

An aerial photograph of a rural landscape at sunset. The sky is filled with dramatic, dark clouds, with a bright glow of light breaking through on the left side. The ground is a patchwork of green and brown fields, with a small farmstead featuring a red barn and a white house in the lower center. The overall scene is bathed in the warm, golden light of the setting sun.

# RURAL ASSISTANCE AUTHORITY 2021-22 ANNUAL REPORT

## Annual report for the year ending 30 June 2022

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## Acknowledgement of Country

The NSW Rural Assistance Authority stands on Country that always was and always will be Aboriginal land.

From creation, all generations have been caring for Country and sharing with each other, surviving and living in harmony as one. Today, we show our respect by acknowledging the ancient protocols and traditions of the First Nations peoples.

We recognise the elders for continuing dreamtime lore, protecting the knowledge of all things sacred and spiritual, sustaining all living species that called this place home, and preserving the oldest living culture in the world.

We acknowledge the Traditional Custodians of the land and waters, and we pay respect to Elders past, present and emerging. We are committed to providing places in which Aboriginal people are included socially, culturally and economically through thoughtful and collaborative approaches to our work.

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The Hon Dugald Saunders MP  
Minister for Agriculture  
52 Martin Place SYDNEY NSW 2000

Dear Minister

NSW Rural Assistance Authority Annual Report 2021-22

I take pleasure in presenting, on behalf of the members of the RAA Board, the 2021-22 Annual Report for the NSW Rural Assistance Authority, in accordance with the *Annual Reports (Statutory Bodies) Act 1984*, and section 10 of the *Rural Assistance Act 1989*.

This report is offered for your information and presentation to Parliament.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'S O'Connell'.

Sean O'Connell  
CHIEF EXECUTIVE  
7 October 2022



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# 01

SECTION





# OUR ORGANISATION

## RAA Timeline

- **1932**  
Creation of Farmers Relief Board, charged with preventing creditors from taking action against farmers on debts.
- **1939**  
Transition to Rural Reconstruction Board.
- **1971**  
Became the Rural Assistance Board – principal responsibility for administration of Australian Government Rural Assistance Schemes and the Rural Adjustment Scheme, which was for Drought and then Exceptional Circumstances.
- **1989**  
NSW Rural Assistance Authority came into being under the *Rural Assistance Act 1989*.
- **1994**  
Farm Debt Mediation Act (NSW) came into effect.
- **1997**  
Moved headquarters from Sydney to Orange.
- **2014**  
Farm Innovation Fund implemented.
- **2018**  
*Farm Debt Mediation Act 1994* amended.
- **2022**  
An organisation of 89 staff who managed a total funding expenditure of \$264 million and \$627 million of loans under management.

## Who We Are

The NSW Rural Assistance Authority (the RAA) is a specialist administrator of government financial assistance programs including loans and grants on behalf of both the NSW and Australian Governments. We have decades of experience and expertise in the assessment and administration of financial assistance schemes to primary producers and small business operators in NSW.

## Our Purpose

We provide assistance through incentives for productivity improvements, innovation and climate resilience in the primary production sector via well-managed loans and grant programs. The RAA is the single gateway for government assistance for NSW primary producers.

Our long term outcome is that farming businesses and other rural industries are more innovative, productive and resilient due to efficient provision of our well-targeted government assistance programs.

## What We Do

We play an active role in contributing to farming and rural policies and provide advice to the Minister for Agriculture. Since 1932, the RAA has helped farm businesses and rural communities become more resilient, self-reliant and sustainable through programs such as the Farm Innovation Fund, the Emergency Water Infrastructure Rebate and natural disaster recovery programs.

## Our Resources

At 30 June 2022, the RAA had 20 ongoing staff, 44 fixed term and 25 staff who were casual, contingent or on secondment with a total of 89 staff. The RAA operated with total funding expenditure of \$264 million and \$627 million of loans under management (excluding impairment).

## Our Charter

The RAA was established by the *Rural Assistance Act 1989* (NSW). The RAA is a statutory body under the *Public Finance and Audit Act 1983* (NSW) and the Chief Executive is a statutory senior executive under the *Government Sector Employment Act 2013* (NSW). The function of the RAA is to administer a wide range of assistance measures to the rural sector using both state and Commonwealth funding. While the rural sector is its core client, the RAA is also usually responsible for administering loan programs for small businesses and non-profits that have suffered loss or damage due to natural disaster.





## Our Values



### Integrity

We're true to our commitments. We deliver our programs and services honestly and ethically. We're reliable and transparent in our dealings with our customers and with each other and we lead by example.



### Trust

We're here to help our customers through good and bad times. We link our customers with other services to meet their broader needs. We communicate with our customers in a clear and transparent manner and the information we provide is consistent and reliable.



### Accountability

We hold ourselves and each other to account. We take ownership of our actions and we learn from opportunities to improve. We take responsibility for the decisions that we make.



### Service

We put our customers at the forefront of all we do. We provide our services in a consistent, transparent and fair manner. Our assistance and support is timely and responsive to the needs of our customers. We communicate with our customers regularly and effectively.





# 02

SECTION





# REPORTS FROM THE CEO AND THE RAA BOARD CHAIR



## Report from the CEO

On behalf of the team at the NSW Rural Assistance Authority (RAA), I am very pleased to present this report on progress during another difficult year for our customers and the wider community.

### **Our strategic goal – minimising losses and facilitating rapid recovery**

Messages from two customers received during 2021-22 demonstrate the impact of well-targeted, efficiently delivered, assistance programs:

*“The assistance you have provided so far has helped us develop a self-sustaining business that has every prospect of succeeding and establishing a model of success. This demonstrates that the assistance is not only needed as a survival mechanism but will in fact put in place a model that is likely to create an export facility for embryos and straws to the USA, Brazil, Argentina and the Emirates and in the process employ and train at least three employees which we could not otherwise do. Those are the objectives. Without your assistance this operation would simply limp along and potentially fight for years to restore the damaged pastures to get back to full production (not to mention the kilometres of fencing and roads that have been required to repair).”*

*“We’d just like to take this opportunity to say a big thank you to you and all the people who have worked hard to make the Farm Innovation Fund available. It’s been great for our business as we can spend on critical infrastructure earlier than what would have been otherwise possible. Put simply, we now have a dependable recycle pump and surge pond that will keep*

*flood water off our lower lying crops, and that will make a big difference.”*

In recognition of the particular vulnerability of primary industry sectors to adverse events such as natural disasters, drought and biosecurity outbreaks, the Department of Primary Industry’s (DPI’s) new strategic plan recognises ‘response capacity’ as a key outcome. The RAA has a role in achieving this outcome through the delivery of rapid assistance which supports sustained recovery.

### **Adverse events increased demand for RAA-delivered programs**

From 22 February 2022, an east coast low developed off the south coast of Queensland. Its extraordinary combination with an area of high pressure that formed over New Zealand and a secondary low pressure in western Queensland caused days of torrential downfall, some of which was in the form of ‘rain bombs.’ The Insurance Council of the Australian ranked this as the third costliest natural disaster ever, coming behind Cyclone Tracy in 1974 and the Sydney hailstorm of 1999.

For many primary producers in NSW, this was the third such event in 12 months. The ongoing wet weather, which meant they were unable to get back onto their properties to begin repairs, added to their frustration and despair. The NSW and Commonwealth governments responded quickly with the declaration of a Category D natural disaster on 28 February 2022, triggering, amongst other assistance Special Disaster Grants of up to \$75,000 for eligible primary producers, available from 4 March 2022, and Rural Landholder Grants of up to \$25,000 from 15 August 2022. The cumulative impact of the floods, coming so soon after those of November 2021 and February-March 2021, saw RAA expenditure on grants and subsidies of \$264m, which was second only to that of the record \$271m in 2020-21.

The sheer scale of the storms and floods saw many customers apply for the first time to the RAA, representing around 50 per cent of the overall number of applications. This had the regrettable but unavoidable impact of increasing waiting and processing times, particularly for these new customers, given their need to provide the necessary documentation to demonstrate they met the key criterion of earning 50 per cent or more of their income from primary production sources. Another key

factor was the requirement of the Disaster Recovery Funding Arrangements (DRFA), the agreement between the Commonwealth and the states and territories, which sees only those additional staffing and administration costs reimbursed. While prudent from a fiscal perspective, the practical implication of these arrangements was a lag before the RAA was able to employ and train the additional staff, even more difficult in a tight labour market. These new staff, along with the assistance of external contractors, saw waiting and processing times return to within two to three weeks by 30 June. The RAA contributed to the deliberations of both the Legislative Council's Select Committee on the Response to Major Flooding Across NSW in 2022 and the Independent Flood Inquiry (whose report was released after 30 June). Neither inquiry made any findings specifically relating to the RAA and we are working to implement the Government's responses to both.

## **We continued to focus on improving customer outcomes**

As outlined in the following pages, during the period under review, the RAA launched 25 resilience and recovery programs (including natural disaster loans, grants, rebates and subsidies) and closed 25 others (see pages 23 to 39). We have improved the governance around program launches with a formal, documented steering committee ('SteerCo') in place, and a review of progress against objectives at the 100-day mark. Our business assurance team also picks up any systemic issues in the assessment process. These initiatives, combined with the customer feedback now received at the point of application and at approval, and the more traditional channels of our 1800 hotline and customer emails, along with comments from the RAA Board, the Appeals Panel and media reports, means the RAA has a very efficient customer feedback loop. This allows us to recommend changes to program guidelines in instances where overall objectives are not being met. An example is the requirement of a minimum

landholding of 10 hectares in the Rural Landholders Grant program. A small number of applicants were deemed to be ineligible due to their total landholdings falling just short of that requirement. The RAA worked with Resilience NSW and the Commonwealth to introduce a 'commerciality' test which provides an additional, auditable criteria which avoids a hard 'no' in instances where the customer would otherwise meet all the criteria. This was implemented for existing programs after 30 June 2022.

## **Our core capabilities also improved**

During 2021-22, \$264m was disbursed to primary producers through grants while \$114m went out in the form of loans. With such a flow of funds through our books comes increased accountability to both the NSW and Commonwealth governments, the Parliament and the public. The RAA has a robust internal and external audit program and, as outlined on pages 55, those conducted during the period all demonstrated a high level of compliance, with only minor areas recommended for improvement.

Our annual financial statements are presented from page 70 and show an improved surplus, which is testament the professionalism of the RAA Finance team who worked hard with our partner agencies to confirm balances for the Resilience NSW-funded programs we delivered during the year. During the year we commissioned Deloitte Actuarial Services to build a model to assist with better projections of demand for natural disaster programs. Better projections will minimise the 'under and overshooting' that has been a feature of previous statements and should smooth out some of the variations against budget for 'grants and subsidies'/'grants and contributions' which appear as 'expenses' and 'revenues' respectively in the Statement of Comprehensive Income (page 72). The net result (surplus) of \$14.859m is an improvement on both the 2020-21 result and the expected position at the beginning of the period. The ongoing improvement in credit management can be seen in a decrease in





the number and value of loans in arrears (page 66). Expected credit loss (ECL) has increased to \$14.7m due to the new inclusion of a specific provision of \$4.19m for a small number of loans with arrears of more than 90 days as well a provision for loans approved but not disbursed to the customer, which was a recent recommendation by the NSW Audit Office. This increase should therefore be seen as the result of an increasingly granular approach to the loan book as opposed to a negative trend in arrears or default.

## **RAA staff acted with empathy and integrity**

The best systems and processes in the world would be empty vessels without the hard work and dedication of the RAA team. Despite the challenges of the 'surge' funding model outlined above, our staff worked with our customers, many of whom were exhausted and traumatised, to find practical solutions to any problems. Approval rates for primary producer grant programs have increased from 67% for the Black Summer bushfire programs following the 2019-20 events, to 74% per cent for the initial February-March 2021 flood program and 79% for the November 2021 flood program. Importantly this has always been done within the parameters of program guidelines. The resilience of the RAA team was demonstrated with the Delta COVID lock-down which required the RAA's business continuity plan to be activated on 20 July 2021. The requirement to work from home was implemented virtually seamlessly with only very minor impacts on customer service. Similarly, the Department of Regional NSW's (DRNSW) vaccination policy was successfully rolled out across the RAA. A more regular cadence of staff information sessions provided a solid platform for the various mandatory training courses. Pleasingly the focus on staff communication and wellbeing was reflected in the annual People Matter Employee Survey (PMES), the results of which are outlined on page 47.

## **Looking ahead – meeting our strategic goal**

Since the formation of the Farmers Relief Board in 1932, the state's primary producers have looked to government for support in times of adversity. That board has evolved into today's RAA and a range of concessional loan or subsidy products have been added to our product suite, most of which entailed considered and methodical assessment. More recently however, the RAA's focus has been on delivering rapid assistance during drought emergencies and following natural disasters. This pivot from low-volume/high-value to high-volume/high-value programs requires continued investment in the scale and scope of our programs, processes and people. To this end, during 2021-22 we commissioned the Australian Farm Institute (AFI), a consultancy, to consider alternative definitions for 'primary producer'. The intent is to

develop a workable definition that considers recent developments in farming practice and which would allow more rapid assessment of eligibility. Any new definition, if fiscally prudent, would need to be rolled out over our IT platform. We were therefore pleased to learn on 8 April 2022 of the success of our bid for Digital Restart Funds to further improve our customers' experience, particularly in the immediate aftermath of adverse events. These funds will flow during 2022-23 and 2023-24. In order to maximise this opportunity, we commissioned Sitback, a consultancy, to conduct interviews with customers and others to determine how to streamline the application process. We are also considering how our flagship program, the Farm Innovation Fund, can continue to meet the needs of the primary production sector. The review of the *Rural Assistance Act 1989* is currently underway and will need to take these issues into account before being presented to the Government and to Parliament.

## **Ongoing support from partners and stakeholders**

The RAA is one of a number of indispensable NSW Government agencies in times of adversity. Our goal is to increase our relevance to customers during 'good' times. This transformation can only take place with the active support of stakeholders and partners.

On behalf of the RAA team I thank the Minister for Agriculture and Western NSW, the Hon Dugald Saunders MP and his office for their support of our customers - the state's primary producers - and for our staff. Department of Primary Industries (DPI) Director-General Scott Hansen has been unwavering in his commitment to our continued improvement, supported by Deputy Directors-General Adrian Zammit and Brett Fifield before him. Thanks to Fiona Dewar, Angus Begg and all at the Department of Regional NSW who have provided support in many corporate functions, not the least in the presentation of an enviable set of the financial statements from page 66. The RAA Board continues to add value in its advisory role and in particular I thank the new chair, Andrew Rice, for his commitment. The RAA Audit and Risk Committee (ARC), chaired by Julie Elliott, provides critical oversight of our financial and non-financial risk and, in recommending that I sign the financial statements, acknowledged our progress in many areas of compliance over the past three years.

The RAA's desired long-term outcome is that farming businesses and other rural industries are more innovative, productive and resilient due to efficient provision of well-targeted government assistance programs. The work of so many people across the business over the past years has meant we are well on the path to delivering this outcome.

**Sean O'Connell**  
Chief Executive





## Report from the RAA Board Chair

I was honoured to join the Rural Assistance Authority (RAA) Board in September 2021 as the new Chair.

The RAA has a critical role in the assessment and administration of financial assistance schemes to primary producers and small business operators in NSW on behalf of both the NSW and Commonwealth governments. As an owner and operator of a small business in Parkes (NSW), I have witnessed first-hand the significant benefits to rural and regional communities in supporting small businesses.

The RAA is a specialist administrator and advisor on farming and rural programs and policies. As part of the NSW Department of Primary Industries (DPI), its activities are central to the delivery of strategic priorities under the DPI's Stronger Primary Industries Strategy 2022-30. While the RAA is a lead for the 'response capacity' priority, its various programs also contribute to the other five priorities (sustainable resources and productive landscapes; biosecure industries and environment; economic growth; food safety and animal welfare; and carbon neutrality and climate resilience).

To meet the evolving needs of our clients the RAA continually refines its systems, processes and program offerings. The Board recognises the pivotal role of partnerships, both with groups within the DPI and the Department of Regional NSW cluster.

Innovation and technology adoption will be required to meet the six strategic priorities outlined above. While arguably not currently seen as core business for the RAA, facilitation and support for innovation and technology adoption is a significant pathway to improving resilience, self-reliance, productivity and sustainability in farm businesses. While current client needs arise from issues other than drought, the RAA is committed to working with both the NSW and Commonwealth governments on drought preparedness and support during times of drought. Working closely with RAA staff, the Board has several current activities

in these two areas which I expect to be able to report on in due course.

Reflecting the above, partnerships along with innovation and technology adoption are two of the key focus areas for the Board in 2022-23. I am particularly pleased with the work underway on new RAA programs that will provide a unique approach and offerings to farm businesses.

While the RAA needs to constantly look forward and prepare for future stakeholder needs, the pressing current needs of clients must be met in an efficient and timely manner. Mouse plagues, bushfires, numerous severe weather and floods and a tsunami have driven their need for assistance in the current (2022-23) and past financial year (2021-22).

