Total Non-Current Liabilities		122,545	98,165	97,719	122,545	97,719
Total Liabilities		156,219	117,677	206,870	156,219	206,870
Net Assets / (Liabilities)		2,458	12,036	(77,496)	2,458	(77,496)
EQUITY						
Accumulated funds		2,458	12,036	(77,496)	2,458	(77,496)
Total Equity		2,458	12,036	(77,496)	2,458	(77,496)

FINANCIAL STATEMENTS – NSW RURAL ASSISTANCE AUTHORITY

Statement of changes in equity for the year ended 30 June 2012

	Accumulated Funds		Total	
	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000
Balance at 1 July 2011	(77,496)	(77,496)	(77,496)	(77,496)
Net result for the year	79,954	79,954	79,954	79,954
Total other comprehensive income	0	0	0	0
Transactions with owners in their capacity as owners	0	0	0	0
Balance at 30 June 2012	2,458	2,458	2,458	2,458
Balance at 1 July 2010	24,899	24,899	24,899	24,899
Net result for the year	(102,395)	(102,395)	(102,395)	(102,395)
Total other comprehensive income	0	0	0	0
Transactions with owners in their capacity as owners	0	0	0	0
Balance at 30 June 2011	(77,496)	(77,496)	(77,496)	(77,496)

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS – NSW RURAL ASSISTANCE AUTHORITY

Statement of cash flows for the year ended 30 June 2012

	Notes	Consolidated Actual 2012 \$'000	Budget 2012 \$'000	Consolidated Actual 2011 \$'000	Parent Actual 2012 \$'000	Parent Actual 2011 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related		(2,307)	(2,260)	(2,371)	(2,307)	(2,371)
Grants and subsidies		(131,477)	(151,791)	(202,255)	(131,477)	(202,255)
Finance costs		(3,690)	(4,200)	(3,895)	(3,690)	(3,895)
Other		(2,945)	(1,700)	(19,873)	(2,945)	(19,873)
Total Payments		(140,419)	(159,951)	(228,394)	(140,419)	(228,394)
Receipts						
Recurrent appropriation		0	0	156,208	0	156,208
Capital appropriation (excluding equity appropriations)		0	0	0	0	0
Interest received		650	503	1,215	650	1,215
Grants and contributions		140,551	154,840	38,538	140,551	38,538
Cash reimbursements from the Crown Entity		0	0	0	0	0
Cash transfers to the Consolidated Fund		(2,602)	(2,602)	(6,754)	(2,602)	(6,754)
Other		6,738	1,766	21,470	6,738	21,470
Total Receipts		145,337	154,507	210,677	145,337	210,677
NET CASH FLOWS FROM OPERATING ACTIVITIES	18	4,918	(5,444)	(17,717)	4,918	(17,717)
CASH FLOWS FROM INVESTING ACTIVITIES						
Advance repayments received		17,162	20,715	16,637	17,162	16,637
Purchases of plant and equipment		0	(50)	0	0	0
Proceeds from sale of plant and equipment		0	0	2	0	2
Advances made		(39,279)	(15,000)	(22,066)	(39,279)	(22,066)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(22,117)	5,665	(5,427)	(22,117)	(5,427)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from borrowings and advances		39,279	15,000	22,066	39,279	22,066
Repayment of borrowings and advances		(17,162)	(16,660)	(16,636)	(17,162)	(16,636)
NET CASH FLOWS FROM FINANCING ACTIVITIES		22,117	(1,660)	5,430	22,117	5,430
NET INCREASE / (DECREASE) IN CASH		4,918	(1,439)	(17,714)	4,918	(17,714)
Opening cash and cash equivalents		16,415	17,442	34,129	16,415	34,129
CLOSING CASH AND CASH EQUIVALENTS	6	21,333	16,003	16,415	21,333	16,415

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS – NSW RURAL ASSISTANCE AUTHORITY

Summary of compliance with financial directives

	2012				2011			
	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 s 26 PF&AA – Commonwealth specific purpose payments	0	0	0	0	181,585	153,606	50	0
OTHER APPROPRIATIONS / EXPENDITURE								
Section 22 - expenditure for certain works and services	0	0	0	0	0	0	0	0
Total Appropriation / Expenditure / Net Claim on Consolidated Fund (includes transfer payments)	0	0	0	0	181,585	153,606	50	0
Amount drawn down against Appropriation		0		0		156,208		0
Liability to Consolidated Fund*		0		0		(2,602)		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'.
In 2012 the NSW Rural Assistance Authority received funding via a grant from the Department of Trade and Investment, Regional Infrastructure and Services.

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS – NSW RURAL ASSISTANCE AUTHORITY

Notes to the financial statements

1. Summary of Significant Accounting Policies

(a) Reporting Entity

The NSW Rural Assistance Authority (the Agency) as a reporting entity under the *Rural Assistance Act 1989* comprises all the entities under its control, namely the Office of the Rural Assistance Authority.

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 NSW Rural Assistance Authority 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. Under the *Public Sector Employment and Management (Departments) Order 2011* the Office falls within the Trade and Investment, Regional Infrastructure and Services cluster of the public service.

A separate financial statement has been prepared for the Office of the Rural Assistance Authority.

In the process of preparing the consolidated financial statement for the economic entity consisting of the controlling and controlled entity, 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 only.

The NSW Rural Assistance Authority is a NSW statutory body. The agency 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.

These consolidated financial statements for the year ended 30 June 2012 have been authorised for issue by the Board on 13 September 2012.

(b) Basis of Preparation

The Agency's financial statements are general purpose financial statements which have 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 NSW General Government Sector Entities or issued by the Treasurer.

Plant and equipment and financial assets at 'fair value through profit or loss' and available for sale are measured at fair value. Other financial statement 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 statements.

Management estimations and assumptions have been applied in the following areas:

- (i) Impairment of Advances Receivables – Loans to Clients (refer Note 8)
In accordance with AASB 139 Financial Instruments: Recognition and Measurement an allowance for impairment is raised in relation to individual loans when collectability is considered in doubt.
- (ii) Valuation of Advances Receivable (refer Note 8) and Treasury Loan Capital (refer Note 12)
The above items are measured at amortised cost In accordance with AASB 139 Financial Instruments: Recognition and Measurement and TPP08-1 Accounting Policy: Accounting for Financial Instruments.
- (iii) Valuation of Long Service Leave
Long service leave is measured at present value in accordance with AASB 119 Employee Benefits based on the application of certain factors specified in NSW TC 12/06.

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 not-for-profit general government sector entities.

FINANCIAL STATEMENTS – NSW RURAL ASSISTANCE AUTHORITY

(e) Grants and subsidies paid

Grants and subsidies are generally recognised as expense when the Agency relinquishes control over the assets comprising the grant / subsidies.

(f) Insurance

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

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

Income, 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 statement of cash flows 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.

The NSW Ovine Johne's Disease (OJD) Transaction Based Contribution Scheme (Scheme) is grouped with the NSW Rural Assistance Authority for GST purposes and the GST component of all the Scheme's transactions are included within the NSW Rural Assistance Authority's accounts.

(h) 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 income when the Agency 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 income, 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 16 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 13 as part of '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*.

(i) Assets

(i) Acquisition of assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Agency. 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.

FINANCIAL STATEMENTS – NSW RURAL ASSISTANCE AUTHORITY

Where payment for an asset 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

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

(iii) Revaluation of 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*.

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 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 plant and equipment

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

(v) Depreciation of 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 Agency.

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

Default asset lives are:

Computing equipment	4 years
Photocopier	4 years
Business equipment	7 years
Office furniture	8 years
Storage	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) Leased assets

The leasing transactions of the Agency are restricted to operating leases of buildings.

The nature of an operating lease is such that the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, the payments on which are included in the determination of the results of operations over the lease term.

Operating lease payments are charged to the statement of comprehensive income in the periods in which they are incurred.