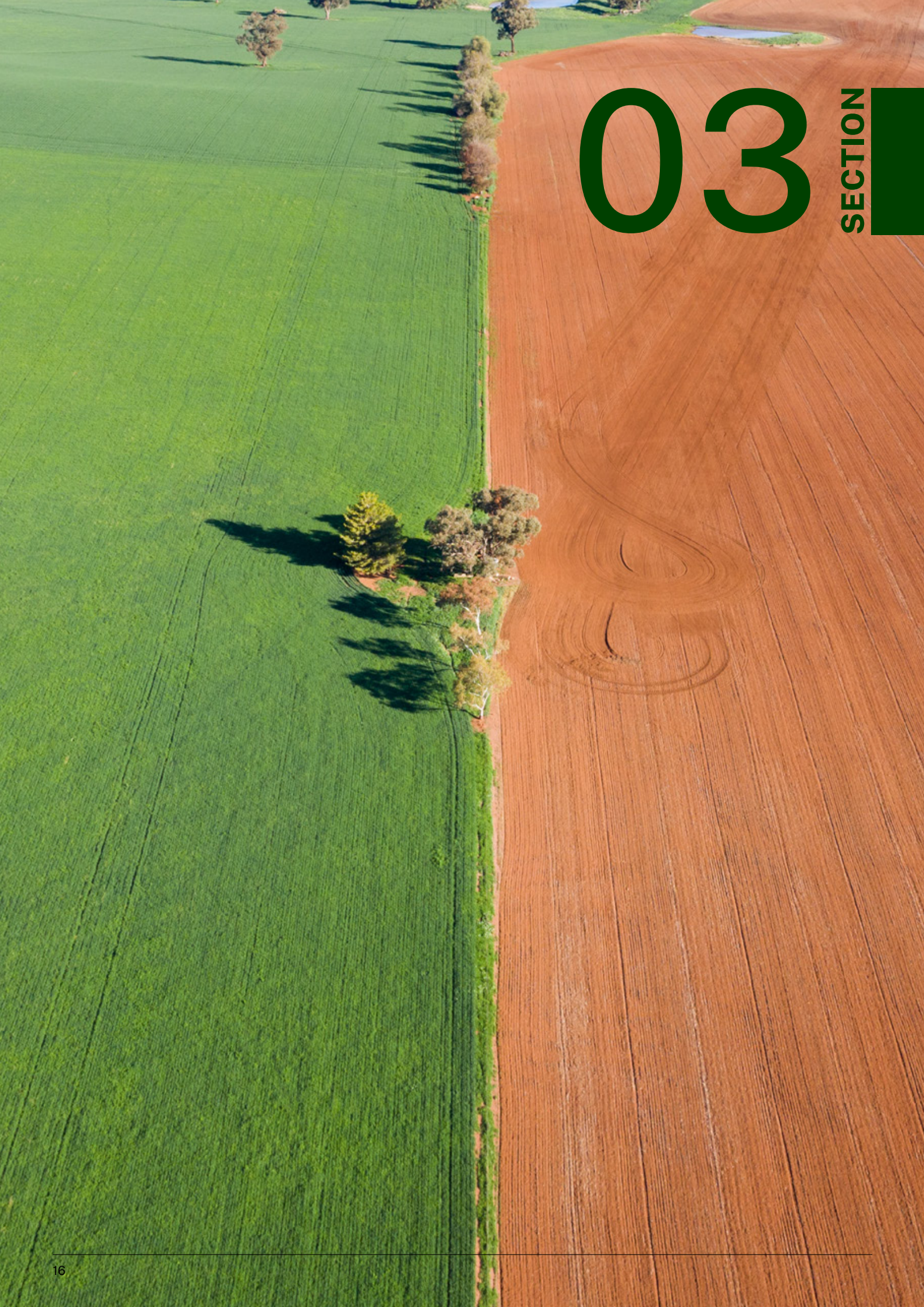
This report demonstrates the effectiveness and performance of the RAA in the delivery of assistance programs on behalf of both the NSW and Commonwealth governments. In a period of unprecedented demand from clients, the RAA has made improvements to application and assessment processes, resulting in significant reductions in processing times. The Board will continue to encourage and support RAA staff in seeking further improvements for the benefit of clients.

As determined by the *Rural Assistance Act 1989* (NSW), the RAA has a board of seven, constituted by the Chief Executive and six part-time, non-executive members. As a government agency, the non-executive board members provide the RAA with a unique connection to clients and other stakeholder groups. Our Board is committed to this role and will seek enhancements where needed.

While my time with the RAA has only been short, I have come to appreciate first-hand the unique skills, professionalism, and empathetic approach of RAA staff in serving clients. On behalf of the Board, I would like to thank all RAA staff for their service to primary producers in NSW.

**Andrew Rice**  
Chair





# 03

SECTION



# AIMS AND OBJECTIVES

## Our Board

The RAA Board consists of the Chief Executive and six part-time members (including the Chair) who are appointed by the Minister for Agriculture in accordance with the *Rural Assistance Act 1989* (NSW). Two of the part-time members are appointed to represent farmers; two have specific qualifications and experience in banking or finance, farm management or an associated area; and two have backgrounds in social welfare, rural counselling, conservation or other areas the Minister considers necessary to enable the Board to carry out its functions.

The Chair of the Board and the five other part-time members are all independent from the NSW Government and are appointed following an externally advertised application process. A declaration of interests register is maintained, and at each meeting, Board members disclose any conflicts of interest with their role or the matters under discussion in the Board meeting.

An appointed part-time member holds office for such period (not exceeding 3 years) as may be specified in the instrument of appointment but is eligible (if otherwise qualified) for re-appointment.

### Mr Andrew Rice (Chair)

GAICD, BRurSc (Honours), has a number of off-farm and on-farm roles and has a practical understanding of farm business management, finance and business performance analysis and management.

Andrew is currently the sole director of ASPIRE agri, an Agricultural and Management Services provider in Parkes, and an active partner and manager in two farming businesses at Cookamidgera, NSW, east of Parkes.

Andrew is also non-executive director and chairperson of the not-for-profit company Field Applied Research Australia Pty Ltd, and non-executive director, Central West Local Land Services.

Appointed –13 September 2021  
Term End –31 December 2023

### Joanna (Jo) Balcomb

GAICD, FCA, BBus (Accounting), has extensive skills and experience in risk management, regulatory compliance, governance and financial reporting, and accounting.

Jo is currently Chief Risk Officer for First Choice Credit

Union in Orange and runs a mixed farming enterprise at Cudal, NSW.

Jo was an independent member of the RAA appeal member dealing with matters arising from the Black Summer Bushfires and more recently the storms and floods of earlier this year.

Appointed –13 September 2021  
Term End –31 December 2023

### Charlie Blomfield

BAgrSc, founded the Agricultural Management Company (AMC) in 2007 and over 10 years grew AMC into a professional agribusiness management firm with 26 properties under management across northern and eastern Australia. Charlie worked with sovereign wealth funds, private families, private equity investors and indigenous organisations to acquire, develop and manage successful businesses.

During this time, Charlie co-founded CommStream Capital, an alternative farm finance provider and shifted his focus to investing in more direct on-farm production.

In 2017, Charlie and wife Eleanor Falkiner moved to the Falkiner family property Haddon Rig at Warren where Charlie joined the management team as General Manager.

Whilst still being involved with Haddon Rig, Charlie and family moved to Canowindra on a mixed farming property purchased in 2019.

Appointed –1 July 2020  
Term End –31 December 2023

### Elizabeth Lyne

BBus, CPA, GAICD, is a partner with her husband in a mixed farming enterprise situated at Cootamundra, NSW.

Professionally, Elizabeth is a qualified accountant with over 20 years of experience in both public practice and commercial accounting. During this time, she has provided taxation, business advisory and audit services to clients in the agricultural sector and also held senior finance roles in the meat processing industry.

Elizabeth is currently a sitting member of the NSW Civil and Administrative Tribunal and conducts hearings throughout regional NSW.

Elizabeth has extensive board experience in the government and not-for-profit sectors and is currently a board trustee of the NSW Responsible Gambling Fund and a board director of the NSW Crown Holiday Parks Land Manager.

Appointed –1 July 2020  
Term End –31 December 2023

**Lisa Minogue**

BAG Econ, Dip. Community Services (Financial Counselling), GAICD, is a partner with her husband in a mixed farming and grazing enterprise in Barmedman, Central West NSW.

Lisa has extensive board experience, having sat on multiple government, not for profit and private boards over the past 12 years. She is currently a director of the National Farmers Federation and the Veterinary Practitioners Board of NSW.

Lisa has extensive knowledge of the RAA's assistance measures from the Rural Financial Counsellor perspective having previously worked in both Deniliquin and West Wyalong and their surrounding districts.

Lisa's diversity of experience as a farmer, counsellor and director ensure she has a good understanding of both the challenges involved in primary production and the strategic direction that is necessary for the RAA.

Appointed –1 February 2020  
Term End –30 June 2023

**Derek Schoen**

MAICD, started an apprenticeship as an Aircraft Maintenance Engineer with TAA after finishing the HSC, and graduated as a Licensed Aircraft Maintenance Engineer (LAME). He returned to the family's mixed farming business in 1983 to run beef

cattle, prime lambs, winter cropping and irrigated summer crops at Corowa in the southern Riverina.

Derek has been a councillor on the Corowa Shire Council and was Deputy Mayor. Board experience started with a local farmers co-op and later the NSW Farmers Association serving as President for three years. Other board memberships have included the Cattle Council of Australia, National Farmers' Federation and he is currently on the board of Agstewardship and Beyond Blue.

Derek is passionate about sustainable agriculture, planning and building resilience into farm businesses and is a strong advocate of early succession planning.

Appointed –1 February 2020  
Term End –30 June 2023

**Sean O'Connell**

BSc (Arch), MComm, GAICD, is the Chief Executive of the RAA, following the consolidation of the roles of Director and Chief Executive in 2019.

The role of the CEO is to provide high-level strategic direction and leadership to the administration of program initiatives through the development of policies, operational programs and legislation to deliver financial assistance schemes to primary producers in NSW.

With a background in the government, corporate and not-for-profit sectors, Sean is committed to ensuring the RAA delivers excellent service for its customers. Sean is also a director of the Addison Road Community Centre Organisation ('Addi Road'), which includes a not-for-profit food pantry, in Sydney.

Appointed –February 2020  
Sean resigned as CEO effective 7 October 2022



RAA Board members (L-R Andrew Rice, Jo Balcomb, Elizabeth Lyne, Lisa Minogue, Charlie Blomfield, Derek Schoen).

## Functions of the Board

Under Section 10 of the *Rural Assistance Act 1989* (the Act) the Board is to:

- advise the Minister on the provision of assistance under the Act
- report to the Minister at least annually on:
  - the effectiveness of programs of assistance implemented under the Act in meeting the Government’s objectives for those programs
  - the performance of the Authority in the delivery of assistance under programs implemented or administered under this Act,
- determine the general policies of the Authority including by means of the setting of guidelines for the implementation of particular programs of assistance under the Act.

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

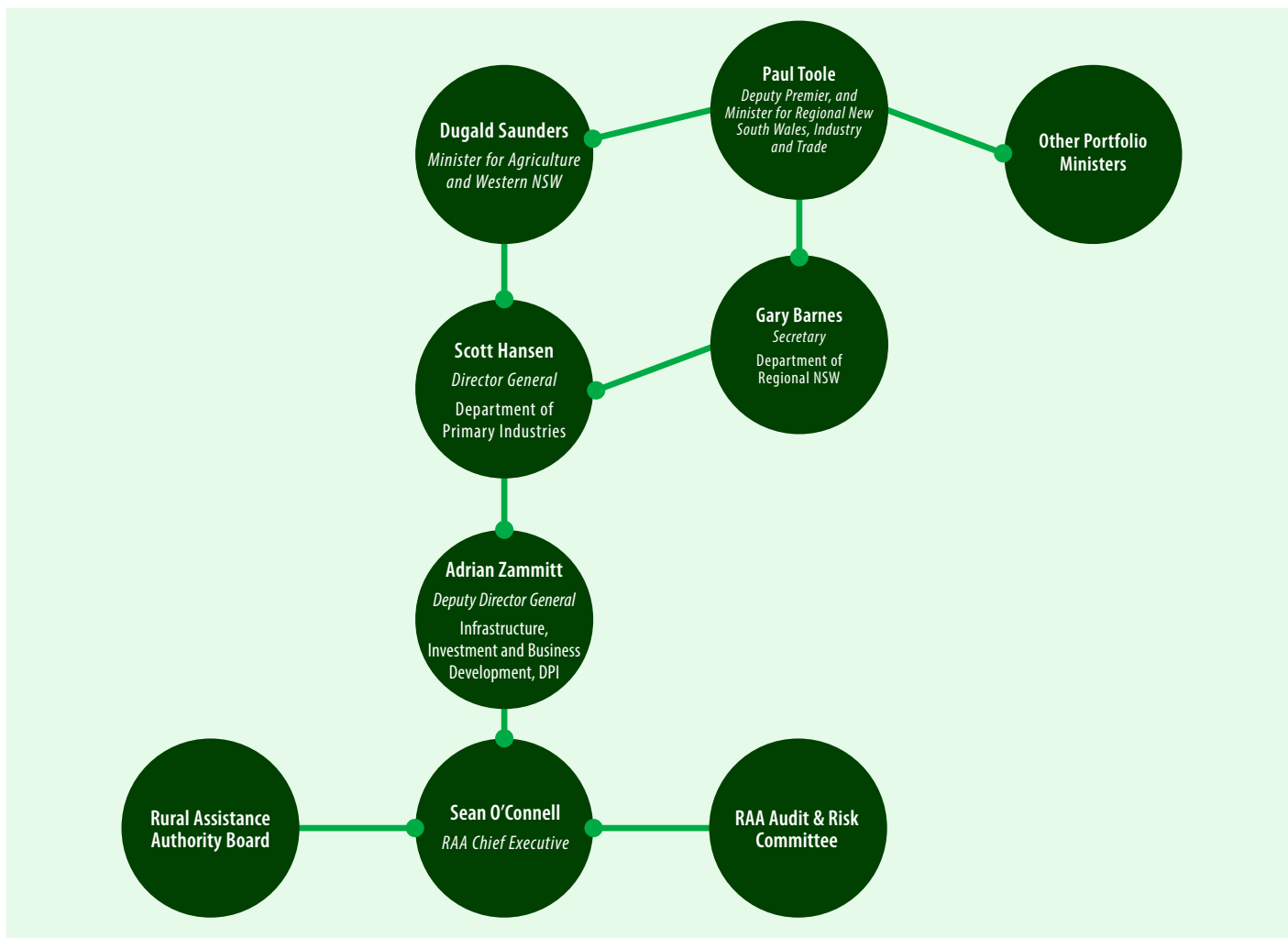
This annual report contributes to the Board’s function to report to the Minister annually.

## Our Departmental Structure

The RAA is a Statutory Authority under the Act and is accountable to the Minister for Agriculture through the Department of Primary Industries. The RAA also reports to the RAA Board.

The Chief Executive is a statutory senior executive employed by the public service and reports to the Deputy Director General Infrastructure, Investment and Business Excellence (IIBE), Adrian Zammitt, within the Department of Primary Industries. Adrian Zammitt reports to the Director General of Primary Industries (DPI), Scott Hansen, who reports to the Secretary of the Department of Regional NSW (DRNSW), Gary Barnes (who retired in August 2022), who reports to the Minister for Agriculture, the Hon Dugald Saunders. The Minister for Agriculture is responsible for our governing legislation, the *Rural Assistance Act 1989*, and provides direction and control of activities including the programs administered, and the appointment of the Board (Figure 1).

Figure 1 RAA reporting through to Minister, and advising RAA board in 2021/22.





# Meetings of the RAA Board in 2021-22

The Board met 5 times during 2021-22, with two of these meetings for a full day in person (Table 1).

Table 1: RAA board meetings during 2021-22.

Date	Andrew Rice (Chair)	Jo Balcomb (Part-Time Member)	Charlie Bloomfield (Part-Time Member)	Elizabeth Lyne (Part-Time Member)	Lisa Minogue (Part-Time Member)	Derek Schoen (Part-Time Member)	Sean O'Connell (CEO RAA)
5 November 2021 (teleconference)	●	●		●	●	●	●
10 March 2022 (teleconference)	●	●	●	●		●	●
29 March 2022	●	●	●		●	●	●
10 May 2022 (teleconference)	●	●	●	●		●	●
15 June 2022	●	●	●	●	●	●	●





## Our Management Team

The RAA management team, led by the Chief Executive, provides the leadership to deliver the RAA's programs effectively and responsibly in accordance with our strategic direction, the goals of the NSW Government, and the guidance of our Board.



**Manager Risk, Policy and Governance**  
**Tim Gippel, BNat Res (Hons 1) UNE, Grad Cert Public Sector Management, FGIA**

Tim joined the RAA in January 2020 with close to 20 years in the NSW public sector managing policy for DPI Fisheries and Governance and Risk for various departments in the Water, Lands and Industry clusters. The Risk, Policy and Governance team provides advice to the RAA's Chief Executive and Board, Ministers and Department on programs, financial assistance and rural adjustment schemes. The team also includes the Farm Debt Mediation Unit, internal audit, assurance and risk management functions.



**Manager Customers and Programs**  
**Adam Tomlinson, BAPPSC, GCAGRIBUS**

Raised on a mixed cropping and livestock property near Moree in north-western NSW, Adam obtained a Bachelor in Applied Science Crops and Rangelands before gaining his postgraduate qualifications in agribusiness. He has worked in the agribusiness sector for over twenty years. During this time, he has held senior positions in banking and agricultural research and advisory roles within Australia and internationally. Adam leads a team that focuses on everything related to the 'front end' of program administration: connecting with our customers and stakeholders, accepting and assessing applications and submitting applications for payment.



**Manager Operations and Systems**  
**Justine Dimond, BMgmt**

Justine joined the RAA in October 2019. Prior to that, she was a managing partner with NAB, managing a team of agribusiness and commercial lenders. Justine leads a team that focuses on all activities related to the 'after approval' operations of program administration, including loan documentation, loan finalisation and arrears management. Justine also leads project management for both new and existing programs, including the system build, implementation and process improvements of programs being delivered by RAA.



**Manager Strategic Finance**  
**James Ovenstone, BBus, MAcc, CA**

James joined the RAA in March 2020. Prior to this he was Senior Manager Financial Services for the Department of Industry. James came to the RAA with a background in financial management, shared service finance and management and financial accounting. James has responsibility for financial reporting, audit and analysis.

# 04 SECTION





# OUR PROGRAMS

## Performance Highlights

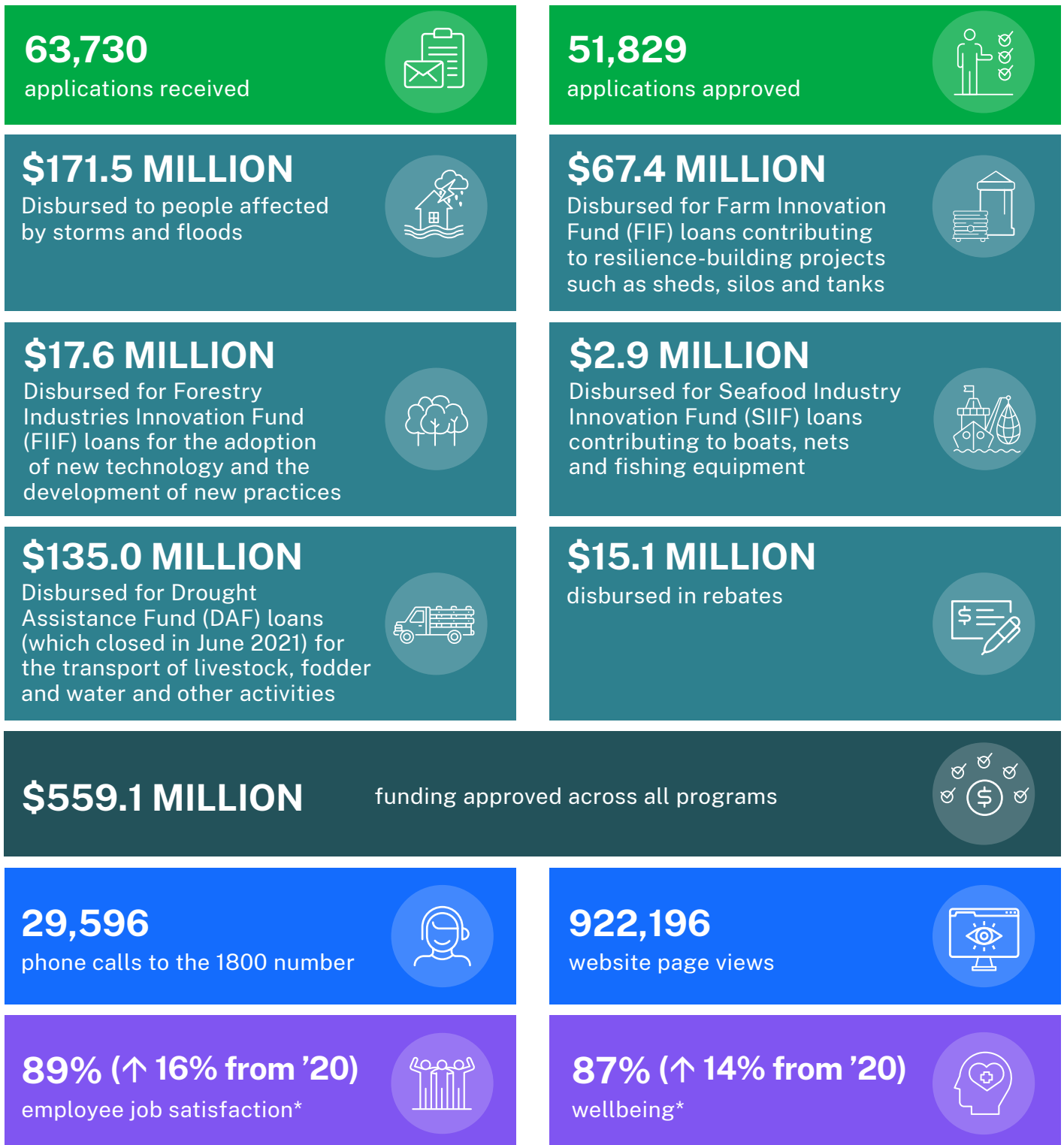


Figure 2: The RAA's performance highlights in 2021-22. \* according to 2021 People Matter Employee Survey (PMES) data.

# Disaster Recovery Funding arrangements explained

The Disaster Recovery Funding Arrangement is the RAA's agreement with the Australian and NSW Governments to administer grants in response to natural disasters. There are four categories of assistance set out in the agreement:

## Category A

Assistance to individuals to alleviate personal hardship or distress arising as a direct result of a disaster.

## Category B

Assistance to the state and/or local governments for the restoration of essential public assets and certain counter-disaster operations. Category B assistance also covers assistance to small businesses, primary producers, non-profit organisations and needy individuals through concessional loans, subsidies or grants.

## Category C

Assistance for severely affected communities, regions or sectors and includes clean-up and recovery grants for small businesses and primary producers and/or the establishment of a community recovery fund. Category C assistance is only made available when the impact of a disaster is severe. It is intended to be in addition to assistance under Categories A and B and is usually considered once the impacts of the disaster on affected communities have been assessed. Category C assistance is requested from the states and requires agreement from the Prime Minister.

## Category D

Assistance for exceptional circumstances beyond any assistance provided under Categories A, B and C. Category D assistance is generally considered once the impact of the disaster has been assessed and specific recovery gaps identified. Category D assistance is requested from the states and requires agreement from the Prime Minister.





## Storms and floods

The number and impact of natural disasters in 2021-22 were unprecedented, with 18 natural disaster declarations this year (compared to 11 in 2019-20 and 15 in 2020-21), 116 local government areas affected (compared to 99 in 2019-20 and 93 in 2020-21), and \$395m disbursed to eligible applicants under the natural disaster response programs administered by the RAA (compared to \$105m in 2019-20 and \$91.5m in 2020-21). These funds were provided as loans, grants or subsidies (Table 2). This resulted in an exponential increase in the funds disbursed (Figure 6), due to the compounding effect of increasingly damaging natural disasters.

The sequence of natural disasters started with severe weather and flooding events towards the end of 2021, followed by the broadscale and destructive floods

of February and March 2022 and then again in June 2022. According to the Bureau of Meteorology, the catastrophic nature of these natural disasters is due to the compounding effect of higher-than-average rainfall due to consecutive wet summers caused by a La Niña weather system coupled with an 'East Coast Low' (pressure) system, a negative Indian Ocean Dipole (IOD) and a Southern Annular Mode (SAM).

The most devastating effects of these storms and floods were felt by Lismore in northern NSW and the Hawkesbury region on the outskirts of Sydney.

Page views of the RAA's website during 2021-22 (Figure 7) correlate with natural disaster activity during 2021-22.

Table 2: Summary of storms and floods support. (SDA is Special Disaster Assistance and RLG is Rural Landholders Grant)

Event	Loans	Grants	Subsidies
Storms and Floods on 16 July 2021 and onwards	●		●
Storms and Floods on 30 July 2021 and onwards	●		●
Severe weather and tornado on 30 September 2021	●		●
Storm on 14 October 2021 and onwards	●		●
Storm on 18 October 2021	●		●
Hailstorm on 20 October 2021	●		●
North East NSW Severe Weather on 20 October 2021 and onwards	●		●
Severe Weather on 23 October 2021 and onwards	●		●
NSW severe weather and flooding on 9 November 2021 and onwards	●	● (SDA)	●
Northern Beaches storm on 19 December 2021	●		●
Southern NSW severe weather and flooding on 5 January 2022 and onwards	●	● (SDA)	●
Lithgow severe weather and flooding on 11 January 2022	●	● (SDA)	●
North Coast Tsunami 15 and 16 January 2022	●		●
NSW severe weather and flooding 22 February 2022 and onwards	●	● (SDA & RLG)	●
Broken Hill Severe Thunderstorm on 15 March 2022	●		●
Wingecarribee Severe Storm 19 April 2022	●		●
NSW severe weather and flooding from 27 June 2022 onwards	●	● (SDG & RLG)	●

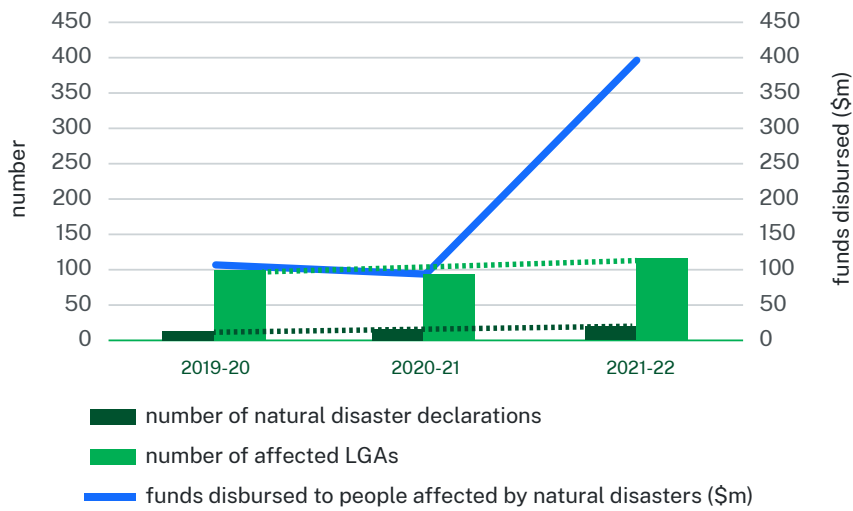


Figure 3: Comparison of the number of natural disasters, the number of local government areas affected and funds disbursed by the RAA during the last three financial years.

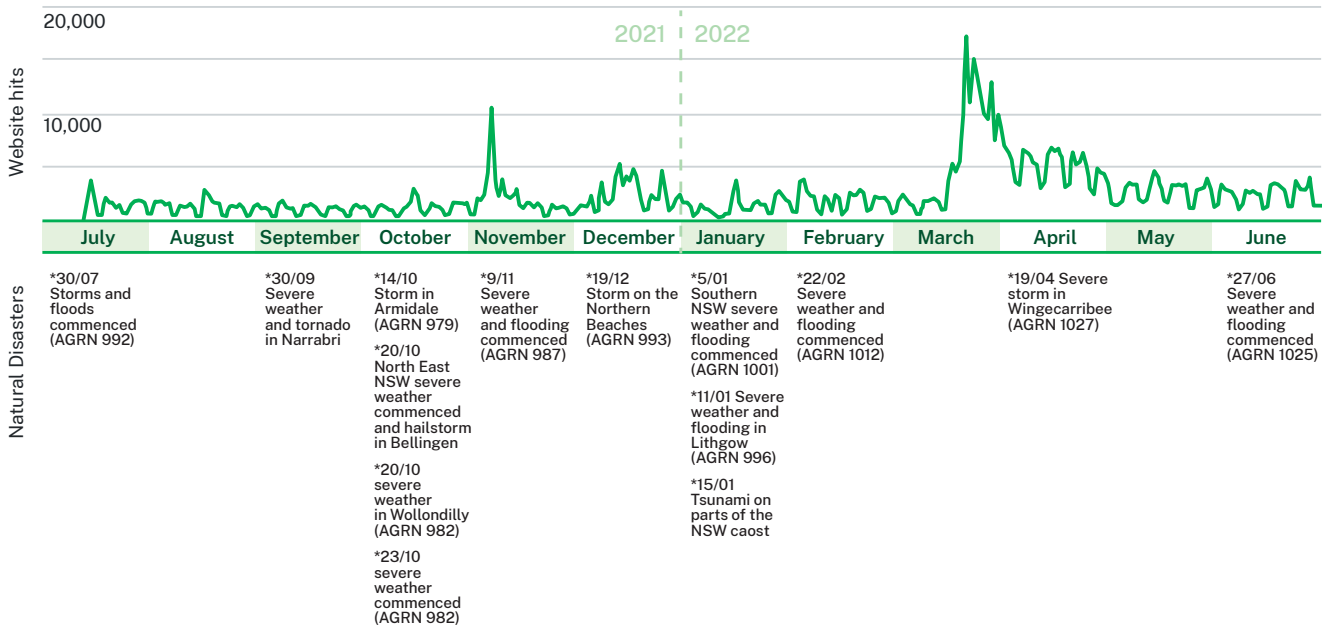


Figure 4: Natural disaster timeline.





# Resilience programs in 2021-22

## Loans

A selection of concessional loans with appealing terms and low interest are available from the RAA (Table 3). These range from loans to develop resilience (infrastructure loans for permanent works that allow the primary producer to create future readiness) to natural disaster loans for recovery. The ability to respond to environmental threats, increase productivity, and boost profitability can all be attributed to loans offered by the RAA.

Table 3: Loans available from the RAA.

Program	Open/ close dates	Objective	Assistance details	Outcomes
Farm Innovation Fund (FIF)	Opened 2014  Projected to close in 2023-24	The FIF helps farmers to improve productivity, manage adverse seasonal conditions and ensure long term sustainability.	A long term, low interest rate loan of up to 100% for permanent on-farm infrastructure, GST excl. cost of the works to a maximum of \$1m with a maximum of \$1m outstanding at any time.	Farmers have identified and addressed risks to their farming business, improved permanent farm infrastructure, ensured long term productivity and sustainable land use, and have adapted to changes to seasonal conditions.
Seafood Innovation Fund (SIF)	Opened June 2019  Projected to close in 2023-24	The SIF helps commercial fishers and aquaculture farmers to identify and address risks to their business, improve permanent assets and infrastructure, ensure long term productivity and sustainable use of the marine, estuarine and land-based environment	A long term, low interest rate loan of up to 100% of the net, GST excl., costs for preparedness works, new products or markets, environmental management, fishing and aquaculture farming equipment and assets, and transport and logistics, to a maximum of \$500k.	Commercial fishers and aquaculture farmers have identified and addressed risks to their business, improved permanent assets and infrastructure, ensured long term productivity and sustainable use of marine, estuarine and land-based environments, and have built resilience to changes in seasonal conditions.
Drought Assistance Fund (DAF)	Opened June 2018  Closed to applications	To provide interest free loans to primary producers to implement systems and management practices that enhance the sustainability of their primary production enterprise by funding.	A loan of up to 100% of the net, GST excl., cost of the works to a maximum of \$100k.	Farmers have implemented systems and management practices that enhance the sustainability of their primary production enterprise by funding the transport of livestock, transport of fodder, transport of water, water fodder and infrastructure, banking of genetic material of livestock, and activities which promote profitability and resilience.
Forestry Industries Innovation Fund (FIIF)	Opened September 2018  Closed June 2022	To assist forest industries to adopt new technology and innovative practices to better address the changing demands of the future forest industry. All projects funded through the scheme must contribute to improving economic growth and productivity in the Forestry and Forest Products Industry and have a positive impact on regional economies.	A loan of up to 100% of the net, GST excl., cost of the works to a maximum of \$5m/ project.	Forest industries have adopted new technology and innovative practices to better address the changing demands of the future forest industry.

The RAA's flagship program, the Farm Innovation Fund, accounts for the majority of loans provided by the RAA. However, applications for natural disaster recovery loans following an event have grown to constitute a significant portion of the RAA's loan portfolio (Table 4).

Table 4: Resilience loans administered by the RAA in 2021-22.

Program	Applications Received	Applications approved	Applications refused	Total value requested	Total value approved	Total value disbursed	Open date	Closure date
Farm Innovation Fund (FIF)	352	219	28	\$127,451,570	\$69,576,603	\$67,361,345.46	2014	2023-24
Seafood Innovation Fund (SIF)	14	3	3	\$3,638,000	\$818,000	\$2,902,933.01	June 2019	2023-24
Drought Assistance Fund (DAF) (closed)	40	38	1	\$2,442,718	\$2,442,718	\$27,551,675.60	June 2018	June 2021
<b>FIF Funding Envelope</b>	<b>406</b>	<b>260</b>	<b>32</b>	<b>\$133,532,288</b>	<b>\$72,837,321</b>	<b>\$97,815,954.07</b>		
Forestry Industries Innovation Fund (FIIF)	8	1	0	\$14,908,705	\$2,000,000	\$7,054,266.25	September 2018	June 2018
<b>Total - Loans</b>	<b>414</b>	<b>261</b>	<b>32</b>	<b>\$148,440,993</b>	<b>74,837,321</b>	<b>\$104,870,220.32</b>		

## Rebates

In times of emergency whether through natural disasters, droughts or biosecurity events, rebates may be offered, to provide an immediate response (Table 5).

Expenditure on these rebates in 2021-22 is shown in Table 6.

Table 5: Rebates administered by the RAA 2021-22.

Program	Open/close dates	Objective	Assistance details	Outcomes
Emergency Water Infrastructure Rebate (EWIR) Scheme Round 2	Opened 1 July 2021 Closed 30 April 2022	Delivery of one-off rebates to eligible drought-affected primary producers to purchase and install water-related infrastructure for livestock watering and to improve drought resilience.	A rebate of 25% of the cost of the purchase, delivery and, if applicable, the labour cost to engage a person to install water infrastructure for animal welfare needs or drought resilience, up to a maximum of \$25k/farm enterprise.	<ul style="list-style-type: none"> <li>● Drought resilience.</li> <li>● Customer satisfaction.</li> <li>● Better animal welfare outcomes.</li> <li>● The cost of drought is reduced for primary producers.</li> <li>● The cost of drought is reduced for Government.</li> </ul>
NSW Mouse Control Program Zinc Phosphide rebate	Opened 2 August 2021 Closed March 2022	Manage mice numbers (2021-22) by ensuring supply of mouse baits to those who need it most and expanding management options into the future to reduce reliance on chemicals.	A one-off rebate of up to 50% of the cost of zinc phosphide mouse bait to reduce impacts on productivity and biosecurity risks caused by the 2021 mice plague.	<ul style="list-style-type: none"> <li>● Farmers reduce productivity and profitability losses.</li> <li>● Farmers are satisfied with RAA service.</li> </ul>



Table 6: Expenditure on rebates by the RAA in 2021-22.