(viii) 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 recognised in the net result for the year when impaired, derecognised or through the amortisation process.

The Agency has a loan facility with the Crown which makes available to the Agency funds from which the Agency may recoup for advances it has made under various schemes of assistance. The Agency must repay

FINANCIAL STATEMENTS – NSW RURAL ASSISTANCE AUTHORITY

to the Crown on a monthly basis both the principal and interest on the advances in line with the principal and interest that the Agency 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.

When loan principal or interest is written off, the obligation for the Agency to repay Treasury is forgiven.

(ix) 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 Agency 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 net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, 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.

(x) 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 Agency transfers the financial asset:

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

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

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

(j) Liabilities

(i) Payables

These amounts represent liabilities for goods and services provided to the Agency 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 net result for the year 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), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service 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.

FINANCIAL STATEMENTS – NSW RURAL ASSISTANCE AUTHORITY

(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 NSW TC 12/06) 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 (NSW TC 11/04). 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.

(iv) 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.

(k) Equity**(i) Accumulated Funds**

The category 'Accumulated funds' includes all current and prior period retained funds.

(l) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period, as adjusted for section 24 of the PFAA where there has been a transfer of functions between departments. Other amendments made to the budget are not reflected in the budgeted amounts.

(m) 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.

(n) New Australian Accounting Standards issued but not effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the financial reporting period ended 30 June 2012. Those relevant to the Agency are listed as follows:

- AASB 9 and AASB 2010-7 regarding financial instruments
- AASB 10 *Consolidated Financial Statements*
- AASB 13 and AASB 2011-8 regarding fair value measurement
- AASB 119, AASB 2011-10 and AASB 2011-11 regarding employee benefits
- AASB 127 *Separate Financial Statements*
- AASB 1053 and AASB 2010-2 regarding differential reporting
- AASB 2010-10 regarding removal of fixed dates for first time adopters
- AASB 2011-2 regarding Trans Tasman Convergence – RDR
- AASB 2011-3 regarding orderly adoption of changes to the ABS GFS Manual
- AASB 2011-6 regarding RDR and relief from consolidation
- AASB 2011-7 regarding consolidation and joint arrangements
- AASB 2011-9 regarding presentation of items of other comprehensive income
- AASB 2011-12 regarding Interpretation 20
- AASB 2011-13 regarding AASB 1049 and GAAP/GFS harmonisation
- AASB 2012-1 regarding fair value measurement-reduced disclosure requirements

These standards / interpretations are not considered to have a material impact.

FINANCIAL STATEMENTS – NSW RURAL ASSISTANCE AUTHORITY

2. Expenses Excluding Losses

	Consolidated 2012 \$'000	Consolidated 2011 \$'000	Parent 2012 \$'000	Parent 2011 \$'000
(a) Employee Related Expenses				
Salaries and wages (including recreation leave)	1,944	2,059	0	0
Superannuation – defined benefit plans	52	56	0	0
Superannuation – defined contribution plans	122	138	3	3
Long service leave	219	128	0	0
Workers compensation insurance	12	8	0	0
Payroll tax and fringe benefits tax	91	94	2	2
Redundancy	60	0	0	0
Other - Miscellaneous	37	37	37	36
	2,537	2,520	42	41
(b) Personnel services				
Personnel services	0	0	2,495	2,479
	0	0	2,495	2,479
(c) Other operating expenses include the following:				
Auditor's remuneration – audit of the financial statements	91	75	91	75
Rent expense	414	408	414	408
Maintenance*	41	33	41	33
Insurance	5	5	5	5
Telecommunications	13	20	13	20
Travel	68	95	68	95
Consultants	0	8	0	8
Contractors	1,080	1,420	1,080	1,420
Administration Fees	471	471	471	471
Other fees	187	121	187	121
Increase in doubtful debts	74	0	74	0
Miscellaneous	115	176	115	176
	2,559	2,832	2,559	2,832
*Reconciliation – Total maintenance				
Maintenance expense – contracted labour and other (non-employee related), as above	41	33	41	33
Employee related maintenance expense included in Note 2(a)	0	0	0	0
Total maintenance expenses included in Note 2(a) + (c)	41	33	41	33
(d) Depreciation and amortisation expense				
Plant and equipment	15	25	15	25
	15	25	15	25
(e) Grants and subsidies				
Rural Adjustment Scheme (State)	230	17,957	230	17,957
Rural Adjustment Scheme (Commonwealth)	2,069	161,613	2,069	161,613
Forging Partnerships	123	96	123	96
Natural Disaster Relief Grants	47,193	106,245	47,193	106,245
Flying Fox Netting Subsidy	219	0	219	0
Grant expense on low interest loans	6,479	4,645	6,479	4,645
	56,313	290,556	56,313	290,556
(f) Finance Costs				
Interest on Treasury Advance	3,700	3,904	3,700	3,904
Amortised interest expense	3,210	2,688	3,210	2,688
	6,910	6,592	6,910	6,592

FINANCIAL STATEMENTS – NSW RURAL ASSISTANCE AUTHORITY

3. Revenue

	Consolidated 2012 \$'000	Consolidated 2011 \$'000	Parent 2012 \$'000	Parent 2011 \$'000
(a) Appropriations				
Recurrent appropriations				
Total recurrent draw-downs from NSW Treasury (per Summary of Compliance)	0	156,208	0	156,208
Less: Liability to Consolidated Fund (per Summary of Compliance)	0	(2,602)	0	(2,602)
	0	153,606	0	153,606
Comprising:				
Recurrent appropriations (per Statement of comprehensive income)	0	153,606	0	153,606
	0	153,606	0	153,606
Capital appropriations				
Total capital draw-downs from NSW Treasury (per Summary of Compliance)	0	0	0	0
Less: Liability to Consolidated Fund (per Summary of Compliance)	0	0	0	0
	0	0	0	0
Comprising:				
Capital appropriations (per Statement of comprehensive income)	0	0	0	0
	0	0	0	0
(b) Investment revenue				
Interest	577	962	577	962
Interest income on loans	3,700	3,904	3,700	3,904
Amortised interest revenue	3,210	2,688	3,210	2,688
	7,487	7,554	7,487	7,554
(c) Grants and contributions				
Recurrent Grant from Department of Trade and Investment, Regional Infrastructure and Services	26,057	0	26,057	0
Capital Grant from Department of Trade and Investment, Regional Infrastructure and Services	0	0	0	0
Grant revenue on low interest loan	6,479	4,645	6,479	4,645
Grant from Environmental Trust	320	0	320	0
Reimbursement for Natural Disaster Relief Grants	107,695	33,893	107,695	33,893
	140,551	38,538	140,551	38,538
(d) Acceptance by the Crown Entity of employee benefits and other liabilities				
Superannuation – defined benefit	52	56	0	0
Long Service Leave	181	130	0	0
Payroll tax	3	3	0	0
	236	189	0	0
(e) Other revenue				
Forgiveness of liabilities - Treasury	0	145	0	145
Reduction in doubtful debts	0	115	0	115
Contributions from the Crown Entity	0	0	236	189
Other revenue	14	7	14	7
	14	267	250	456

4. Gain / (loss) on disposal

	Consolidated 2012 \$'000	Consolidated 2011 \$'000	Parent 2012 \$'000	Parent 2011 \$'000
Gain / (loss) on disposal of plant and equipment				
Proceeds from disposal	0	2	0	2
Written down value of assets disposed	0	(26)	0	(26)
Net gain / (loss) on disposal of plant and equipment	0	(24)	0	(24)

FINANCIAL STATEMENTS – NSW RURAL ASSISTANCE AUTHORITY

5. Service Groups of the NSW Rural Assistance Authority

Financial Assistance to Farmers and Small Business

Service Description: This service group covers financial assistance through loans allowing farmers and small businesses to continue operations following natural disasters and helping farmers to improve land management practices. Assistance is also provided through grant programs with Exceptional Circumstances being the main program providing interest rate subsidies to farmers and small businesses.

As there is only one service group details of the expenses, income, assets and liabilities for this service group are available in the primary financial statements.

6. Current Assets – Cash and cash equivalents

	Consolidated 2012 \$'000	Consolidated 2011 \$'000	Parent 2012 \$'000	Parent 2011 \$'000
Cash at bank and on hand				
Operating Account	17,894	13,100	17,894	13,100
Remitting Account	3,439	3,315	3,439	3,315
	21,333	16,415	21,333	16,415

For the purpose of the statement of cash flows, 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 statement of financial position are reconciled at the end of the financial year to the statement of cash flows as follows:

Cash and cash equivalents (per statement of financial position)	21,333	16,415	21,333	16,415
Closing cash and cash equivalents (per statement of cash flows)	21,333	16,415	21,333	16,415

Refer Note 19 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

7. Current Assets - Receivables

	Consolidated 2012 \$'000	Consolidated 2011 \$'000	Parent 2012 \$'000	Parent 2011 \$'000
Interest Receivable	319	392	319	392
Interest Receivable – Interest on Loans	1,269	1,230	1,269	1,230
GST receivable	27	856	27	856
Miscellaneous	6	6	6	6
	1,621	2,484	1,621	2,484

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 19.

8. Current / Non-Current Assets – Other Financial Assets

	Consolidated 2012 \$'000	Consolidated 2011 \$'000	Parent 2012 \$'000	Parent 2011 \$'000
Current				
Advances Receivable - Loans to Clients	13,553	13,040	13,553	13,040
Less: Allowance for impairment	0	0	0	0
	13,553	13,040	13,553	13,040
Non-Current				
Advances Receivable - Loans to Clients	122,538	97,714	122,538	97,714
Less: Allowance for impairment	(400)	(326)	(400)	(326)
	122,138	97,388	122,138	97,388

FINANCIAL STATEMENTS – NSW RURAL ASSISTANCE AUTHORITY

Movement in the allowance for impairment

	Consolidated 2012 \$'000	Consolidated 2011 \$'000	Parent 2012 \$'000	Parent 2011 \$'000
Advances Receivable – Loans to Clients				
Balance at 1 July	326	585	326	585
Amounts written off during the year	0	(144)	0	(144)
Amounts recovered during the year	(38)	(106)	(38)	(106)
Increase / (decrease) in allowance recognised in Net result	112	(9)	112	(9)
Balance at 30 June	400	326	400	326

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 19.

9. Non-Current Assets – Plant and Equipment

	Plant and equipment		Total	
	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000
At 30 June 2011 – fair value				
Gross carrying amount	212	212	212	212
Accumulated depreciation	(165)	(165)	(165)	(165)
Net Carrying Amount	47	47	47	47
At 30 June 2012 – fair value				
Gross carrying amount	212	212	212	212
Accumulated depreciation	(180)	(180)	(180)	(180)
Net Carrying Amount	32	32	32	32

Reconciliation

A reconciliation of the carrying amount 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
Period ended 30 June 2012				
Net carrying amount at start of year	47	47	47	47
Additions	0	0	0	0
Disposals	0	0	0	0
Depreciation expenses	15	15	15	15
Depreciation written back on disposal	0	0	0	0
Net carrying amount at end of year	32	32	32	32

	Plant and equipment		Total	
	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000
At 30 June 2010 – fair value				
Gross carrying amount	285	285	285	285
Accumulated depreciation	(187)	(187)	(187)	(187)
Net Carrying Amount	98	98	98	98
At 30 June 2011 – fair value				
Gross carrying amount	212	212	212	212
Accumulated depreciation	(165)	(165)	(165)	(165)
Net Carrying Amount	47	47	47	47

Reconciliation

A reconciliation of the carrying amount 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
Period ended 30 June 2011				
Net carrying amount at start of year	98	98	98	98
Additions	0	0	0	0
Disposals	(67)	(67)	(67)	(67)
Depreciation expenses	(25)	(25)	(25)	(25)
Depreciation written back on disposal	41	41	41	41
Net carrying amount at end of year	47	47	47	47

FINANCIAL STATEMENTS – NSW RURAL ASSISTANCE AUTHORITY

10. Restricted Assets

The Agency holds within Cash at bank and on hand the following amounts that have specific legislative or contractual conditions associated with the use of the funds.

	Consolidated 2012 \$'000	Consolidated 2011 \$'000	Parent 2012 \$'000	Parent 2011 \$'000
Current				
Principal & Interest Collections received from client borrowers and repayable to NSW Treasury (refer Note 6, 11)	3,226	3,103	3,226	3,103
Funding received from the Environmental Trust for Flying Fox Netting Subsidies which has to be refunded if not paid as subsidies to eligible producers (refer Note 6, 11)	1,680	0	1,680	0
Rural Adjustment Scheme reserve funding held in bank account	2,405	0	2,405	0
Amount repayable to the Consolidated Fund (refer Note 6, 14)	0	2,602	0	2,602
	7,311	5,705	7,311	5,705

Under the Loan Facility Agreement between NSW Rural Assistance Authority and NSW Treasury the Agency must repay to the Crown both the principal and interest on the Advances in line with the principal and interest that the Agency collects from re-lending the funds. The Agency records the following amounts for these assets.

	Consolidated 2012 \$'000	Consolidated 2011 \$'000	Parent 2012 \$'000	Parent 2011 \$'000
Current				
Interest Receivable – Interest on Loans (refer Note 7, 11)	1,269	1,230	1,269	1,230
Other financial assets (refer Note 8, 12)	13,553	13,040	13,553	13,040
Non-Current				
Other financial assets (refer Note 8, 12)	122,138	97,388	122,138	97,388
	136,960	111,658	136,960	111,658

11. Current Liabilities – Payables

	Consolidated 2012 \$'000	Consolidated 2011 \$'000	Parent 2012 \$'000	Parent 2011 \$'000
Accrued salaries, wages and on-costs	85	93	9	9
Personnel Services payable	0	0	76	84
Creditors	383	441	383	441
Creditors - Treasury	4,494	4,333	4,494	4,333
Unearned revenue	1,681	0	1,681	0
	6,643	4,867	6,643	4,867

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 19.

12. Current / Non-Current Liabilities – Borrowings

	Consolidated 2012 \$'000	Consolidated 2011 \$'000	Parent 2012 \$'000	Parent 2011 \$'000
Current				
Unsecured				
Treasury, NSW Loan Capital	13,553	13,040	13,553	13,040
	13,553	13,040	13,553	13,040
Non-Current				
Unsecured				
Treasury, NSW Loan Capital	122,538	97,714	122,538	97,714
	122,538	97,714	122,538	97,714

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings, are disclosed in Note 19.