Program	Applications Received	Applications approved	Applications refused	Total value requested	Total value approved	Total value disbursed	Open date	Closure date
Emergency Water Infrastructure Rebate (EWIR) Round 1 (closed)	832	690	53	\$20,800,000	\$3,947,389	\$3,947,389	July 2018	May 2020
Emergency Water Infrastructure Rebate (EWIR) Round 2 (closed)	1482	1241	170	\$17,994,962	\$11,144,568	\$11,144,568	July 2021	April 2022
NSW Mouse Control Program - ZnP Rebate (closed)	1429	1292	68	\$7,900,289	\$7,026,766	\$5,025,092	August 2021	March 2022
<b>Total - Rebates</b>	<b>3743</b>	<b>3223</b>	<b>291</b>	<b>\$46,695,251</b>	<b>\$22,118,723</b>	<b>\$20,117,049</b>		





## The Emergency Water Infrastructure Rebate Scheme

The first rounds of the Emergency Water Infrastructure (EWIR) Rebate Scheme were originally funded by the Australian Government in response to NSW's 2017 to 2019 drought. The program was established to support primary producers who had been affected by drought with livestock welfare needs.

EWIR Round 1 was open from 1 January 2019 to 14 May 2020 (for works undertaken from 1 July 2018). Demand for the program was very high, with the first round ultimately being fully committed.

The NSW and Commonwealth governments committed additional 50:50 funding for Round 2 of the EWIR program (EWIR 2), which included payments made to applicants successful in Round 1 that had not received funds (legacy applicants).

The \$30 million EWIR 2 was designed to assist NSW primary producers to invest in drought-proofing infrastructure to build resilience now and again in future dry periods. Primary producers could access 25 percent rebates, up to \$25,000, on purchases and installation of water infrastructure.

The Scheme opened on 1 July 2021 and closed on 30 April 2022 for works undertaken from 1 July 2018. During this time there were 1484 applications for the rebate, with 1168 applications approved. By 30 June 2022, \$11,144,568 had been disbursed.

The RAA engaged Grosvenor Public Sector Advisory to conduct a process evaluation of EWIR 2. The key findings were:

- Overall, customers and clients were satisfied with the experience they had with the RAA and EWIR.

Some continuous improvement opportunities were identified to further enhance the accessibility of the program and participant experience.

- The program generated a range of benefits for applicants who installed water infrastructure, including increased flexibility in livestock management, drought resilience, and created positive environmental externalities that have improved land conditions.
- Successful applicants believe that the installed infrastructure improved the flexibility and capability to maintain stock in drought periods.

Applicants who installed water infrastructure reported that the largest value-add to their property and business operations was the increase in livestock management flexibility. Increased water supply locations, sources and quantity allowed applicants to freely move livestock between paddocks, fence off additional paddocks and create drought lots. The flexibility allows farmers to maintain the land and increase the recovery of fields; and by doing so it also allows farmers to better maintain their stock levels during environmentally difficult periods and delay the timing to destock in droughts.

Farmers who chose to destock during times of drought reported that the decision had strong financial impacts on the business. Farmers were forced to sell in a down market and reported receiving substantially less revenue from their stock. Once the environment had recovered from the drought, farmers had to restock in a strong market, producing a substantial net loss. Farmers reported that they are still recovering from the losses incurred in trading during these market variations.





Some applicants did note that installed water infrastructure could provide farmers the capacity to stock additional livestock and increased efficiencies in the transportation and rotation of stock. However, there was a stronger focus on restoring capacity to pre-drought stock levels.

Farmers speculated that during the next drought period, the conservation of water and flexibility of paddocks will prevent the need to cart in stock water from off-farm sources.

Applicants reported that the primary activities to manage drought on their property are installation of new farm infrastructure, improvement of existing infrastructure and selling stock (Figure 5). EWIR 2 gave farmers the ability to not have to sell stock.

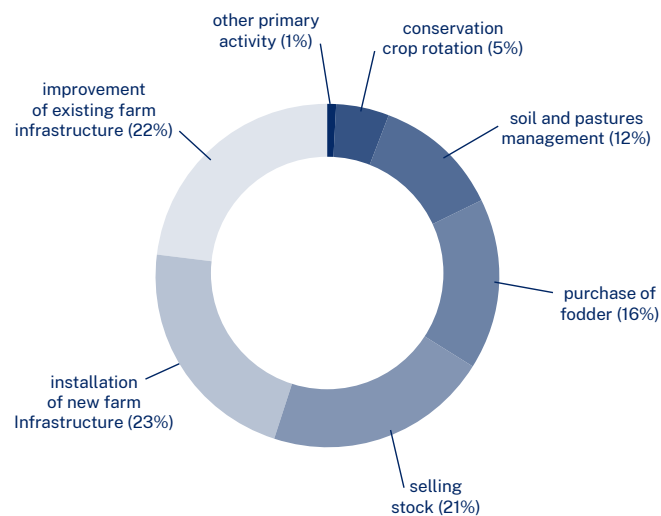


Figure 5: Drought management strategies of EWIR 2 applicants.

EWIR 2 applicants reported that the primary purpose of the rebate would be to create or improve drought resilience, followed by better animal welfare outcomes (Figure 6).

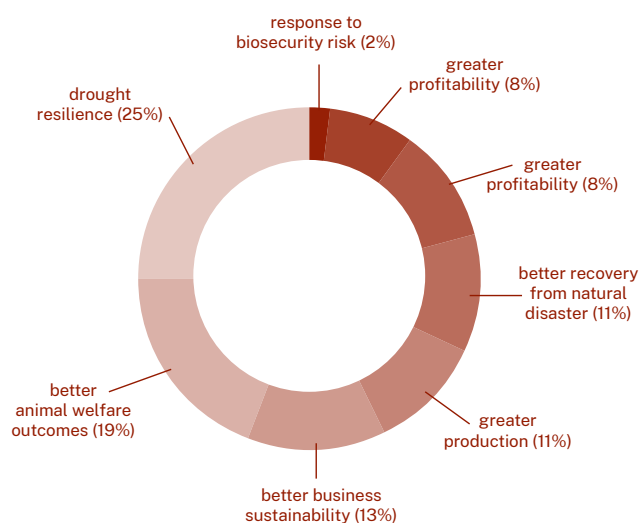


Figure 6: Primary purpose for the rebate.

## The NSW Mouse Control Program's Zinc Phosphide Rebate

In 2021 the RAA administered a Zinc Phosphide rebate for eligible primary producers affected by the 2021 mouse plague.

Most applicants for the rebate were adversely impacted by crop destruction (37%), the destruction of stored grain or fodder (32%), or the destruction of equipment or infrastructure (24%) (Figure 10).

The rebate was to assist with some of the costs of buying zinc phosphide mouse bait and aimed to reduce impacts on productivity and biosecurity risks caused by the plague. It also aimed to prepare primary producers to manage mice for the spring harvest in 2021.

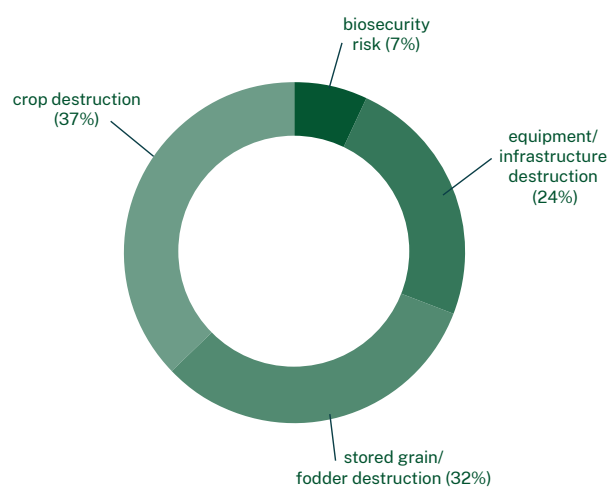


Figure 7: How zinc phosphide rebate applicants were adversely impacted by the mouse plague of 2021.

Cereal grain growing, sheep and grain growing and beef and grain growing holdings accounted for the majority of holdings baited with zinc phosphide (Figure 8).

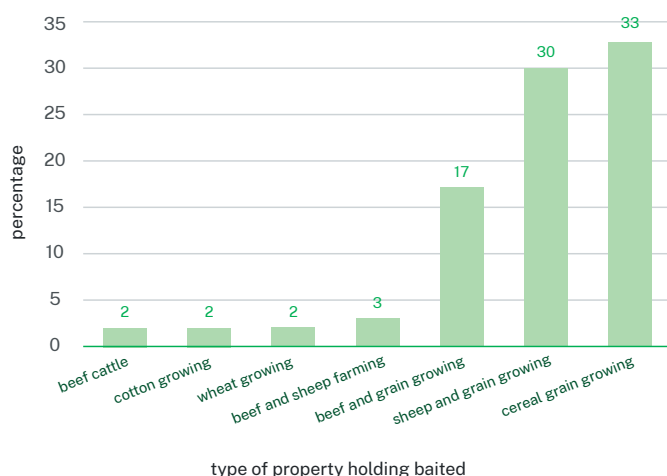


Figure 8: Type of holding baited with zinc phosphide during the 2021 mouse plague.

# Recovery programs in 2021-22

## Loans

The RAA provides natural disaster loans to assist with the costs of clean-up and reinstatement of primary producers who have suffered direct damage as a direct result of an eligible disaster.

Primary producers and small businesses in disaster-declared local government areas may be eligible for loans of up to \$130,000 at a concessional interest rate to meet the essential working capital required to continue operations and the replacement and repair of damage caused to property and associated improvements not covered by insurance.

Non-profit organisations may be eligible for loans of up to \$25,000 at a concessional interest rate to meet the restoration of essential facilities, equipment or other assets that have been damaged or destroyed; and/or temporary storage or leasing of alternate premises.

Sporting and recreational clubs may be eligible for loans of up to \$10,000 at a concessional interest rate to meet the restoration of essential facilities, equipment or other assets that have been damaged or destroyed.

The intended outcome of such loans is that primary producers, small businesses and non-profit organisations are innovative, productive and resilient due to the efficient provision of well-targeted government assistance programs by the RAA in partnership with the Australian Government.

In 2021-22 the RAA approved natural disaster loans worth \$6,577,398 and disbursed \$9,605,700 (Table 7).

## Grants

The RAA delivers grants after the Commonwealth and NSW governments agree upon a joint declaration of a natural disaster. Funds categorised as grants administered by the RAA in 2021-22 are listed in Table 8. The differences in applications received then approved or refused are accounted for by applications withdrawn or canceled.

They include:

- Special Disaster Assistance Primary Producer Grants to support eligible primary producers to return their primary production business back to 'normal' operations as soon as possible.
- Rural Landholder Grants for eligible landholders and oyster farmers who were affected by the NSW severe weather and floods that occurred from 22 February 2022 onwards and 27 June 2022 onwards and who are not eligible for existing flood support programs (Primary Producer Special Disaster Grants).
- Supply Chain Support Grants for eligible primary producers in the agriculture, horticulture and aquaculture industries impacted by storms and floods that occurred in February and March 2021 to rebuild and recover in the medium to longer-term with the aim of supporting job security, future resilience and enabling future production (applications opened on 30 September 2021, Closed on 30 June 2022, and activities are to be completed by 30 May 2023).

Table 7: Natural Disaster Loans administered by the RAA in 2021-22.

Program	Applications Received	Applications approved	Applications refused	Total value requested	Total value approved	Total value disbursed	Open date	Closure date
Natural Disaster Loans	162	53	57	\$14,824,384.00	\$6,577,398	\$9,605,700	Ongoing	Ongoing



Table 8: Natural disaster grants administered by the RAA in 2021-22.

Program	Applications Received	Applications approved	Applications refused	Total value requested	Total value approved	Total value disbursed	Open date	Closure date
Natural Disaster Category B	423	308	49	\$8,584,931	\$4,620,000	\$2,706,466		
Emergency Water Infrastructure Rebate (EWIR)	2314	1931	223	\$38,794,962	\$15,091,957	\$15,091,957		
Supply Chain Support Grants (SCSG) February/ March 2021 (closed)	857	688	110	\$49,245,670	\$41,979,344	\$6,458,844	Sept 2021	June 2022
NSW Mouse Control Program – ZnP Rebate	1429	1292	68	\$7,900,289	\$7,026,766	\$5,025,092	Aug 2021	March 2022
Natural Disaster Category D Special Disaster Grants (SDG) February 2022	3355	2353	392	\$185,606,426	\$139,262,786	\$26,105,819	March 2022	June 2023
Natural Disaster Category D Special Disaster Grants (SDG) January 2022	266	190	35	\$10,240,241	\$7,543,981	\$1,011,772	March 2022	Nov 2021
Natural Disaster Category D Special Disaster Grants (SDG) November 2021	3585	2918	208	\$147,833,825	\$121,515,732	\$30,475,936	Dec 2021	Sept 2022
Natural Disaster Category D Special Disaster Grants (SDG) February/ March 2021 (closed)	3286	2109	453	\$149,291,679	\$99,147,775	\$113,939,848	April 2021	Oct 2021
Rural Landholder Grants (RLG) February 2022	617	408	51	\$13,868,358	\$9,520,274	\$1,637,747	March 2022	June 2023
Rural Landholder Grants (RLG) February/ March 2021 (closed)	626	343	187	\$5,977,908	\$3,312,227	\$1,837,264	Dec 2021	March 2022
<b>Total – Natural Disasters</b>	<b>16,758</b>	<b>12,540</b>	<b>1776</b>	<b>\$617,344,289</b>	<b>\$449,020,842</b>	<b>\$204,290,745</b>		

## Subsidies

A natural disaster transport subsidy is available to eligible farmers who are affected by a declared natural disaster event. This subsidy pays for the cost of transporting:

- fodder and/or water to an affected property
- stock to sale or slaughter
- stock to/from agistment.

A natural disaster donated fodder transport subsidy is available to organisations that donate and transport donated fodder to a central location within NSW for the benefit of three or more primary producers with livestock, in the event of a declared natural disaster.

In 2021-22 the RAA disbursed \$2,706,467 in natural disaster and donated fodder transport subsidies (Table 9).

Table 9: Subsidies administered by the RAA in 2021-22

Program	Applications Received	Successful	Unsuccessful	Total value requested	Total value approved	Total value disbursed	Open date	Closure date
Natural Disaster Transport Subsidy	381	282	44	\$5,715,000	\$4,230,000	\$1,626,920	2014	June 2023
Donated Fodder Transport Subsidy	42	26	5	\$2,866,931	\$2,448,209	\$1,079,545	June 2019	June 2023
<b>Total - Subsidies</b>	<b>423</b>	<b>308</b>	<b>49</b>	<b>\$8,581,931</b>	<b>\$6,678,209</b>	<b>\$2,706,466</b>		





## Farm Debt Mediation

The RAA administers the *Farm Debt Mediation Act 1994*. 'Farm Debt Mediation' is a structured negotiation process in which the mediator, as a neutral and independent person, assists the farmer and the creditor to communicate effectively, to resolve matters relating to farm debts, and to formalise that resolution in an agreement.

Mediation is a simple, voluntary and confidential process that is quick, accessible and affordable.

Mediation is required before a creditor can take possession of property or other enforcement action under a farm mortgage.

In 2021-22 the RAA registered 33 farm debt mediation matters and issued 25 Exemption Certificates under s.14 of the Act to creditors once they met the requirements of the Act. No Prohibition Certificates under s.10 of the Act were issued. The number of farm debt mediation cases and exemption certificates per year has remained stable over the past four years despite the impact of drought, natural disasters and COVID-19.

This year two new mediators were accredited under the Act and at the end of the year there were 36 accredited mediators.

## Appeals

If an applicant is unhappy with a decision, they have the right to appeal. If we refuse an application, an appeal is always offered. We ask that an appeal be lodged in writing within 20 business days of the date of the RAA's advice that the application was refused.

We have a formal process for handling appeals and commit to conducting appeals within 30 business days of receipt of a written letter of appeal. In 2021–22, there were 283 appeals across all programs, representing 0.4% of all applications (Table 10).

In 2021–22, we maintained a Special Appeals Panel (SAP) with independent members, to hear appeals related to the Special Disaster Assistance for flood programs, Rural Landholder Grants and Natural Disaster Loans. Other program appeals are heard through an internal review process.

The SAP has two independent members: Anne Jones, who has 40 years of accountancy experience and a strong involvement in community and local government and Murray Scholz, who is the owner and manager of a progressive and innovative agriculture business producing grain, oilseeds, beef, and lamb in the eastern Riverina. The SAP was established to review refusals, make recommendations to the RAA Chief Executive on whether to uphold or overturn a decision and report on trends or clusters of appeal cases that could help to deliver more efficient, transparent and fair assessments of applications.

Appeals allow applicants who had been refused a second chance to present their case and provide further information to support their application. More than one third of applicants for Special Disaster Assistance (Flood) had the original decision overturned and received assistance. This reflects the high number of applicants who are able to provide additional information on appeal.

The process of holding appeals and reporting on outcomes reflects our commitment to procedural fairness, treating our customers with respect and providing transparency in decision making.

Table 10: Appeals in 2021-22.