FINANCIAL STATEMENTS – NSW RURAL ASSISTANCE AUTHORITY

13. Current / Non-Current Liabilities – Provisions

	Consolidated 2012 \$'000	Consolidated 2011 \$'000	Parent 2012 \$'000	Parent 2011 \$'000
Current				
Employee benefits and related on-costs				
Personnel services	0	0	341	341
Recreation Leave	203	246	0	0
Long Service Leave	138	95	0	0
	341	341	341	341
Other Provisions				
Grant payments:				
Rural Adjustment Scheme grants	0	15,949	0	15,949
Natural Disaster Relief grants	13,137	72,352	13,137	72,352
	13,137	88,301	13,137	88,301
<i>Movement in Provisions for Grant payments</i>				
Balance at 1 July	88,301	0	88,301	0
Additional provisions	13,137	88,301	13,137	88,301
Amounts used	(88,301)	0	(88,301)	0
Amounts reversed	0	0	0	0
Balance at 30 June	13,137	88,301	13,137	88,301
Grant payments will be funded by Parliamentary appropriations and contributions upon the transfer of cash.				
Non-Current				
Employee benefits and related on-costs				
Personnel services	0	0	7	5
Long Service Leave	7	5	0	0
	7	5	7	5
Aggregate employee benefits and related on-costs				
Provisions – current	341	341	341	341
Provisions – non-current	7	5	7	5
Personnel Services payable (Note 11)	0	0	76	84
Accrued salaries, wages and on-costs (Note 11)	85	93	9	9
	433	439	433	439

14. Current Liabilities - Other

	Consolidated 2012 \$'000	Consolidated 2011 \$'000	Parent 2012 \$'000	Parent 2011 \$'000
Liability to Consolidated Fund	0	2,602	0	2,602
	0	2,602	0	2,602

FINANCIAL STATEMENTS – NSW RURAL ASSISTANCE AUTHORITY

15. Commitments for expenditure

	Consolidated 2012 \$'000	Consolidated 2011 \$'000	Parent 2012 \$'000	Parent 2011 \$'000
(a) Other Expenditure Commitments				
(i) Loan Commitments				
Commitments for the payment of Special Conversation Scheme and Natural Disaster Loans.				
Not later than one year	10,231	17,292	10,231	17,292
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)	10,231	17,292	10,231	17,292

The total of Loan Commitments does not include GST as they are financial supplies.

(ii) Service Level Agreement - Trade & Investment

Not later than one year	247	247	247	247
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)	247	247	247	247

The total of 'Service Level Agreement' above includes input tax credits of \$11,000 (2011: \$11,000) that are expected to be recoverable from the Australian Taxation Office (50% of GST paid is not recoverable due to being related to the provision of financial supply).

Under the current Service Level Agreement the Agency needs only provide six months notice to terminate the agreement.

(iii) Rural Adjustment Scheme reserve

Commitments for the repayment of Rural Adjustment Scheme reserves to the Commonwealth				
Not later than one year	2,405	0	2,405	0
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)	2,405	0	2,405	0

The total of Rural Adjustment Scheme reserve does not include GST as it is a reimbursement.

(b) Operating Lease Commitments

Aggregate operating expenditure contracted for at balance date but not provided for in accounts payable:

(i) Office rent

Not later than one year	72	72	72	72
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)	72	72	72	72

The total of 'Office rent' above includes input tax credits of \$4,000 (2011: \$4,000) that are expected to be recoverable from the Australian Taxation Office (50% of GST paid is not recoverable due to being related to the provision of financial supply).

Under the current rental agreement the Agency needs only provide two months notice to terminate the agreement.

16. Contingent Liabilities and Contingent Assets

The Board is unaware of the existence of any Contingent Liabilities or Contingent Assets as at balance date (2011, Nil).

17. 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 Agency for that year. This in turn may cause variations to the financial activities. Major variations between the budget and actual amounts are outlined below.

Net result

The actual net result was lower than budget by \$21.573m, primarily due to expenses excluding losses exceeding budget by \$7.098m and revenue was lower than budget by \$14.475m.

Natural Disasters relief grant payments exceeded budget by \$11.403m while Rural Adjustment Scheme grant payments were under budget by \$7.352m. Additional other operating expenses of \$1.284m were incurred mainly due to processing of the additional Natural Disasters relief grants. The remaining variation mainly relates to the increase in loan grant expense of \$1.479 due to an increase in lending and loan availability.

Grants and contributions revenue was lower than budget by \$14.289m mainly due to lower than expected revenue being received for Natural Disaster relief reimbursement of \$13.496m.

FINANCIAL STATEMENTS – NSW RURAL ASSISTANCE AUTHORITY

Assets and liabilities

Total Assets are higher than budget by \$28.964m, primarily due to the greater than budgeted increase in value of the loan portfolio (\$23.778m). Cash and cash equivalents is \$5.330m higher than budget due to unspent funds being held for Flying Fox Netting Subsidies and Rural Adjustment Scheme grants.

Total Liabilities higher than budget by \$38.542m. This is primarily due to the increased value of the loan portfolio and consequent liability to Treasury of \$23.997m and the creation of the provision for Natural Disaster relief grants and Flying Fox subsidy payments of \$13.137m.

Cash flows

Net Cash Flows from Operating are higher than budget by \$10.362m, primarily due to lower than budgeted grant and subsidies payments (\$20.314m) offset by lower than budgeted grant and contribution revenues (\$14.289m) and a higher than budget result for other receipts (\$4.986m).

Net Cash Flows from Investing and Financing activities are lower than budget by \$4.005m, primarily due to budget variations for repayments received.

18. Reconciliation of cash flows from operating activities to Net result

	Consolidated 2012 \$'000	Consolidated 2011 \$'000	Parent 2012 \$'000	Parent 2011 \$'000
Net cash used on operating activities	4,918	(17,717)	4,918	(17,717)
Depreciation and amortisation	(15)	(25)	(15)	(25)
Liability forgiven	0	145	0	145
Reduction / (Increase) in doubtful debts	(74)	115	(74)	115
Net Gain / (loss) on sale of plant and equipment	0	(24)	0	(24)
Increase / (decrease) in Receivables	(863)	(1,249)	(863)	(1,249)
(Increase) / decrease in Payables	(1,776)	458	(1,776)	458
(Increase) / decrease in Provisions	75,162	(88,250)	75,162	(88,250)
(Increase) / decrease in Other Liabilities	2,602	4,152	2,602	4,152
Net result	79,954	(102,395)	79,954	(102,395)

19. Financial instruments

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

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

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 Agency, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Internal Auditors.

FINANCIAL STATEMENTS – NSW RURAL ASSISTANCE AUTHORITY

(a) Financial instrument categories

Financial Assets	Note	Category	Consolidated Carrying Amount 2012 \$'000	Consolidated Carrying Amount 2011 \$'000	Parent Carrying Amount 2012 \$'000	Parent Carrying Amount 2011 \$'000
Class:						
Cash and cash equivalents	6	N/A	21,333	16,415	21,333	16,415
Receivables ⁽¹⁾	7	Loans and receivables (at amortised cost)	1,594	1,628	1,594	1,628
Other Financial Assets	8	Loans and receivables (at amortised cost)	135,691	110,428	135,691	110,428
Financial Liabilities	Note	Category	Consolidated Carrying Amount 2012 \$'000	Consolidated Carrying Amount 2011 \$'000	Parent Carrying Amount 2012 \$'000	Parent Carrying Amount 2011 \$'000
Class:						
Payables ⁽²⁾	11	Financial liabilities measured at amortised cost	4,962	4,867	4,962	4,867
Borrowings	12	Financial liabilities measured at amortised cost	136,091	110,754	136,091	110,754

Notes:

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

(b) Credit Risk

Credit risk arises when there is the possibility of the Agency's debtors defaulting on their contractual obligations, resulting in a financial loss to the Agency. 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 Agency, including cash, receivables and authority deposits. Advances Receivable - Loans to Clients is composed mainly of Disaster and Special Scheme Loans. Disaster Loans are secured by registered mortgages over land and Special Scheme Loans are by Statutory Charge and registered caveat over the land on which the proposed works are to be carried out. The Agency has not granted any financial guarantees.

Credit risk associated with the Agency's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Agency 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 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 Agency 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 (2012: \$0; 2011: \$0) and past due (2012: \$0; 2011 \$0) but not considered impaired. Together these represent 100% of the total trade debtors.

Other Financial Assets

Other Financial Assets represents loans advanced by the Agency 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

FINANCIAL STATEMENTS – NSW RURAL ASSISTANCE AUTHORITY

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 2.67% fixed for a year.

Special conservation 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 (2012: \$1.447m; 2011: \$1.871m). Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables.

The Agency 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 and not impaired (2012: \$134.138m; 2011: \$121.020m) and past due (2012: \$1.554m; 2011: \$1.104m) but not impaired together represent 99.7% (2011: 100%) of the total loan debtors.