Program	Total received	Successful	Unsuccessful	Other	Pending
Drought Assistance Fund	32	21	9	2 withdrawn	0
Emergency Water Infrastructure Rebate 1	5	3	2		0
Emergency Water Infrastructure Rebate 2	18	10	7	1 withdrawn	0
Farm Innovation Fund	21	15	5		0
Natural Disaster Loans	9	3	3	1 withdrawn	2
Rural Landholder Grants	25	11	4		9
Supply Chain Support Grants	15	5	10		0
Seafood Innovation Fund	1	1	0		0
Special Disaster Assistance	157	59	74		24
<b>Totals</b>	<b>283</b>	<b>128</b>	<b>114</b>		<b>35</b>







## Outcome and Business Plan Reporting

In 2021-22 the RAA contributed to delivering against DPI's Stronger Primary Industries Strategy and the **stronger primary industries** state outcome in the DRNSW's Outcome and Business Plan. Led by the Primary Industries group, this outcome's focus is on the state's primary industries' productivity, growth and ensuring the sector's sustainability for the benefit of all citizens.

The RAA's contribution to the plan was measured through one outcome indicator and three program performance indicators.

### Outcome Indicator

The RAA assists primary producers in times of need and promotes productivity and resilience. Our relationship with our customers depends on the nature of their experience. The outcome indicator measures the proportion of RAA customers who reported a positive experience. The target for 2021/22 was maintaining a positive experience for 70% of customers every quarter (70% of customers found the process of applying either very easy, easy, or were neutral). This is a new indicator for 2021/22, and the results exceeded the target (Table 11) as a result of changes the RAA implemented to address customer feedback.

In Quarter 1 (July to September 2021), satisfaction with the process of applying was high, with an average of 84% of customers saying they found the process of applying either very easy, easy, or neutral. The number rose through the course of September as the Zinc Phosphide (ZnP) rebate program rolled out and customers found completing the application easy.

In Quarter 2 (October to December 2021), satisfaction

with the process of applying remained steady, with an average of 83% of customers saying they found the process of applying either very easy, easy, or neutral. It is worth noting that during the quarter the customer satisfaction percentage for the ZnP rebate did fall from 83% to 72%. The ZnP rebate program was in the latter stages of being open and the applicants in that quarter generally did not have the required information such as invoices as readily available when compared to the earlier applicants.

In Quarter 3 (January to March 2022), the good performance of the November 2021 and February 2022 flood assistance programs lifted the outcome indicator, with those new programs scoring 92.5% and 91.35% respectively. This compares to the ZnP score that remained relatively low for the period, which was in its latter stages of being open to applications, at 72.3%.

In Quarter 4 (April to June 2022), satisfaction dropped slightly to 89% for all programs, still well above the 70% target.

### Program Performance Measures

Program performance measures of the time it takes to provide assistance to the point of approval of an application were also in place to drive excellence in supporting our customers and to drive continuous improvement to improve the outcome indicator.

These three measures cover loans, grants and rebates. The results (Table 12) show that assistance provided by the RAA to the point of approval for loan, EWIR and rebate applications was better than the target, but almost double the target for grant applications. The latter was likely due to the significant number of loan applications received in response to the increased number of natural disasters during the year.

With completion of most drought assistance, it was possible in Quarter 1 (July to September 2021) for the

Table 11: The RAA's outcome indicator for 2021-22.

Outcome indicator	Target	Result
Stakeholder experiences with the Rural Assistance Authority	70% of customers found the process of applying either very easy, easy, or were neutral	91%

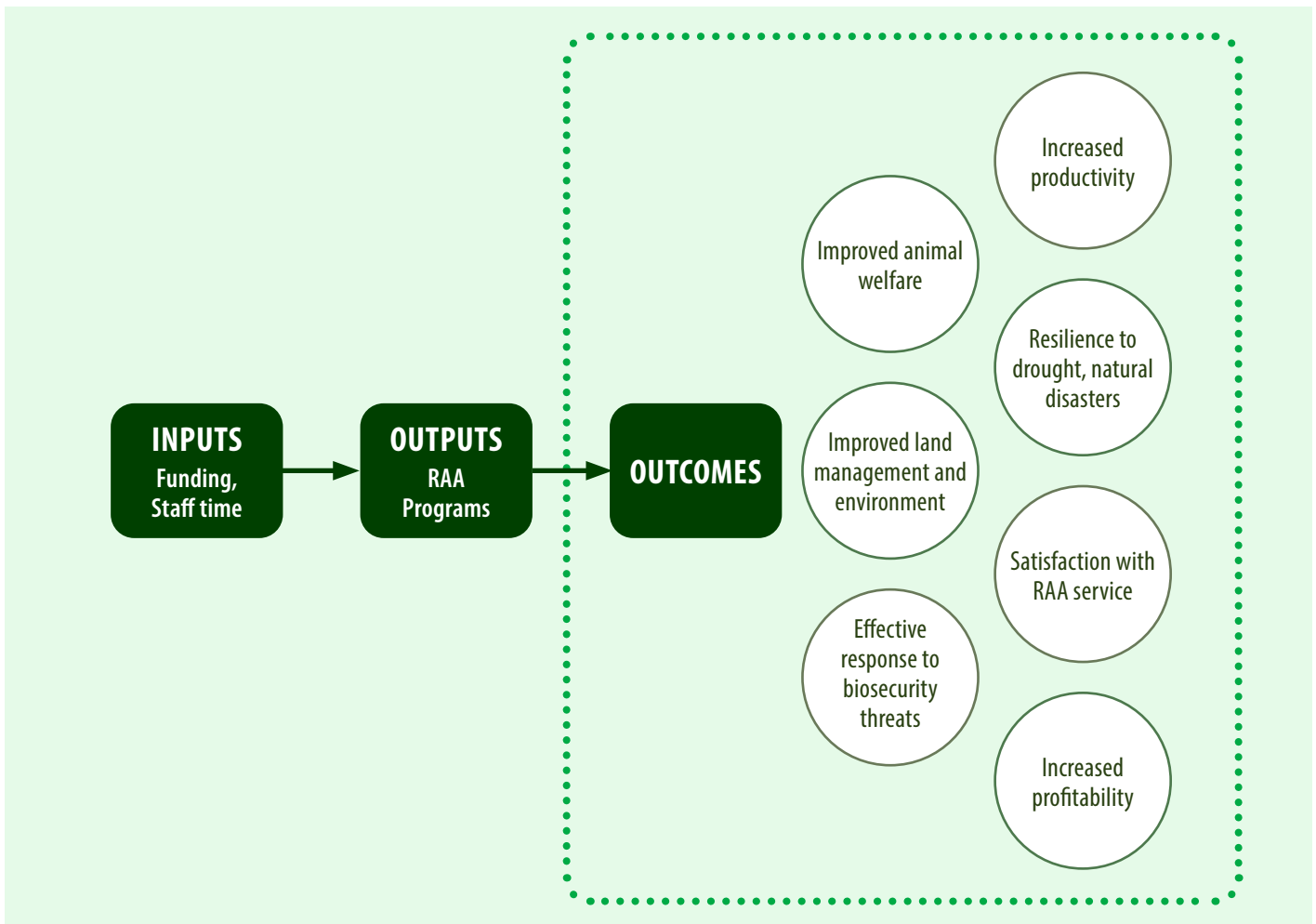
Table 12: The RAA's program performance measures for 2021-22.

Program performance measures (PPMs)	Target	Result
1. Average time (business days) taken to provide RAA assistance to the point of approval for loan and Emergency Water Infrastructure Rebate (EWIR) applications	28	21.05
2. Average time (business days) taken to provide RAA assistance to the point of approval for grant applications	15	28.73
3. Average time taken to provide RAA assistance to the point of approval for rebate applications	15	10

RAA to focus on natural disaster assistance and reduce processing times for grants compared to the previous financial year. In Quarter 2 (October to December 2021), the average time (business days) taken for the RAA to approve grant applications (PPM 2) was adversely impacted by a rush of applications in the last two weeks of October 2021, when 750 new applications were lodged prior to the first closing date. A key reason for increasing application numbers was COVID-19 restrictions that had delayed customer meetings with their advisors such as Rural Financial Counsellors and DPI Recovery Officers. These delays saw the advisor network very busy in October assisting applicants to submit their applications. Ultimately this period increased the backlog of applications for the RAA to assess. Additional resources were subsequently allocated to the program to improve the situation. In Quarter 3 (January to March 2022), processing times improved as the big wave of applications from Q2 were completed with the addition of extra staff resources to assist at the beginning of the quarter. The program was closed by Quarter 4 (April to June 2022).

For the average time taken to approve rebate applications (PPM 3), the higher level of applications for the Zinc Phosphide rebated received towards the end of the program and staff resources did not meet the target only in Quarter 3 (January to March 2022).

Figure 9: The RAA program logic.



Processing times were less than 10 days on average for the whole program. The program was closed by Quarter 4 (April to June 2022).

## Evaluation

In July 2021 the RAA commenced formal evaluation our programs to gain a better understanding of customer satisfaction with our service, to respond quickly to problems, and to design programs that respond more effectively to our customers' needs.

The RAA's goal is to transform the inputs of funding, staff time and programs into the seven outcomes as shown in outline program logic in Figure 9.

Evaluation of our programs is important for a number of reasons. It has an important role in demonstrating accountability to government. The RAA has administered hundreds of millions of dollars over recent years and good governance dictates accountability against expenditure and the ability to describe the benefits for our customers and the broader community. It also has an important role in continuous improvement to deliver for our customers, and to reach out to customers who have provided negative feedback to understand how we can improve.



To achieve this, a monitoring, evaluation, reporting and improvement (MERI) strategy was implemented. It includes surveys at key points in the customer journey to assess satisfaction with processes and service, and also to understand the actual benefits arising from programs. Surveys are complemented by customer and client interviews and the collection of key performance information.

The following programs were evaluated (for support we are delivering for natural disasters or programs that occurred in 2021-22 or we are continuing to deliver):

- February/March 2021 Rural Landholder Grants
- February/March 2021 Supply Chain Support Grants
- November 2021 Special Disaster Grants
- January 2022 Special Disaster Assistance
- January 2022 Special Disaster Grants
- February/March 2022 Rural Landholder Grants
- February/March 2022 Special Disaster Grants

- Emergency Water Infrastructure 2 Rebates
- Mouse Plague Zinc Phosphide Rebates

The RAA exceeded the 70% target for customer satisfaction, with 91% of applicants indicating satisfaction with filling in the application.

Other outcome indicators drawn from the evaluation were:

- at the point of application, 96% of applicants were satisfied with the guidelines for the program they used and 91% of customers were satisfied with the website
- at the point of approval, 94% of customers rated the contract approval process as satisfactory or better, 97% of customers were satisfied with RAA staff assistance (79% of customers were very satisfied with the assistance), and 97% were satisfied with the application processing time).





# 05 SECTION





# OUR CUSTOMERS

## Customer profile

In providing services to mostly farmers, the RAA caters to a sub-group of the broader population. According to the ABS Census Data Snapshot for Regional NSW in 2021, 2,300,843 people (81.3%) of people in regional NSW were born in Australia. This is significantly higher than the average for the whole of NSW (65.4%) and Australia (66.9%). The number of people born overseas who are living in regional NSW in the 2021 Census was 343,955. This is an increase of 48,667 people (16.5%) compared to the 2016 value of 295,288.

The top five countries of overseas-born people in regional NSW by country of birth were:

- England (2.8%)
- New Zealand (1.2%)
- India (0.7%)
- Philippines (0.5%)
- Germany (0.4%).

The top five reported ancestries of people in regional NSW are:

- English (40.9%)
- Australian (40.2%)
- Irish (11.8%)
- Scottish (10.7%)
- Australian Aboriginal (6.1%).

The evidence suggest that our customers remain most likely to have been born in Australia (81.3%) or have an English, Irish or Scottish background.

## Consumer response

The RAA receives feedback from customers in a number of ways, including via Feedback Assist, the feedback portal on our website and the results of the customer survey work referred to in the following section on digital service transformation.

During 2021-22 the RAA received feedback, through Feedback Assist, from 51 customers or potential customers. Of this, 30 instances were to make a complaint, 14 to provide a compliment and 7 made suggestions (Figure 10).

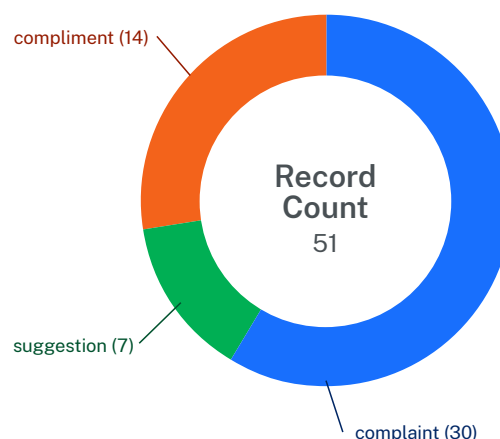


Figure 10: Feedback collected through Feedback Assist.

Most complaints related to frustration about being ineligible for a grant, delays in having an application assessed or a claim paid or technology difficulties with uploading information related to an application for support.

Compliments were provided for how quick and easy some customers found the application process and the new display of disaster declarations and categories on our website.

## Digital service transformation to improve the customer experience

The RAA engaged Sitback Solutions Pty Ltd for the Discovery Phase of our Digital Service Transformation. This project will apply a human-centred design approach to research, design and test an integrated disaster recovery application process.

In recent years, primary producers have had to navigate significant environmental challenges including drought, flood, fire, mice and pandemic. These events and their increasing complexity will continue to challenge productivity, sustainability and resilience of NSW primary producers well into the future.

In 2021-22 the RAA approved \$556 million in concessional loans, rebates and grants to support the recovery and resilience of NSW primary producers. In order to meet individual program criteria, the RAA's

16,000 customers are required to provide detailed financial information through multiple pathways, often at times of great duress. Information is provided in both paper and electronic form, and in some cases may not be provided for some months. Manual intervention is significant, which together with the lack of real time, on-the-ground data, creates inefficiency and increases the risk of poor socio-economic outcomes.

While improvements have been made to the current application and funds disbursement process, there remain a number of customer experience and operational efficiency challenges. To improve the customer experience and operational efficiencies, the RAA Digital Service Transformation project was prioritised through the NSW Government Digital Restart Fund (DRF). It is a roadmap to provide a digitally enabled pathway that leverages data, analytics and artificial intelligence will enable interoperability and data sharing across DRNSW, and government more broadly, to support delivery of well-designed assistance programs for the greatest benefit for customers and NSW Government. The final product will be an integrated, digitally enabled disaster response and application service that:

- enables primary producers to access assistance easily through a single RAA portal and receive emergency advice in advance of a forecast disaster
- supports real-time reporting and aggregation of damage estimates leading to more accurate assessments and on-the-ground validation of primary producer needs
- ensures delivery of more targeted assistance from the RAA and supporting agencies.

Completion of the project will allow the RAA to anticipate service needs and deliver ahead of time, will support rapid triage and actioning of on-the-ground

support by DPI and LLS, and will ensure producers need only 'Tell Government once'. Following an event, data will be captured in real-time, aggregated, assessed and the right assistance provided quickly and easily.

During the discovery phase Sitback Solutions undertook in-depth customer research (including identification of customer needs )and identified new ways of working. Sitback Solutions also held workshops with key stakeholders to identify and priorities customer and stakeholder needs to be addressed in the digital solution.

The discovery phase started on 10 March 2022 and finished on 31 May 2022.

This next stage of the Digital Service Transformation project is the seed phase, to design and build a minimum viable product that leverages the customer discovery work complete to date and provides solution to both customer's and RAA operational needs. The solution will be an integrated, digitally enabled disaster response and assistance service that:

- enables primary producers to access assistance easily through a single RAA portal and receive emergency advice in advance of a forecast natural disaster;
- supports real-time reporting and aggregation of damage estimates leading to more accurate assessments and on-the-ground validation of producer needs; and
- ensures delivery of more targeted assistance from RAA and supporting agencies.

Procurement for the seed phase of the Digital Service Transformation project is scheduled to be complete in October 2022.





## Communication channels

Among our tools for communicating with our existing and prospective customers, we use Facebook. For 2021-22, the RAA Facebook page gained 323 new followers for a total number of likes at the end of the financial year of 2,773. Throughout the year, the page reached 63,313 people, an increase of 25% on the previous financial year. The RAA's post advising of the availability of Special Disaster Grants in response to the severe weather and floods that occurred from February 2022 was the most viewed during the year, reaching 39,627 people. While it is likely that not all of our customers are Facebook users, it is a useful tool for reaching out to a cohort of primary producers who might not ordinarily know about the RAA.

## Significant partnerships and key stakeholders

We have an important role in delivering assistance to farm businesses and rural communities, but our success relies on having the right connections across government, community and industry.

### Cluster and departmental arrangements

The **NSW Department of Primary Industries (DPI)** provides the RAA with technical and policy support. It is critical in the formulation of programs and our engagement with industry.

The **Department of Regional NSW (DRNSW)** is our overarching cluster department and provides or coordinates a wide range of services including human resources, information and communication technology, finance, payroll, legal, record management, regulatory review, procurement and ministerial liaison.

### Significant partnership

**Rural Financial Counsellors (RFCs)** assist the RAA by helping farmers in financial difficulty, or those who need help applying for RAA assistance. It is important that RFCs are knowledgeable about the RAA's assistance so they can accurately and positively deal with questions and concerns that our customers may have. RFCs played a critical role through bushfires and foods, helping many people who had never sought help to get much needed assistance.

### Key stakeholders

The **Recovery Support Program** is funded by Resilience NSW. Recovery Workers have been crucial to the short to medium term recovery needs of people in flood affected areas. Many farmers struggled to find and organise their paperwork and get the help they needed. The recovery support team helped with

that process and in many instances helped primary producers to access grants and loans and other support services.

The **Young Farmer Business Program (DPI)** is a key partnership as we build connections with the next generation of farmers. The Young Farmer Business Program creates opportunities for young farmers and fishers to enter into or expand their existing businesses by helping them improve their business skills.

The **Farm Business Resilience Program** is a partnership between the NSW and Australian Governments to support farming businesses to prepare for drought and enhance their ability to manage and recover from adversity they face. The program improves the accessibility to business coaches and experts to complete business plans and identify opportunities to use RAA products such as the Farm Innovation Fund as part of their drought strategy.