	Total ^{1,2} \$'000	Past due but not impaired \$'000	Considered impaired \$'000
2012			
< 3 months overdue	493	488	5
3 months – 6 months overdue	143	143	0
> 6 months overdue	1,187	922	265
2011			
< 3 months overdue	892	604	288
3 months – 6 months overdue	101	96	5
> 6 months overdue	437	404	33

Notes:

1. Each column in this table represents "gross receivable"
2. The ageing analysis excludes receivables that are not past due and not impaired. Therefore, the "total" will not reconcile to the receivable total recognised in the statement of financial position.

Authority Deposits

The Agency has no funds placed on deposit with TCorp.

Other Facilities

The Agency has access to the following banking facilities:

	2012 \$'000	2011 \$'000
MasterCard Limit	15	15

The Agency has an annual loan drawdown facility with NSW Treasury (2012: \$55.200m; 2011: \$32.500m)

(c) Liquidity risk

Liquidity risk is the risk that the Agency will be unable to meet its payment obligations when they fall due. The Agency 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 of loans payable. No assets have been pledged as collateral. The Agency'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 NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, 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. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest. The rate of interest applied during the year was 0% (2011 – 0%).

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

FINANCIAL STATEMENTS – NSW RURAL ASSISTANCE AUTHORITY

Maturity analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Int. Rate	Nominal Amount ¹ \$'000	Interest Rate Exposure			Maturity Dates		
			Fixed Int. Rate \$'000	Variable Int. Rate \$'000	Non- interest bearing \$'000	< 1 yr	1 – 5 yrs	> 5 yrs
2012								
Payables	0	4,962	0	0	4,962	4,962	0	0
Borrowings:								
Advances repayable	3.50%	174,616	174,616	0	0	21,223	97,706	55,687
		179,578	174,616	0	4,962	26,185	97,706	55,687
2011								
Payables	0	4,867	0	0	4,867	4,867	0	0
Borrowings:								
Advances repayable	3.79%	143,119	143,119	0	0	19,670	80,597	42,852
		147,986	143,119	0	4,867	24,537	80,597	42,852

Notes:

- The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Agency can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the statement of financial position.

(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 Agency 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 Agency 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 statement of financial position date. The analysis is performed on the same basis for 2011. The analysis assumes that all other variables remain constant.

Interest rate risk

Exposure to interest rate risk arises primarily through the Agency's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with NSW TCorp. The Agency 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 Agency's exposure to interest rate risk is set out below.

	\$'000				
	Carrying Amount	-1% Profit	-1% Equity	1% Profit	1% Equity
2012					
<i>Financial assets</i>					
Cash and cash equivalents	21,333	(213)	(213)	213	213
Receivables	1,594	0	0	0	0
Other Financial Assets	135,691	0	0	0	0
<i>Financial liabilities</i>					
Payables	4,962	0	0	0	0
Borrowings	136,091	0	0	0	0
2011					
<i>Financial assets</i>					
Cash and cash equivalents	16,415	(164)	(164)	164	164
Receivables	1,628	0	0	0	0
Other Financial Assets	110,428	0	0	0	0
<i>Financial liabilities</i>					
Payables	4,867	0	0	0	0
Borrowings	110,754	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 Agency has no direct equity investments. The Agency holds no units in Hour-Glass investment trusts.

FINANCIAL STATEMENTS – NSW RURAL ASSISTANCE AUTHORITY

(e) Fair value compared to carrying amount

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

20. After Balance Date Events

There are no events subsequent to the balance date which affect the financial information disclosed in these financial statements.

End of the audited financial statements.



OFFICE OF THE NSW RURAL ASSISTANCE AUTHORITY – INDEPENDENT AUDITOR’S REPORT



INDEPENDENT AUDITOR’S REPORT

Office of the Rural Assistance Authority

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Office of the Rural Assistance Authority (the Office), which comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows, for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Office as at 30 June 2012, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

The Board’s Responsibility for the Financial Statements

The members of the Board are responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the members of the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of the financial statements that give a true and fair view in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. 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 statements.

I believe 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 it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- 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 of New South Wales are not compromised in their roles by the possibility of losing clients or income.



Peter Barnes
Director, Financial Audit Services

19 September 2012
SYDNEY

STATEMENT BY THE DIRECTOR-GENERAL

OFFICE OF THE RURAL ASSISTANCE AUTHORITY

STATEMENT BY THE DIRECTOR-GENERAL

Pursuant to Section 41C of the *Public Finance and Audit Act 1983*, I state that:

- The accompanying financial statements and notes to the accounts have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the applicable clauses of the *Public Finance and Audit Regulation 2010* and the Treasurer's Directions;
- The statements exhibit a true and fair view of the financial position and transactions of the Office of the Rural Assistance Authority for the year ended 30 June 2012; 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: 18.9.12



Mark Paterson AO
Director-General
Department of Trade and Investment, Regional Infrastructure and Services

OFFICE OF RURAL ASSISTANCE AUTHORITY

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS – OFFICE OF THE RURAL ASSISTANCE AUTHORITY

Statement of comprehensive income for the year ended 30 June 2012

	Notes	Actual 2012 \$'000	Actual 2011 \$'000
Expenses excluding losses			
Operating expenses			
Employee related	2	2,495	2,479
Total expenses excluding losses		2,495	2,479
Revenue			
Personnel services	3	2,259	2,290
Acceptance by Crown Entity of employee benefits and other liabilities	3	236	189
Total Revenue		2,495	2,479
Net result		0	0
Other comprehensive income			
Total other comprehensive income		0	0
TOTAL COMPREHENSIVE INCOME		0	0

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS – OFFICE OF THE RURAL ASSISTANCE AUTHORITY

Statement of financial position as at 30 June 2012

	Notes	Actual 2012 \$'000	Actual 2011 \$'000
ASSETS			
Current Assets			
Receivables		417	425
Total Current Assets		417	425
Non-Current Assets			
Receivables		7	5
Total Non-Current Assets		7	5
Total Assets		424	430
LIABILITIES			
Current Liabilities			
Payables		32	33
Accrued salaries, wages and on-costs	4	44	51
Employee Provisions	4	341	341
Total Current Liabilities		417	425
Non-Current Liabilities			
Employee Provisions	4	7	5
Total Non-Current Liabilities		7	5
Total Liabilities		424	430
Net Assets		0	0
EQUITY			
Accumulated funds		0	0
Total Equity		0	0

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS – OFFICE OF THE RURAL ASSISTANCE AUTHORITY

Statement of changes in equity for the year ended 30 June 2012

	Accumulated Funds \$'000	Total \$'000
Balance at 1 July 2011	0	0
Net result for the year	0	0
Total other comprehensive income	0	0
Transactions with owners in their capacity as owners	0	0
Balance at 30 June 2012	0	0
Balance at 1 July 2010	0	0
Net result for the year	0	0
Total other comprehensive income	0	0
Transactions with owners in their capacity as owners	0	0
Balance at 30 June 2011	0	0

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS – OFFICE OF THE RURAL ASSISTANCE AUTHORITY

Statement of cash flows for the year ended 30 June 2012

	Notes	Actual 2012 \$'000	Actual 2011 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee related		(2,265)	(2,330)
Total Payments		(2,265)	(2,330)
Receipts			
Personnel services		2,265	2,330
Total Receipts		2,265	2,330
NET CASH FLOWS FROM OPERATING ACTIVITIES	7	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

FINANCIAL STATEMENTS – OFFICE OF THE RURAL ASSISTANCE AUTHORITY

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*. Under the *Public Sector Employment and Management (Departments) Order 2011* the Office falls within the Trade and Investment, Regional Infrastructure and Services cluster of the public service.

The Office is a controlled entity of the NSW Rural Assistance Authority and 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.

These financial statements for the year ended 30 June 2012 have been authorised for issue by the Director-General, Department of Trade and Investment, Regional Infrastructure and Services on 18 September 2012.

(b) Basis of Preparation

The Office's financial statements are general purpose financial statements which have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2010* and
- specific directions issued by the Treasurer.

Generally, the historical cost basis of accounting has been adopted and the financial statements do not take into account changing money values or current valuations. However, certain provisions are measured at fair value. See Note 4.

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

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

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 Net result for the year. 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 Net result for the year.

FINANCIAL STATEMENTS – OFFICE OF THE RURAL ASSISTANCE AUTHORITY

(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.

Short-term payables with no stated interest rate are measured at the original invoice amount where 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), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service 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 Office's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The Office 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 NSW TC 12/06) 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 (NSW TC 11/04). 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) New Australian Accounting Standards issued but not effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the financial reporting period ended 30 June 2012. Those relevant to the Office are listed as follows:

- AASB 9 and AASB 2010-7 regarding financial instruments
- AASB 10 *Consolidated Financial Statements*
- AASB 13 and AASB 2011-8 regarding fair value measurement
- AASB 119, AASB 2011-10 and AASB 2011-11 regarding employee benefits
- AASB 127 *Separate Financial Statements*
- AASB 1053 and AASB 2010-2 regarding differential reporting
- AASB 2010-10 regarding removal of fixed dates for first time adopters
- AASB 2011-2 regarding Trans Tasman Convergence – RDR
- AASB 2011-3 regarding orderly adoption of changes to the ABS GFS Manual
- AASB 2011-6 regarding RDR and relief from consolidation
- AASB 2011-7 regarding consolidation and joint arrangements
- AASB 2011-9 regarding presentation of items of other comprehensive income
- AASB 2011-12 regarding Interpretation 20
- AASB 2011-13 regarding AASB 1049 and GAAP/GFS harmonisation
- AASB 2012-1 regarding fair value measurement-reduced disclosure requirements

These standards / interpretations are not considered to have a material impact.

FINANCIAL STATEMENTS – OFFICE OF THE RURAL ASSISTANCE AUTHORITY

2. Expenses Excluding Losses

	2012 \$'000	2011 \$'000
Employee related		
Salaries and wages (including recreation leave)	1,943	2,059
Superannuation-defined benefit plans	52	56
Superannuation-defined contribution plans	119	135
Long service leave	219	128
Workers compensation insurance	12	8
Payroll tax and fringe benefits tax	89	92
Redundancy	60	0
Other - Miscellaneous	1	1
	2,495	2,479

3. Revenue

	2012 \$'000	2011 \$'000
Personnel services	2,259	2,290
	2,259	2,290
Acceptance by Crown Entity of employee benefits and other liabilities		
Superannuation – defined benefit	52	56
Long Service Leave	181	130
Payroll Tax	3	3
	236	189

4. Current / Non-Current Liabilities – Provisions

	2012 \$'000	2011 \$'000
CURRENT		
Employee benefits and related on-costs		
Recreation Leave	203	246
Long Service Leave	138	95
	341	341
NON-CURRENT		
Employee benefits and related on-costs		
Long Service Leave	7	5
	7	5
Aggregate employee benefits and related on-costs		
Provisions – current	341	341
Provisions – non-current	7	5
Accrued salaries, wages and on-costs	44	51
	392	397

5. Commitments

There were no operating or other commitments outstanding as at 30 June 2012 (2011, Nil).

6. Contingent Liabilities and Contingent Assets

The Office is unaware of the existence of any Contingent Liabilities or Contingent Assets as at balance date (2011, Nil).

7. Reconciliation of cash flows from operating activities to the Net result

	2012 \$'000	2011 \$'000
Net cash used on operating activities	0	0
Increase / (decrease) in Receivables	(6)	(40)
(Increase) / decrease in Payables	8	(11)
(Increase) / decrease in Provisions	(2)	51
Net result	0	0

FINANCIAL STATEMENTS – OFFICE OF THE RURAL ASSISTANCE AUTHORITY

8. Audit Fees

All audit fees are met directly by the NSW Rural Assistance Authority (2012: \$6,632; 2011: \$6,142).

9. Financial instruments

The Office has no cash and cash equivalents and all receivables (2012: \$424,030; 2011: \$429,911) relate to a single debtor, the NSW Rural Assistance Authority. No receivables are past due or impaired.

All liabilities (2012: \$424,030; 2011: \$429,911) are payables, accruals and provisions relating to the supply 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 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.

10. After balance date Events

There are no events subsequent to the balance date which affect the financial information disclosed in these financial statements.

End of the audited financial statements.



APPENDICES

Management

1. Legislation
2. Risk management and insurance
3. Budget initiatives: 2012–13
4. Energy management
5. Waste reduction and purchasing policy
6. Payment performance
7. Credit card certification
8. Reviews
9. Records management

Stakeholder Relationships

10. Publicity and promotion
11. Electronic service delivery
12. Public interest disclosures
13. Release of Government information
14. Ombudsman
15. Privacy management
16. Consumer response

Human Resources

17. Work Health and Safety
18. Equal employment opportunity
19. Disability action plan
20. Multicultural policies and service program

MANAGEMENT

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 and Insurance

Internal Audit and Risk Management Statement

The governing board of the NSW Rural Assistance Authority, is of the opinion that the NSW Rural Assistance Authority has internal audit and risk management processes in place that are, excluding the exceptions described below, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 *Internal Audit and Risk Management Policy*.

The governing board of the NSW Rural Assistance Authority, is of the opinion that the internal audit and risk management processes for the NSW Rural Assistance Authority depart from the following core requirements set out in Treasury Circular NSW TC 09/08 and that (a) the circumstances giving rise to these departures have been determined by the Portfolio Minister and (b) the NSW Rural Assistance Authority has implemented the following practicable alternative measures that will achieve a level of assurance equivalent to the requirement:

Ministerially Determined Departure	Reason for Departure and Description of Practicable Alternative Measures Implemented
<ul style="list-style-type: none"> • Core Requirement 3 <p>Independent Chairs and Members – this covers Committee composition, and the requirement to appoint an independent chair and a majority of independent members.</p>	<p>The Authority Board considers that the members of the past Authority Finance and Internal Audit Committee have the experience, skills and history to meet the requirements of Independent Chairs and Members, and all of the objectives and goals of the new Public Service Internal Audit and Risk Management Policy.</p> <p>The Hon Katrina Hodgkinson, Minister for Primary Industries, approved an exemption to this requirement for the year ending 30 June 2012, and authorised current Board members to perform this function.</p>

The governing board of the NSW Rural Assistance Authority, is of the opinion that the Audit and Risk Committee for the NSW Rural Assistance Authority is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. The Chair and Members of the Audit and Risk Committee are:

- Chair, Mr Wayne Joliffe, (Board Member);
- Independent Member, Mr Mal Peters, (Board Member);
- Non-independent Member, Mrs Corinne Kennedy, Manager Policy

These processes, including the practicable alternative measures being implemented, provide a level of assurance that enables the senior management of the NSW Rural Assistance Authority to understand, manage and satisfactorily control risk exposures.

In accordance with a resolution of the Governing Board of the NSW Rural Assistance Authority



Mrs Fran Rowe
Chair

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 *Government Information (Public Access) Act 2009* and the *Privacy and Personal Information Protection Act 1998*.

Staff complete training in occupational health and safety, the code of conduct, fraud awareness, investigating fraud and corruption on a regular basis in key work areas.

Fraud risk assessments were conducted.

Business Continuity/Disaster Recovery

Business continuity plans have been developed for the Authority with processes to help overcome envisaged problems as a result of a disaster affecting the Authority's operations developed.

Disaster Recovery plans for the Information Technology functions provided to the Authority by NSW Department of Trade and Investment, Regional Infrastructure and Services (DTIRIS) under Service Level Agreement have been updated during 2011-2012 as a result of development carried out in 2010-2011.