**Local Land Services (LLS)** has a widespread presence in the field and long-standing connections with our customers. This was important during the drought when LLS offices became part of the network of government offices where farmers could lodge drought transport subsidies and receive advice on assistance and support. LLS also supports farmers to make the right decisions at the right times about land, pasture and livestock management. Their work to build farm sustainability assists farmers in accessing our support when they can most benefit from it. The RAA meets regularly with key stakeholders to exchange information and discuss issues or challenges. Stakeholders can request performance information that is useful. Stakeholders, customers and other members of the public can also submit a request under the *Government Information (Public Access) Act 2009* (the GIPA Act) to records or information that interest or affect them.

# 06

SECTION





# OUR PEOPLE

## Human Resources

The RAA's approach to human resources in terms of recruitment, retention, performance management and release of staff, is directed by DRNSW, in accordance with a partnership between the department and the RAA, and also in line with the *Government Sector Employment Act 2013*. The RAA seeks assistance and advice from DRNSW but must undertake most HR activities itself.

The structure of the senior management team and their teams is shown in Figure 11.

## Staff profile

Many RAA staff have a financial or banking background suited to the nature of work undertaking the assessment and administration of financial assistance. The exceptions are the policy and administration staff, who have a background suitable to those areas.

The RAA was led by 5 senior executives in the RAA in the reporting period (Table 13).

Figure 11: Structure of the RAA team.

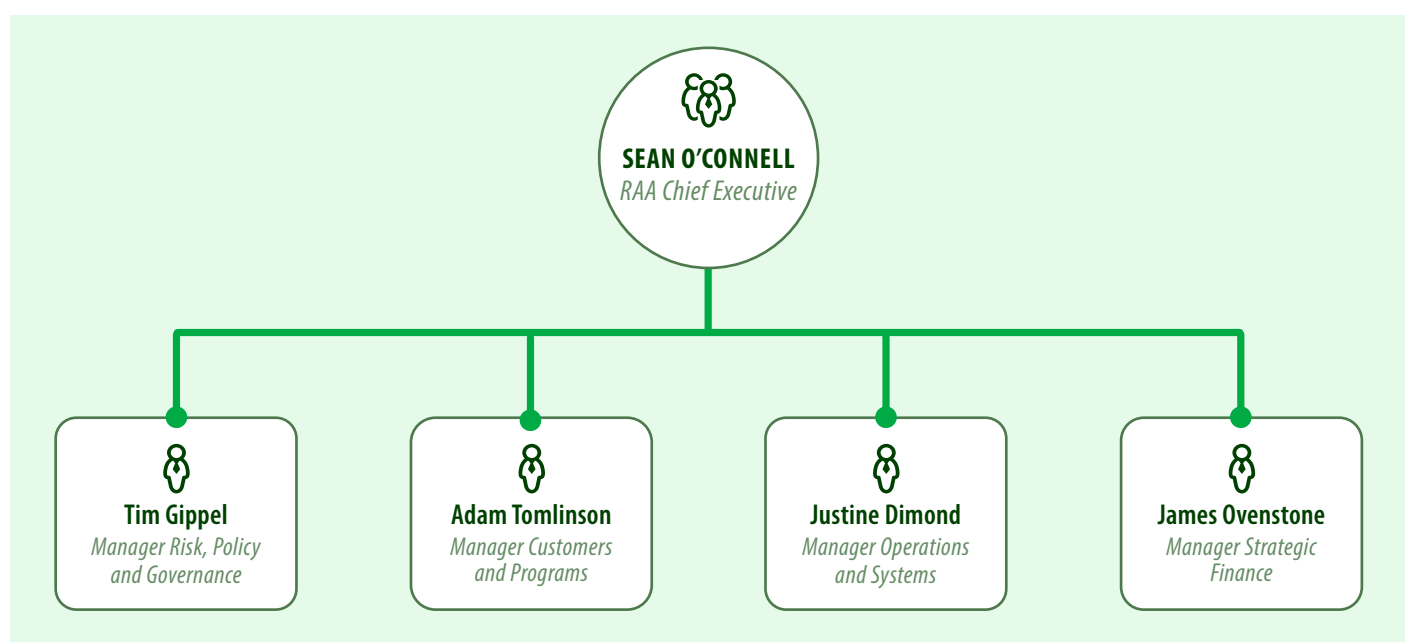


Table 13: Numbers and remuneration of RAA senior executives in 2021-22.

Program performance measures (PPMs)	2019-20	2020-21	2021-22
Number of senior executives	2	2	1
Senior executive bands	2	2	1
Number of female and male executives in each band	1 female and 1 male	1 female and 1 male	1 male
Average total remuneration package of senior executives			\$253,235
Percentage of total employee-related expenditure in the reporting year that relates to senior executives			4%

## Workforce diversity

In the People Matter Employee Survey (PMES) data for RAA employees in 2021:

- 89% agreed there is adequate inclusion and diversity in the workplace (15% above the sector)
- 93% agreed that the RAA respects individual differences (e.g. cultures, working styles, backgrounds and ideas) (14% above the sector)
- 91% agreed that personal background is not a barrier to participation in their organisation (e.g. cultural background, age, disability, sexual orientation and gender) (11% above the sector).

## Workforce capability

We develop worker capability in a variety of methods. Starting with job descriptions that clearly outline expectations, we try to hire the right people. Annual performance development plans are then used to manage and support development (PDPs). These PDPs are agreements outlining responsibilities and growth prospects, assisting personnel in fulfilling their roles. Staff members have the chance to identify their professional goals and talk about how to achieve them through the PDP. The RAA often offers staff members the ability to upskill through internal development programs.

## Multicultural Policies and Services

The DRNSW Annual Report contains RAA statistics related to multicultural policy and planning.

The RAA aims to make assistance available and accessible for all primary producers and refers customers to Multicultural NSW if language services for interpreting or translating information are required.

The RAA has a staffing profile that corresponds to our customer base and includes certain employees who were born abroad or who have a global cultural background. It is well recognised that when employees first join an organisation, they may not always choose to disclose their cultural heritage.

## Aboriginal Outcomes Strategy

The RAA contributes to the delivery of DRNSW's Aboriginal Outcomes Strategy 2022-2025



## Disability Inclusion Action Plan

The DRNSW Annual Report contains RAA statistics related to the Disability Inclusion Action Plan. The RAA contributes to delivery of the DRNSW's Disability and Inclusion Action Plan 2021-2024.

## Flexible working arrangements

The COVID-19 pandemic has required a flexible approach to managing staff hours and location of work. While some staff could not work from home because of internet or home setup difficulties, the vast majority did. The RAA was regarded as an essential service so a small number of staff could remain in the office, even through the tightest restrictions. This was important, particularly when on-boarding new staff. It is difficult to undertake training in a virtual setting.

We take an understanding approach to the needs of our staff and have been flexible about start and finish times, and how work outcomes can be achieved. The PMES showed that in 2021-22, 95% 89% of our staff agreed their manager supports flexible working in their team, compared to 89% in 2020-21 and 29% above the sector.

## Awards



Figure 12: The RAA's bronze award

The RAA received a Bronze Award in the 2022 Australasian Reporting Awards for the RAA's 2020-21 Annual Report (Figure 12).





## People Matter Employee Survey (PMES)

### Employee satisfaction

The NSW Government undertakes a survey of all NSW public sector employees every year, through the People Matter Employee Survey (PMES). It is a valuable tool for understanding staff perceptions and tracking changes over time. The PMES was open for responses between 23 August to 17 September 2021. The RAA had a response rate of 79% (45 employees), compared with 57% in 2020 and 86% in 2019. This year's response rate exceeded the Strategic Plan's measure of success of more than 75% employee engagement. More information provided below, as reported in the 2021 PMES survey results:

#### RAA Employee Engagement

**91%**

+18%

91% of you would recommend the RAA as a **great place to work**

**91%**

+18%

91% of you are **proud** to tell others that you work at RAA

**91%**

+40%

91% of you feel a **strong personal attachment** to the RAA

**82%**

+33%

91% of you are **motivated** to help the RAA achieve its goals

**84%**

+27%

84% of you are **inspired by the RAA** to do the best in your job

#### RAA Job Satisfaction

**91%**

+23%

91% of you say your job gives you a feeling of **personal accomplishment**

**89%**

+20%

89% of you say you feel motivated to **contribute more** than what is normally required

**89%**

+13%

89% of you are **satisfied with your job**

**87%**

+21%

87% of you say you find your life at work **fulfilling**

## RAA ROLE CLARITY & SUPPORT

93%

+14%

93% of you understand what is **expected** of you to do your job well

89%

+18%

89% of you get the **support you need** to do your job well

96%

+35%

96% of you have the **tools and technology** to do your job well

78%

+17%

78% of you say you have the **time** to do your job well

82%

+29%

82% of you have received the **training and development** you need

## RAA CUSTOMER SERVICE

91%

91% of you feel **empowered** to make the decisions needed to help customers

93%

93% of you can explain how your **work impacts customers**

93%

93% of you consider **customer needs** when planning your work

91%

91% of you say senior managers communicate the **importance of customers**

89%

89% of you say RAA processes are designed to support the **best experience** for customers

95%

95% of you say the RAA meets the **needs of communities and people** in NSW

## RAA WELLBEING

82%

+9%

82% of you can keep your **work stress** at an acceptable level

84%

+19%

In general the RAA team's **sense of wellbeing** is rated at 84%

## RAA RISK & INNOVATION

98%

+8%

98% of you are comfortable notifying your manager if you become **aware of risks**

95%

+11%

95% of you say your manager **encourages you to improve** the work you do

93%

+6%

93% of you say your manager encourages you to **learn from your mistakes**

89%

+21%

89% of you believe the RAA is making **improvements** to meet future challenges

## RAA JOB PURPOSE & ENRICHMENT

87%

87% of you say your job gives you opportunities to use a **variety of skills**

89%

89% of you say you have **choice** in deciding how you carry out your day-to-day work tasks

75%

+7%

75% of you have **received feedback** in the past year to help improve your work

91%

91% of you say your manager communicates how you **contribute** to the RAA's purpose

## RAA FLEXIBLE WORKING

95%

+12%

95% of you say there are people at work who **care about you**

93%

+7%

93% of you are satisfied with your ability to **access and use flexible working** arrangements

98%

+9%

98% of you say your manager **supports flexible working** in your team

91%

+17%

91% of you say your manager provides **recognition for the work you do**

77%

77% of you say you receive **adequate recognition** for your contribution to the RAA



### RAA INCLUSION & DIVERSITY



The RAA improved scores from last year in:

- Employee engagement – up 14% to 81%
- Wellbeing – up 10% to 87%
- Inclusion and diversity – up 15% to 89%
- Flexible working satisfaction – up 7% to 95%
- Teamwork and collaboration – up 12% to 86%
- Employee voice – up 5% to 81%
- Communication and change management – up 13% to 79%
- Decision making and accountability – up 16% to 88%
- Feedback and performance management – up 9% to 76%
- Risk and innovation – up 12% to 94%
- Role clarity and support – up 21% to 84%
- Job satisfaction – up 19% to 89%
- Learning and development – up 15% to 65%.

Our staff have a strong internal drive to provide good outcomes for our stakeholders and hold themselves to a high standard. Respondents rated our customer service outcome at 92%.

The results show there has been a significant cultural shift in the past 12 months compared to the 2020 PMES results, due to management responding to recommendations by the Staff Representative Group through:

- distribution of a weekly report to all staff by the Chief Executive, providing information about key projects, changes, successes and challenges.
- preparing and providing an induction pack for new RAA employees so that they had a clear understanding of what was required of them and

### RAA TEAMWORK



where they fitted within the organisation

- holding a program of monthly ‘lunch and learns’, which provides an opportunity to share strategic and operational information with staff.

All respondents reported their manager listens to what they have to say, and 98% of respondents reported:

- they are comfortable notifying their manager if they become aware of any risks at work
- their manager communicates effectively with them
- their manager encourages and values employee input
- their manager supports flexible working in their team.

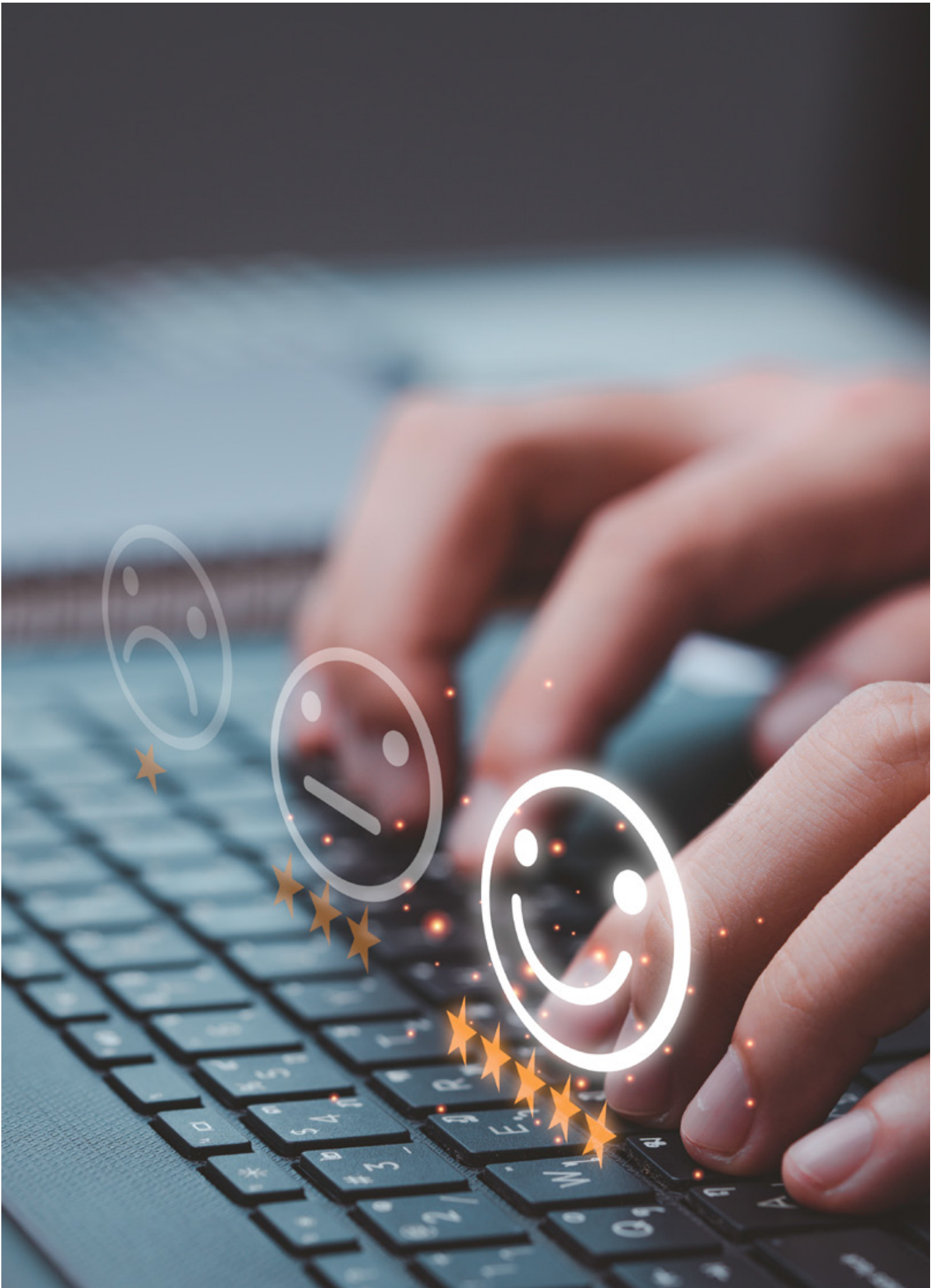
Despite this strong feedback, respondents indicated there is room for improvement in:

- opportunities for career development in the RAA
- employee development
- recruitment decisions
- clear criteria for assessing performance
- managing change.

### Benchmarks against the NSW public sector

The annual People Matter Employee Survey (PMES) allows us to benchmark our results against other NSW public sector organisations. The top areas we compared most favourably to the rest of the sector were:

- 96% report they have the tools and technology to do their job well (compared to 66% across the sector)
- 93% agree there are effective resources in the RAA to support employee wellbeing (compared to 70% across the sector)
- 93% feel they belong to the RAA (compared to 71% across the sector)
- 91% feel a strong personal attachment to the RAA (compared to 65% across the sector)
- 91% agree their manager communicates how their role contributes to the RAA’s purpose (compared to 68% across the sector).







## Work Health and Safety (WHS)

We continued to monitor work health and safety (WHS) needs through the organisation in 2021-22. Our WHS risks tend to fall in the area of the psychosocial, with customer aggression and distress, remote or isolated work associated with working from home, and sometimes, excessive workload, the main concerns. WHS statistics are detailed in the Appendices.

WHS policy and procedures form part of the induction program for RAA staff. Staff are required to complete WHS training annually to comply with the Work Health and Safety Act 2011 and ensure they remain up to date with required knowledge.

We focus on ensuring the mental and physical wellbeing of our staff. This has been particularly the case during COVID-19 and the need to work from home. The indications are that although it has been another difficult year, 98% of our staff feel comfortable notifying their manager if they became aware of any risks at work, an increase of 8% from last year and 8% more than across the sector (according to the 2021 PMES survey).

The DPI's Infrastructure Investment and Business Excellence (IIBE) WHS Committee meets quarterly, and the RAA is represented by a member of the management team. Consultation during 2021-22 included consideration of managing aggressive stakeholders, COVID-19 and vehicle safety. In response, the DRNSW Health and Wellbeing team conducted training for staff in the RAA who interact with aggressive stakeholders.