Insurance

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 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 2011-12 Workers' Compensation premium decreased on the 2010-11 premium by \$1,598 due to low claims experience and decreased wages. There were no worker's compensation claims received in 2011-12.

General Insurance premiums increased by \$326 in 2011-12 in line with industry trends.

Safety Inspections

Workplace inspections required under the *Occupational Health and Safety Act 2000* and from January 2012 the *Work Health and Safety Act 2011* were conducted by the Occupational Health and Safety Committee/Health Safety Representatives on a regular basis during 2011-12.

There were no significant issues raised by members of the Occupational Health and Safety Committee/Health Safety Representatives during these inspections.

3. Budget Initiatives: 2012-13

The following chart highlights expected Financial Indicators for the 2012-13 financial year.

Financial Indicators	2012-13 Budget \$'000
Total Expenses excluding Losses	16,462
Total expenses include the following:	
Employee related	1,978
Other operating expenses	1,259
Depreciation and amortisation	50
Grants and subsidies	5,900
Finance costs	7,300
CAPITAL EXPENDITURE	50

Total expenses

The Authority's total expenses for 2012-13 are budgeted at \$16.5 million.

The following are provided for in the 2012-13 budget:

- \$18 million for low interest rate loans under the Special Conservation Scheme
- a notional \$2 million for the Natural Disaster Relief Assistance scheme. Actual assistance will depend on the occurrence of natural disasters.

Capital expenditure

The Authority receives a minor allocation of \$50,000 for the replacement of and upgrade of office facilities.

4. Energy Management

The Authority is co-located with DTIRIS and operates under the Department's energy management plan.

5. 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
- giveaway bags made of degradable plastic.

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.

6. Payment Performance

Aged Analysis at the end of each quarter

Quarter	Current (ie 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 \$
All suppliers					
September	1,005	5	0	0	0
December	844	0	0	0	0
March	354	17	3	0	0
June	431	0	0	0	0
Small business suppliers					
September	0	0	0	0	0
December	0	0	0	0	0
March	0	0	0	0	0
June	0	0	0	0	0

Accounts Paid on Time within each quarter

Measure	Sept	Dec	Mar	Jun
All suppliers				
Number of accounts due for payment	105	81	73	69
Number of accounts paid on time	97	79	69	69
Actual percentage of accounts paid on time (based on number of accounts)	92.4%	97.5%	94.5%	100%
Dollar amounts of accounts for payment	\$1,009,911	\$844,232	\$373,975	\$431,175
Dollar amount of accounts paid on time	\$1,004,538	\$843,979	\$354,243	\$431,175
Actual percentage of accounts paid on time (based on \$)	99.5%	99.9%	94.7%	100%
Number of payments for interest on overdue accounts	0	0	0	0
Interest paid on overdue accounts	0	0	0	0
Small business suppliers				
Number of accounts due for payment	0	0	0	0
Number of accounts paid on time	0	0	0	0
Actual percentage of accounts paid on time (based on number of accounts)	0	0	0	0
Dollar amount of accounts for payment	0	0	0	0
Dollar amount for accounts paid on time	0	0	0	0
Actual percentage of accounts paid on time (based on \$)	0	0	0	0
Number of payments for interest on overdue accounts	0	0	0	0
Interest paid on overdue accounts	0	0	0	0

Commentary on Payment Performance

- Percentages of payments paid on time were in line with the Authority's target percentage.
- There were no instances of penalty interest paid or incurred during 2011–12.
- The terms of payment on suppliers are reviewed to ensure that sufficient and reasonable time is afforded the Authority for payment.
- Small Business have been determined from those businesses which have identified as being a small business under Department of Premiers and Cabinet guidelines.

7. Credit Card Certification

The Authority has three credit card holders. The maximum limit is \$15,000. These cards are managed in accordance with the Premier's memoranda and Treasurer's directions.

8. Reviews

There were five internal audit reviews in 2011–12 and one external audit review.

9. Records Management

The Authority's records are managed in accordance with the *State Records Act 1998* and in compliance with the standards put in place by the State Records Authority of NSW. This includes maintenance of existing records (both paper and electronic) and destruction of records in accordance with the Authority's General Disposal Authority.

10. Publicity and Promotion

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 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 Financial Counselling Services, Catchment Management Authorities and NSW DPI to exchange information and provide improved service to clients.

11. 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 has been designed to comply with the NSW Government's *Website Style Directive* for improved accessibility and information delivery

to clients, and includes *Web Content Accessibility Guidelines* (WCAG) to improve accessibility for disabled users.

12. Public Interest Disclosure

To comply with the *Public Interest Disclosure Act 1994*, the Authority has put in place policy and procedure to manage any public interest disclosures by staff.

The Authority provides information on employees' rights and responsibilities under the *Public Interest Disclosures Act 1994* by:

- at commencement of employment with the Authority advising of the Act during the induction process
- circulating information on the Act
- making freely available the NSW Ombudsman brochures 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.

The Authority is part of the NSW Trade & Investment departmental cluster. All information for the period 1 January 2012 to 30 June 2012 is included in the consolidated NSW Trade & Investment statistics.

13. Release of Government Information

The *Government Information (Public Access) Act 2009* (the *GIPA Act*) which came into effect on 1 July 2010 introduced the 'right to information' system in New South Wales and has the aim of fostering responsible and representative government that is open, accountable, fair and responsive.

Applications

Applications under the *Government Information (Public Access) Act 2009* for the Authority are managed centrally and included in the consolidated GIPA information published in the Annual Report for DTIRIS.

14. Ombudsman

The Authority received two enquiries from the Ombudsman during 2011–12 in relation to schemes administered.

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

Improving customer satisfaction with government services is a major public sector reform priority of the *State Plan: NSW 2021 – A Plan to make NSW number One*.

As a means of gathering customer feedback and in response to *Premiers Memorandum M2010-11 – Improving Client and Customer Satisfaction with Public Services*, which introduced reforms to the way the NSW Public Sector focuses on the different elements of a service that cause customer satisfaction and dissatisfaction, the Authority implemented changes to its website which invite feedback on Authority products and services (www.raa.nsw.gov.au/contact).

Any feedback received by the Authority is immediately assessed to determine if further action is required. If feedback received is determined to be a 'complaint' it is to be managed through the Authority's Complaints Handling processes. The mechanism for handling complaints from clients is detailed in the Guarantee of Service available on the Authority website: www.raa.nsw.gov.au.

Analysis of feedback received is completed regularly to determine if any products or services (including application and information forms) provided by the Authority need to be redesigned to provide improved levels of customer service.

A record of all feedback received is maintained together with all responses generated.

There were no formal complaints relating to client services in 2011–12.

17. Work Health and Safety

The *Occupational Health and Safety Act 2000* was replaced by the *Work Health and Safety Act 2011* which came into effect on 1 January 2012.

The main object of the Act is "to provide for a balanced and nationally consistent framework to secure the health safety and welfare of workers and workplaces".

Training of Health and Safety Representatives (HSRs) and the Health and Safety Committee (HSC) of the Authority has been completed to familiarise them with requirements of the new Act.

The Authority is committed to providing a safe and supportive working environment. The HSC continued to work closely with management in 2011–12 to achieve the Authority's objectives. Safety inspections continued during the year, with no major areas of concern being identified.

Any incidents reported are reviewed by the Committee to ensure compliance with policy and procedures.

Work health and safety procedures and policy form part of the induction program for Authority staff and are currently being reviewed to comply with the new Act.

During the year the Authority had no worker's compensation claims.