There were five reported WHS incidents reported in 2021-22 with four relating to COVID-19 and one categorised as psychosocial.

Seventy-two of the 81 RAA staff completed WHS training in 2021-22.

## Staff education and training

In 2021-22, we provided training at a total cost of \$10,757. Most training for the RAA is provided by DRNSW This includes targeted training based on needs as well as mandatory online training modules which staff complete on commencement and annually.

The RAA holds monthly all staff meetings which include general awareness sessions on a number of key areas including governance and risk (for example conflicts of interest, privacy, cyber-security and fraud), program updates (for new and existing programs) and any other areas where a need for additional information has been identified.

Staff are encouraged to relieve in higher positions with additional training and instruction provided as necessary. This provides us with a core group of multi-skilled staff members able to perform a variety of positions. We encourage staff to undertake tertiary education and allow staff enrolled in external courses to take study leave in accordance with policy. DRNSW provides an onboarding and induction package for all staff which we have complemented with our own induction package tailored to our specific job requirements.



# 07 SECTION





# OUR GOVERNANCE

## Governance structure

The RAA Chief Executive is a member of the RAA Board, has responsibility for managing and controlling RAA affairs in accordance with board policies, and is taken to do 'any act, matter or thing done in the name of, or on behalf of' the RAA.

The RAA Board meets regularly and as needed, to set direction and promote the object of the *Rural Assistance Act 1989 (NSW)*: the proper and efficient delivery of programs of assistance to farmers and other persons engaged in rural industries, and to other persons as provided by the Act.

In 2021-22, the Board met five times. Ordinarily a full board meeting is set for four times a year (quarterly) and can be complemented with teleconferences as required. Circular resolutions are agreed out of session. During the year the Board considered:

- annual financial statements
- the Farm Debt Mediator Accreditation Policy
- the Debt Recovery Policy
- the Appeals Policy for Special Disaster Assistance
- amendments to existing guidelines (Emergency Water Infrastructure Rebate Scheme Round 2, Special Disaster Grants (Storms and Floods), and the Zinc Phosphide Rebate Program)
- endorsement of new guidelines (Horticultural Netting Program - Trial)
- the role of the Board from the perspective of the Minister's office and the DPI Director General

- RAA priority projects (such as the Farm Innovation Fund 2.0, Know Our Customers Data Project, Transforming the RAA Customer Journey from the Digital Restart Fund)
- the RAA Act review
- the Defining a Primary Producer (farmer) Project
- challenges and opportunities with RAA data
- the DPI Strategic Plan
- the RAA 22-23 Business Plan

The Chief Executive is supported by an audit and risk committee (ARC). The ARC provides advice to the Chief Executive and RAA Board by monitoring and reviewing the RAA's governance processes, risk management and control frameworks, and external accountability requirements. The RAA continues to have a dedicated ARC that is now administered by DRNSW.

The ARC met four times in 2021-22 (Table 14) and played a particular role in advising on the finalisation of the RAA's financial statements.

The ARC has oversight of the internal audit program and reviewed the following audits that commenced or were completed in 2021-22:

- Transport Subsidy – Donated Fodder and Natural Disaster
- Zinc Phosphide Rebate Program
- the broader RAA grants program

The internal audit function is a key component of the second line of defence and has identified many business improvement opportunities.

Table 14: ARC meetings in 2021-22.

Date	Julie Elliott (RAA ARC Chair)	Kerry Aaby (RAA ARC Member)	Gary Humphreys (RAA ARC Member)	Sean O'Connell (CEO RAA)	James Ovenstone (Manager Strategic Finance RAA)	Tim Gippel (Manager Risk, Policy & Governance RAA)
2 September 2021 (4th Quarter 20-21)	●	●	●	●	●	●
17 November 2021 (1st Quarter 21-22)	●	●	●	●	●	●
11 March 2022 (2nd Quarter 21-22)	●	●	●	●	●	●
16 May 2022 (3rd Quarter 21-22)	●	●	-	●	●	●

## Risk management

In 2021 the RAA assessed its risk maturity against a five-level rating tool that progresses from fundamental to repeatable, systematic, embedded and advanced. The results put the RAA at “embedded” for six of nine risk maturity attributes and at “systemic” for the other three that rate aspects of training and risk awareness. The 2022 risk maturity assessment has been delayed following a restructure of the DRNSW central team. This is now due to be completed in Q1 of 2022-23.

The RAA has a dedicated and independent ARC which is managed by DRNSW. The RAA reports on risk and audit matters to the ARC on a quarterly basis. The RAA’s approach to risk management is carried out in accordance with DRNSW’s Risk Management Framework.

The management team oversees the maintenance and review of the enterprise risk management register and it is considered and discussed at monthly assurance working group meetings. This includes monthly review of existing controls to ensure they are effective and in place, as well as risk actions (future controls).





A project risk register is established for all new programs and written into governance documentation. The risk of financial mismanagement or misallocation is mitigated through a range of controls, one of the most important of which, is a financial instrument of delegation (“the delegations”) signed by our Chief Executive. This delegation makes it clear who has authority to approve particular activities, and to what level. Our financial management system has been developed to mirror the delegations so that it is impossible for a person to make a payment that is beyond their level of delegation.

The RAA’s Chief Executive, Sean O’Connell has responsibility for the organisation and the management team. With many years in government, corporate and not-for profit organisations, Sean has a solid understanding of the operating environment, particularly the need to balance speed and access against rigour and integrity.

Sean is supported in the governance task by the Manager of Risk, Policy and Governance, Tim Gippel. Tim has over 20 years’ experience in the public sector, managing policy, governance and risk teams. Tim has particular expertise in governance and risk management, having developed governance infrastructure and risk management frameworks for each area he has worked in. The team also benefits from the presence of DNRSW’s Director Audit and Risk, Allan Murray, as Chief Audit Executive.

## Insurance

The RAA participates in an insurance scheme administered on behalf of the NSW Government by icare to include insurance cover for workers’ compensation, motor vehicles, public liability, property and miscellaneous insurance. The RAA’s 2020-21 workers’ compensation premium is included in the DRNSW premium. There were no workers’ compensation claims received in 2021-22.

## Inquiries

### Select Committee on the Response to Major Flooding Across NSW in 2022

The RAA was called to answer questions on 15 June 2022 by this inquiry. The RAA reported that to date the RAA had received 3,056 applications for the Special Disaster Grants of up to \$75,000 for eligible primary producers for the severe weather and flooding from February 2022 onwards, and 1,507 had already been completed. Approximately 82% had been approved, which was approximately 40% of those received. By 30 June 2022:

- 3,242 applications were received
- 1,691 applications were approved
- 289 applications were refused

- the total value requested was \$184,607,490
- the total value approved was \$103,848,782
- the total value disbursed was \$26,105,820
- 40% of customers were first-time customers of the RAA, demonstrating the unprecedented nature of the event and the draw on resources of the RAA to deliver the program
- the program closes in June 2023.

The Select Committee also discussed:

- the Rural Landholders Grant of up to \$25,000 being provided for the February 2022 event, to people who did not qualify for the primary producer Special Disaster Grant
- the RAA’s digital service transformation project, funded by the NSW Government’s Digital Restart Fund, to streamline the customer experience and to allow the RAA to deliver support faster and more efficiently.

## Audits

### Rural Assistance Authority Grants Management Internal Audit

Deloitte Touche Tohmatsu (Deloitte) undertook an internal audit of Grants Management. Deloitte reviewed the following programs being administered by the RAA at the time:

- Emergency Water Infrastructure Rebate Scheme
- NSW Mouse Control Program – Zinc Phosphide Rebate
- Natural Disaster Donated Fodder Transport Subsidy
- Natural Disaster Transport Subsidy
- Natural disaster recovery grants (including Special Disaster Grants – NSW Storms & Floods – February 2021 and March 2021).

The audit conclusion for the report of 22 June 2022 was that minor improvement was required and that the residual risk for the grants management process is Medium.

In response the RAA agreed to:

- prepare an overarching grant management framework for RAA grant programs
- revise the relevant job-guides and training materials for grant program assessment
- provide further training to the Payments Team on dealing with GST for our loans and grant programs.

# Internal Audit and Risk Management Policy Attestation

**Internal Audit and Risk Management Attestation Statement  
2021-2022 Financial Year  
NSW Rural Assistance Authority**

I, Sean O'Connell, Chief Executive Officer, Rural Assistance Authority, am of the opinion that the NSW Rural Assistance Authority has internal audit and risk management processes in operation that are, excluding any exemptions or transitional arrangements described below, compliant with the seven (7) Core Requirements set out in the *Internal Audit and Risk Management Policy for the General Government Sector*, specifically:

Core Requirements	Compliant, Non-Compliant, or In Transition
<b>Risk Management Framework</b>	
1.1 The Accountable Authority shall accept ultimate responsibility and accountability for risk management in the Agency.	Compliant
1.2 The Accountable Authority shall establish and maintain a risk management framework that is appropriate for the Agency. The Accountable Authority shall ensure the framework is consistent with AS ISO 31000:2018.	Compliant
<b>Internal Audit Function</b>	
2.1 The Accountable Authority shall establish and maintain an internal audit function that is appropriate for the agency and fit for purpose	Compliant
2.2 The Accountable Authority shall ensure the internal audit function operates consistent with the International Standards for the Professional Practice of Internal Auditing	Compliant
2.3 The Accountable Authority shall ensure the agency has an Internal Audit Charter that is consistent with the content of the 'model charter'	Compliant
<b>Audit and Risk Committee</b>	
3.1 The Accountable Authority shall establish and maintain efficient and effective arrangements for independent Audit and Risk Committee oversight to provide advice and guidance to the Accountable Authority on the agency's governance processes, risk management and control frameworks, and its external accountability obligations	Compliant
3.2 The Accountable Authority shall ensure the Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'	Compliant



### Audit and Risk Committee – Membership

The independent chair and members of the Audit and Risk Committee are:

- **Chair** - Ms Julie Elliott; Start: 1 November 2020 - Finish 30 October 2023
- **Member** – Mrs Kerry Adby; Start: 1 November 2020 - Finish 30 October 2023
- **Member** – Mr Gary Humphreys; Start: 1 November 2020 - Finish 30 October 2023

### Shared Arrangements

I, Sean O’Connell, Chief Executive Officer, Rural Assistance Authority have entered into an approved shared arrangement with the following agencies:

- Department of Regional NSW – Principal Department
- NSW Food Authority
- Regional Growth (NSW) Development Corporation

The resources shared include the Audit and Risk Committee, the Chief Audit Executive and the internal audit function. The shared Audit and Risk Committee is a Principal Department Led Shared Audit and Risk Committee.



Sean O’Connell  
Chief Executive Officer, Rural Assistance Authority

## Code of conduct

One of the RAA's key controls against errors and misunderstandings, is that staff are required to complete training in the department's code of conduct: "the code" when they commence employment and annually thereafter. The code articulates:

- professional standards
- how we should use resources responsibly
- how we manage information
- how we manage risks and make good decisions
- how we engage with the community
- how we speak up and report when needed
- what happens when the code is breached.

As part of code of conduct training, staff learn about conflicts of interest. The department has a process for declaring conflicts of interest and staff are taught how to identify them and to make a declaration. The RAA delivered additional training to reinforce the messages relating to conflicts of interest and maintains a register to ensure oversight of appropriate internal controls.

If staff fail to meet standards set by the code, corrective action may be taken in accordance with the *Government Sector Employment Act 2013*. If there is a finding of misconduct, the action taken will depend on the circumstances, but may include caution or reprimand, assignment to another role, a fine, reduction in grade or termination of employment.

Staff conduct and professional behaviour is monitored by managers and can be supported through actions in the Performance and Development Plan (PDP) process.

## Assurance framework

The RAA takes the 'three lines of defence' approach to assurance, with management controls the first line, complementary analysis and challenge the second line, and the third line involving independent and objective advice (Figure 13).

The RAA maintains a Board-approved Assurance Policy and a CE approved Assurance Framework. The activities required through these documents provide an internal assessment of governance, risk management and control processes. Assurance processes provide comfort to senior leadership and the board, that the controls in place to manage risks are adequate and effective.

In the 2021-22 year, the RAA carried out assurance reviews on a number of programs including Emergency Water Infrastructure Rebate Scheme (EWIR) 2.0, Bushfire Industry Recovery Program (BIRP), Zinc Phosphide (ZnP), Special Disaster Grants (SDG) for NSW Storms and Floods (both Feb/March '21 and November '21 events) and Rural Landholders Grant (RLG). The sample size varies depending on the risk profile of the program being reviewed as well as number of applications. To date the sample size has varied between 2% and 10% of approved applications.

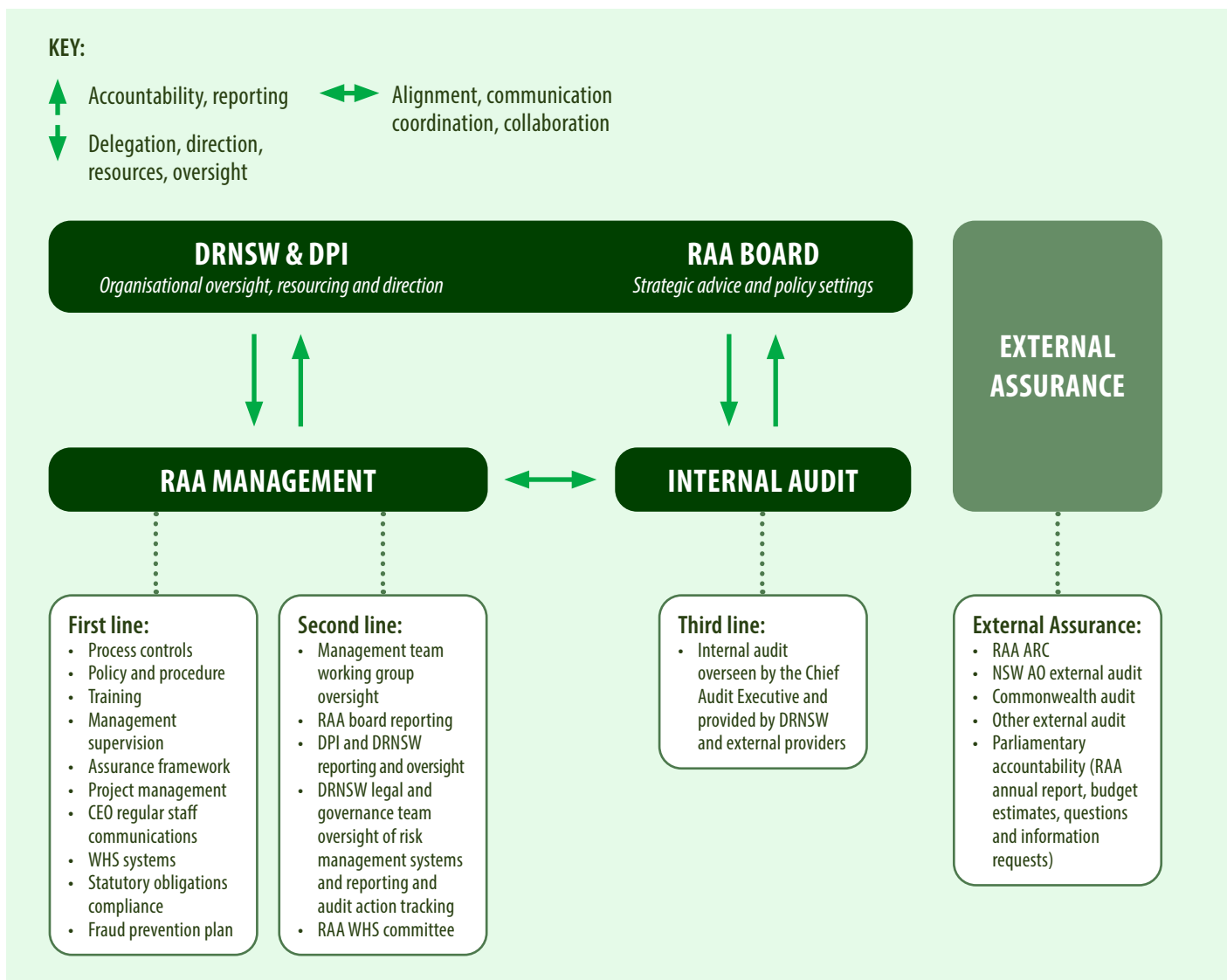
This is an ongoing risk-based process with live programs being reviewed on a monthly basis. Each review is followed by a high-level report which is provided to the relevant program manager for information and comment.

To date, no significant concerns have been raised as part of this process however live feedback is provided to the relevant teams to ensure that continuous improvement can be made at the business unit level. This includes process improvements as well as highlighting any training gaps which may exist.





Figure 13: The RAA's assurance framework.



## Fraud and corruption

As an administrator of public funds, the RAA is exposed to a risk of fraud and corruption, both internally, and from external parties. The RAA has seen a significant rise in attempted fraud cases with the range of new programs in response to natural disaster events. There were 292 instances of suspected external fraud in 2021-22, up from 15 in the previous financial year. The vast majority of these cases were obvious attempts at fraud which were opportunistic and unsophisticated in nature. They were easily identified by RAA assessment staff, and therefore did not result in financial loss. These incidents unfortunately take resources away from providing timely assistance to genuine applicants. The RAA has therefore introduced early detection and diversion of these applications to an alternative administration pathway.

In 2021-22 the RAA established a Case Review Panel to assist decision making in suspected fraud cases. In particular, the Case Review Panel considers cases

which may require further investigation or referral to the NSW Police Force. The Panel consists of senior management from the RAA as well as legal and governance representatives from DRNSW.

The RAA reported two new matters to the NSW Police Force for expected fraud in 2021-22. One was a single application for Special Disaster Loan (Bushfire) and the other was a group of Special Disaster Grant (Storm and Flood) applications.