18. Equal Employment Opportunity

Number of Employees

CATEGORY	JUNE 2010	JUNE 2011	JUNE 2012
Chief and Senior Executive Services			
Level 1	1	1	1
Number filled by Women	0	0	0
Administrative & Clerical			
Assessment Staff	11	11	8
Legal	1	1	1
Finance, Administration & Other	14	12	12
TOTAL	27	25	22

Representation of Equal Employment Opportunity Target Groups within Levels

Remuneration Level of Substantive Position	2010/11			2011/12		
	TOTAL STAFF	WOMEN	NESB (1)	TOTAL STAFF	WOMEN	NESB (1)
\$0 - \$40,662	0	0	0	0	0	0
\$40,662 - \$53,407	3	2	1	3	2	1
\$53,407 - \$59,705	5	4	0	5	4	0
\$59,705 - \$75,552	8	5	0	6	5	0
\$75,552 - \$97,702	5	2	1	4	2	1
\$97,702 - \$122,128	3	0	0	3	0	0
\$122,128 > (Non SES)	0	0	0	0	0	0
\$122,128 > (SES)	1	0	0	1	0	0
TOTAL	25	13	2	22	13	2

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 Grade 1.

Trends in the Representation of EEO Groups

EEO Group	% of Total Staff			
	Benchmark or Target	2010	2011	2012
Women	50%	48.1%	52%	59.1%
Aboriginal people and Torres Strait Islanders	2.6%	0%	0%	0%
People whose first language was not English	19%	10.2%	11.0%	11.4%
People with a disability	N/A	0%	0%	0%
People with a disability requiring work-related adjustment	1.5%	0%	0%	0%

Trends in the Distribution of EEO Groups

EEO Group	Distribution Index			
	Benchmark or Target	2010	2011	2012
Women	100	n/a	n/a	n/a
Aboriginal people and Torres Strait Islanders	100	n/a	n/a	n/a
People whose first language was not English	100	n/a	n/a	n/a
People with a disability	100	n/a	n/a	n/a
People with a disability requiring work-related adjustment	100	n/a	n/a	n/a

Notes:

1. 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.
2. The Distribution Index is not calculated where EEO group or non-EEO group numbers are less than 20.

Representation and Recruitment of Aboriginal Employees and Employees with Physical Disabilities

	2010/11			2011/12		
	TOTAL STAFF	ABORIGINAL PEOPLE	PWPD*	TOTAL STAFF	ABORIGINAL PEOPLE	PWPD*
Total Employees	25	0	0	22	0	0
Recruited in the year	0	0	0	0	0	0

* People with a Physical Disability

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.

19. Disability Action Plan

The NSW Rural Assistance Authority is committed to meeting its obligations under State and Commonwealth anti-discrimination legislation. These laws require all organisations to eliminate discriminatory practices that prevent people with disabilities from having full and equal access to their services.

The Authority's Disability Action Plan reinforces the Authority's commitment to minimising, and where possible eliminating, discriminatory practices. It establishes a framework for the Authority to provide services and plan programs to better meet the needs of people with disabilities.

The plan has been lodged with and approved by DADHC.

20. Multicultural Policies and Service Program

The Authority's Multicultural Planning Framework has been developed in line with the principles established in the *Community Relations Commission and Principles of Multiculturalism Act 2000*.

The plan is designed to show how the Authority:

- delivers services that are appropriate to a culturally diverse client group, as part of its core business
- puts in place flexible and inclusive consultation processes that are integrated into the Authority's planning
- provides training for staff on cultural diversity issues
- provides language services and information in ways that will reach all clients.

The Authority's Multicultural Planning Framework includes the following initiatives and strategies in order to better meet the needs of its clients.

- availability of Interpreter Service
- determine language skills available within the Authority's staff
- establish ethnicity of the Authority's client base
- allow for the provision of information brochures in other languages on request
- encourage a greater understanding with staff of the cultural needs of the Authority's client base
- ensure Multicultural Planning Framework initiatives are incorporated into the Authority's Corporate Plan
- review existing policies to ensure compliance with Multicultural Planning Framework
- inclusion of Multicultural Planning Framework in Flexible Work Practices

The plan has been lodged with the NSW Community Relations Commission.

INDEX

A	
Accounts paid on time.....	63
Aged analysis at the end of each quarter	63
Appendices	67
Applications Received by type – Australian/State schemes.....	19, 20
Applications Received by type – State schemes	18
Applications for assistance summary	17
Approval amounts – Australian/State schemes	19, 20
Approval amounts – State schemes	18
Approvals by type – Australian/State schemes.....	19, 20
Approvals by type – State schemes.....	18
B	
Balance sheet - NSW RAA	30
Balance sheet - Office of RAA.....	53
Board (the).....	21
Board meetings and attendance.....	23
Board members	22
Budget	62
Business continuity plan	62
Business hours.....	2
C	
Certificate under Section 41C	28
Chair's report	5
Charter	6
Commentary on payment performance	63
Commonwealth legislation.....	60
Commonwealth/State schemes.....	19
Complaints	65
Consumer response	65
Contents	4
Corporate governance.....	21
Corporate services	25
Credit card certification.....	64
D	
Disability action plan	66
Disaster recovery	62
E	
Education (staff).....	25
Electronic service delivery	64
Employees (number of).....	65
Energy management	62
Equal Employment Opportunity (EEO).....	65
Equal Employment Opportunity (EEO) statistics	65
Exceptional Circumstances Interest Rate Subsidy (ECIRS).....	12
F	
Farm Debt Mediation	15
Financial statements - NSW RAA.....	29
Financial statements - Office of RAA.....	53
Flexible working arrangements	66
Flying Fox netting subsidy program.....	16

G	
Government Information Public Access (GIPA).....	64
Grants (NDRRA)	11
Guarantee of service.....	6
H	
History (of the Authority)	6
I	
Independent auditor's report - NSW RAA.....	26
Independent auditor's report - Office of RAA.....	50
Induction (staff)	25
Industrial relations.....	25
Internal audit and risk management	61
J	
K	
L	
Legislation (Commonwealth)	60
Legislation (State)	60
Letter to the Minister.....	3
Loans (NDRA).....	10
M	
Mission.....	6
Multicultural Policies and Services Program	66
N	
Natural Disaster Events.....	9
Natural Disaster Relief Assistance (NDRA)	9
Natural Disaster Relief and Recovery Arrangements (NDRRA).....	11
Notes to the financial statements - NSW RAA.....	33
Notes to the financial statements - Office of RAA.....	55
O	
Objectives	8
Occupational health and safety.....	65
Ombudsman	64
Organisation structure	21
Other schemes.....	15
P	
Payment performance	63
Payment performance (statistics)	63
Performance at a glance.....	8
Primary producer (ECIRS)	12
Privacy management	64
Public interest disclosures	64
Publicity and promotion	64
Purchases	63
Q	
R	
Records management	64
Recovery grants (NDRA)	11
Research Scholarship Program	16
Resource recovery.....	63
Reviews.....	64

Risk management.....	61
Rural Adjustment Scheme	12
S	
Safety inspections	62
Senior officers.....	23
Service delivery (Excellence in).....	6
Significant improvements in internal control	62
Small business (ECIRS).....	13
Special Conservation Scheme	14
Staff education and training	25
Staff induction	25
State legislation	60
State schemes	18
Statement by the Director General.....	52
Statistics on applications and approvals	17
T	
Training (staff)	25
U	
V	
Vision	6
W	
Waste reduction	63
Waste reduction and purchasing policy.....	63
Work health and safety	65
X	
Y	
Z	

ABBREVIATIONS

CLAS	Community Language Allowance Scheme
DADHC	NSW Department of Ageing, Disability and Home Care
DTIRIS	Department of Trade and Investment, Regional Infrastructure and Services
EAPS	Ethnic Affairs Priorities Statement
EC	Exceptional Circumstances
ECIRS	Exceptional Circumstances Interest Rate Subsidy
EEO	Equal Employment Opportunity
GIPA	Government Information Public Access
LGA	Local Government Area
NDRA	Natural Disaster Relief Assistance
NDRRA	Natural Disaster Relief and Recovery Arrangements
NSW DPI	NSW Department of Primary Industries
ODEOPE	Office of the Director of Equal Opportunity in Public Employment
PWPD	People with a physical disability

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Rural
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