The RAA continues to work closely with other DRNSW partner agencies and the DRNSW central risk and governance teams to share expertise, experience and resources in fraud prevention detection and response.

In 2021-22 there was no evidence of corruption from internal parties. The RAA maintains strong internal controls, as detailed in the Assurance Framework section, that make it difficult for internal misallocation of funds or corruption to occur. The RAA maintains separation of administration, assessment and financial functions. Delegations controlled through the financial management system also limit the opportunity for

corruption. High value disbursements require CEO approval. Managers supervise processing staff and have approval at key points. Access to RAA processing systems is via a secure login with password security controlled by the department.

## Business continuity planning

The RAA has continued to use its business continuity plan (BCP) to guide the approach to the COVID-19 pandemic. The broad approach to COVID-19 has been driven by the NSW Government and the department, however the RAA's BCP and stepped action plan for the pandemic helped govern the approach to working from home during COVID lockdown periods. DRNSW implemented return to work planning for post COVID lockdown, work from home arrangements.

## Records and information management

The RAA's electronic records are managed by DRNSW under a service agreement. That management includes support and advice, but the RAA monitors its own adherence to good record management standards and ensures that security risks are managed effectively.

In 2021-22 the RAA worked with NSW State Records to develop a revised functional records retention and disposal authority. The new authority replaces the previous version and is tailored to the unique set of Rural Assistance Authority functions. The new authority, FA426, was finalised and approved on 8 July 2022.

The RAA's Manager of Risk, Policy and Governance is the responsible officer for RAA records management

### Release of Government Information

Refer to the DRNSW Annual Report for GIPA requests to the RAA under the *Government Information (Public Access) Act 2009* (GIPA).

## Privacy and Personal Information

The RAA holds significant personal information of our customers and is committed to protecting individual privacy and managing that personal information in accordance with the *Privacy and Personal Information Protection Act 1998* (NSW).

In managing private and personal information, the RAA is guided by the policies, procedures and reporting requirements of DRNSW. Staff have received targeted training on privacy to support good decision-making about how to handle personal information.

In 2021-22 there were one privacy related incident recorded.

## Public Interest Disclosures

The RAA is part of the Department of Regional NSW (DRNSW) cluster. Statistics relating to public interest disclosures are included in the consolidated annual report for that entity.

## Cyber Security Policy (CSP) Attestation

The NSW Government cyber security policy establishes a range of obligations for agencies. For the RAA, these obligations were mostly met by our parent agency, DRNSW.

All staff are required to complete cyber security essentials training online on an annual basis.

On-going awareness is provided periodically in sessions that include a cyber security refresher focussing on phishing emails and the process for staff to follow if they receive a 'suspicious' email.

In 2021-22 the RAA encountered two cyber-security incidents. In October 2021, the RAA Chief Executive's (CE) account was one of 56 DRNSW accounts affected by a cyber security incident. All accounts were disabled for several days while the incident was addressed however there was no reported loss as a result. In June 2022 a staff member received an email from someone impersonating the CE. All staff were made aware of the false email and the matter was referred to DRNSW's Cyber team.





## Cyber Security Policy (CSP) Attestation



24 October 2022

### Cyber Security Annual Attestation Statement for the 2021-2022 Financial Year

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I, Darren Budworth, am of the opinion that the information security management system of NSW Rural Assistance Authority (RAA) a statutory authority within the Department of Regional NSW (DRNSW) has managed cyber security risks in a manner consistent with the Mandatory Requirements set out in the NSW Government Cyber Security Policy.

Governance is in place to manage the cybersecurity maturity and initiatives of RAA.

Risks to the information and systems of RAA have been assessed and are managed.

There exists a current cyber incident response plan for RAA provided by DRNSW which has been tested during the reporting period.

DRNSW and the supported entities have an Information Security Management System (ISMS) in place.

The Department of Planning and Environment (DPE) provides DRNSW and the supported entities with their ICT environment through a Service Partnership Agreement. DPE has responsibility for the technical aspects of cybersecurity on behalf of DRNSW and the supported entities.

Cyber security is appropriately addressed at agency governance forums.

DPE has maintained certification with ISO27001 Information Technology - Security Techniques - Information Security Management Systems - Requirements. This certification was provided by an Accredited Third Party (BSI) during the 2021/2022 financial year (Certificate Number is IS 645082).

There is no agency under the control of NSW Rural Assistance Authority which is required to develop an independent ISMS in accordance with the NSW Cybersecurity Policy

Yours sincerely

Darren Budworth

NSW Rural Assistance Authority

A handwritten signature in black ink, appearing to be 'DB', written over a horizontal line.

# 08

SECTION





# OUR FINANCIAL PERFORMANCE

## Independent Auditor's Report



### INDEPENDENT AUDITOR'S REPORT New South Wales Rural Assistance Authority

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of New South Wales Rural Assistance Authority (the Authority), which comprise the Statement by the Chief Executive Officer, the Statement of Comprehensive Income for the year ended 30 June 2022, the Statement of Financial Position as at 30 June 2022, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Statement of Significant Accounting Policies, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2018* (GSF Regulation) and the Treasurer's Directions
- presents fairly the Authority's financial position, financial performance and cash flows.

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

#### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Authority in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles 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
- precluding the Auditor-General from providing non-audit services.

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

## Independent Auditor's Report continued

### Other Information

The Authority's annual report for the year ended 30 June 2022 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Chief Executive Officer of the Authority is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the annual report.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

### Chief Executive Officer's Responsibilities for the Financial Statements

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulation and Treasurer's Directions. The Chief Executive Officer's responsibility also includes such internal control as the Chief Executive Officer determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

### Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

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



## Independent Auditor's Report continued

The scope of my audit does not include, nor provide assurance:

- that the Authority carried out its activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- 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 which may have been hyperlinked to/from the financial statements.



Min Lee  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

29 September 2022  
SYDNEY

# Manager Strategic Finance's Report

## RAA's financial performance

The RAA has had another big year with a surplus of \$14.8m in 2021-22, up on the \$11.2m surplus of 2020-21. This is the third year of strong surpluses for RAA, reversing the \$32m negative financial position of 2018-19, to a solid positive in 2021-22 (\$15.8m 'in the black').

This is the second largest year RAA has seen, with total expenditure for the year of \$264m, slightly less than 2019-20 (\$271m). Most of the expenditure 2021-22 was grants and subsidies for disaster assistance (91%), followed by interest cost on loans (5%), operating expenses including staffing, with general operating expenses accounting for the smallest part of expenditure for the year (4%). In addition, the RAA also disbursed \$114M in loans during the year.

## Loans under management

At 30 June 2022 the RAA had \$627m of loans under management. During 2021-22 the RAA loan book balance stayed constant, with a similar number of new loans being disbursed as being repaid by customers. As noted above, \$114m in loans was disbursed during the financial year across the following products:

- \$67M Farm Innovation Funds (FIF) loans
- \$27.5M Drought Assistance Fund (DAF) Loans
- \$9.6M Natural Disaster Relief (NDRL) loans
- \$7M Forestry Industries Innovation Fund (FIIF) loans
- \$2.9M Seafood Innovation Fund (SIF) loans.

The number of loans in arrears has decreased by 12%, and the loans balance decreased 35% in the past 12 months due to the reintroduction of automated instalment reminders, diligent work by the RAA loan management team and \$72,833 written off during the past 12 months.

In previous financial years, the RAA has recognised an impairment on loan advance receivable for Expected Credit Loss (ECL) on active loans made to the customers, however at that point did not recognise a further provision related to ECL on loans committed,

but not disbursed. The NSW Audit Office recommended the RAA recognise the ECL on loan commitments as a provision during the previous year's audit. For the 30 June 2022 financial statements, the RAA has recognised a provision for ECL on loan commitments of \$920,971.

As part of our continual improvement process for credit risk management and reporting, the RAA has applied specific provisions on 80 loans in default with arrears over 90 days and related to 65 customers. The specific provision of \$4.19M aids the \$9.62 simplified ECL provision and the ECL on loan commitment leading to a total ECL of \$14.7M.

## The RAA is backed by the strength of the NSW Crown

The RAA receives approved funding from the Department of Regional NSW (DRNSW) while loan advances provided to clients are funded by the Crown Entity or other government agencies. At the date of this report there is no reason to expect this financial support to not continue. Loans from the Crown Entity are currently provided for under a loan facility agreement effective from 1 July 2002. The existing loan facility is on a limited recourse basis with terms that the RAA carries neither credit nor interest rate risk or reward. Under the terms of the loan, the RAA is required to pay back to the Crown Entity principal and interest repayments that are received from the customer. While T-Corp bond rates are below the interest rate of RAA concessional loan products, the benefit sits with the Crown. When bond rates rise above the interest rates of RAA concessional loan products, the risk sits with the Crown.

In conclusion, on behalf of the RAA, I offer my thanks to Angus Begg, the DRNSW CFO, his team, the DPE shared services team, and the members of the DRNSW/RAA Audit and Risk Committee.

James Ovenstone

Manager Strategic Finance



# Budgets

<b>New South Wales Rural Assistance Authority</b>		
<b>Operating Statement</b>		
	2021-22	
	Budget	Revised
	\$000	\$000
<b>Expenses Excluding Losses</b>		
Operating Expenses -		
Employee Related	(0)	158
Personnel Services Expenses	13,484	9,887
Other Operating Expenses	6,090	5,447
Grants and Subsidies	202,026	253,850
Appropriation Expense	...	...
Depreciation and Amortisation	9	...
Finance Costs	12,823	13,232
Other Expenses	...	...
<b>TOTAL EXPENSES EXCLUDING LOSSES</b>	<b>234,431</b>	<b>282,575</b>
<b>Revenue</b>		
Appropriation Revenue	...	...
Cluster Grant Revenue	147,802	44,192
Acceptance by Crown Entity of Employee Benefits and Other Liabilities	...	158
Transfers to the Crown Entity	...	...
Sales of Goods and Services	619	...
Grants and Contributions	74,649	219,363
Investment Revenue	23,803	21,765
Retained Taxes, Fees and Fines	...	...
Other Revenue	1,035	221
<b>Total Revenue</b>	<b>247,907</b>	<b>285,699</b>
Gain/(Loss) on Disposal of Non Current Assets	...	...
Other Gains/(Losses)	(1,020)	(1,347)
<b>Net Result</b>	<b>12,456</b>	<b>1,777</b>

# Budgets

Balance Sheet	2021-22	
	Budget	Revised
	\$000	\$000
<b>Assets</b>		
<b>Current Assets</b>		
Cash Assets	10,835	46,793
Taxes Receivable	...	...
Receivables	4,127	3,693
Contract Assets	...	...
Inventories	...	...
Financial Assets at Fair Value	...	...
Other Financial Assets	48,745	55,829
Other	...	...
Assets Held For Sale	...	...
<b>Total Current Assets</b>	<b>63,707</b>	<b>106,314</b>
<b>Non Current Assets</b>		
Taxes Receivable	...	...
Contract Assets	...	...
Receivables	...	...
Inventories	...	...
Financial Assets at Fair Value	705,195	663,316
Equity Investments	...	...
Property, Plant and Equipment -		
Land and Building	...	...
Plant and Equipment	92	...
Infrastructure Systems	...	...
Investment Properties	...	...
Right of Use Assets	...	...
Intangibles	...	0
Other Assets	10,609	...
<b>Total Non Current Assets</b>	<b>715,896</b>	<b>663,316</b>
<b>Total Assets</b>	<b>779,603</b>	<b>769,630</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Taxes Payable	...	...
Payables	3,643	21,944
Contract Liabilities	...	...
Other Financial Liabilities at Fair Value	...	...
Borrowings	48,757	55,638
Provisions	591	11,309
Other	...	879
Liabilities Associated with Assets Held for Sale	...	...
<b>Total Current Liabilities</b>	<b>52,991</b>	<b>89,770</b>
<b>Non Current Liabilities</b>		
Taxes Payable	...	...
Payables	...	...
Contract Liabilities	...	...
Other Financial Liabilities at Fair Value	...	...
Borrowings	717,857	677,112
Provisions	2	4
Other	0	...
<b>Total Non Current Liabilities</b>	<b>717,859</b>	<b>677,117</b>
<b>Total Liabilities</b>	<b>770,850</b>	<b>766,886</b>
<b>Net Assets</b>	<b>8,753</b>	<b>2,744</b>
<b>Equity</b>		
Accumulated Funds	8,753	2,744
Reserves	...	...
Capital Equity	...	...
<b>Total Equity</b>	<b>8,753</b>	<b>2,744</b>



# Budgets

	2021-22	
	Budget	Revised
	\$000	\$000
<b>Cash Flow Statement</b>		
<b>Cash Flows From Operating Activities</b>		
<b>Payments</b>		
Employee Related	(0)	...
Personnel Services	13,484	9,887
Grants and Subsidies	202,026	253,850
Finance Costs	11,549	8,148
Equivalent Income Tax	...	...
Other Payments	56,873	3,151
<b>Total Payments</b>	<b>283,932</b>	<b>275,036</b>
<b>Receipts</b>		
Appropriation	...	...
Cluster Grant Revenue	147,802	44,192
Cash reimbursements from the Crown Entity	...	...
Sale Proceeds Transfers to the Crown Entity	...	...
Cash transfers to the Crown Entity	...	...
Sale of Goods and Services	619	879
Retained Taxes, Fees and Fines	...	...
Interest Received	11,920	18,643
Grants and Contributions	74,649	219,363
Other Receipts	15	608
<b>Total Receipts</b>	<b>235,005</b>	<b>283,684</b>
<b>Net Cash Flows From Operating Activities</b>	<b>(48,927)</b>	<b>8,648</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds from Sale of Property, Plant and Equipment	...	...
Purchases of Property, Plant and Equipment	(50)	...
Proceeds from Sale of Investments	...	...
Purchases of Investments	...	...
Advances Repayments Received	69,830	99,945
Advances made	(186,120)	(200,161)
Other Investing	...	...
<b>Net Cash Flows From Investing Activities</b>	<b>(116,340)</b>	<b>(100,216)</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from Borrowings and Advances	188,745	127,629
Repayment of Borrowings and Advances	(72,456)	(26,318)
Dividends Paid	...	...
Other Financing	...	...
Capital Appropriation - Equity Appropriation	...	...
Cash Equity Injection to For-Profit Entities	...	...
<b>Net Cash Flows From Financing Activities</b>	<b>116,289</b>	<b>101,311</b>
<b>Net Increase/(Decrease) in Cash</b>	<b>(48,978)</b>	<b>9,743</b>
Opening Cash and Cash Equivalents	59,813	37,050
Reclassification of Cash Equivalents	...	...
Cash transferred in (out) as a Result of Administrative Restructuring	...	...
<b>Closing Cash and Cash Equivalents</b>	<b>10,835</b>	<b>46,793</b>

# Financial Statements 30 June 2022

New South Wales  
Rural Assistance Authority

Financial Statements

30 June 2022



## Financial Statements 30 June 2022

**New South Wales Rural Assistance Authority  
Statement by the Chief Executive Officer  
for the year ended 30 June 2022**

Pursuant to section 7.6(4) of the *Government Sector Finance Act 2018* ('the Act'), I state that these financial statements;

- (a) have been prepared in accordance with the Australian Accounting Standards and the applicable requirements of the Act, the Government Sector Finance Regulation 2018 and the Treasurer's directions, and
- (b) present fairly New South Wales Rural Assistance Authority's financial position, financial performance and cash flows.

Signed



Sean O'Connell  
Chief Executive Officer  
New South Wales Rural Assistance Authority

Date: 27/09/22

# Financial Statements 30 June 2022

## NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Actual 2022 \$000	Budget 2022 \$000	Actual 2021 \$000
<b>Expenses excluding losses</b>				
Personnel services	2(a)	6,226	13,484	5,831
Operating expenses	2(b)	4,786	6,090	4,989
Depreciation and amortisation	2(c)	-	9	-
Grants and subsidies	2(d)	239,293	202,026	126,866
Finance costs	2(e)	13,703	12,823	9,872
<b>Total Expenses excluding losses</b>		<b>264,008</b>	<b>234,432</b>	<b>147,558</b>
<b>Revenue</b>				
Sales of goods and services		-	619	-
Investment revenue	3(a)	13,752	23,803	9,755
Grants and contributions	3(b)	265,952	222,451	150,557
Personnel services revenue	3(c)	180	-	159
Other revenue	3(d)	180	1,035	308
<b>Total Revenue</b>		<b>280,064</b>	<b>247,908</b>	<b>160,779</b>
Other gains / (losses)	4	(1,197)	(1,020)	(1,950)
<b>Net Result</b>		<b>14,859</b>	<b>12,456</b>	<b>11,271</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>14,859</b>	<b>12,456</b>	<b>11,271</b>

The accompanying notes form part of these financial statements.

## Financial Statements 30 June 2022

### NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Notes	Actual 2022 \$000	Budget 2022 \$000	Actual 2021 \$000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	6	33,610	10,835	36,893
Receivables	7	43,505	4,127	4,981
Other financial assets	8	55,098	48,745	73,861
<b>Total Current Assets</b>		<b>132,213</b>	<b>63,707</b>	<b>115,735</b>
<b>Non-Current Assets</b>				
Other financial assets	8	557,991	715,804	543,888
Property, plant and equipment Plant and equipment	9	-	92	-
<b>Total Non-Current Assets</b>		<b>557,991</b>	<b>715,896</b>	<b>543,888</b>
<b>Total Assets</b>		<b>690,204</b>	<b>779,603</b>	<b>659,623</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	11	20,130	3,643	17,139
Borrowings	12	55,146	48,757	73,861
Provisions	13	27,296	591	11,252
<b>Total Current Liabilities</b>		<b>102,572</b>	<b>52,991</b>	<b>102,252</b>
<b>Non-Current Liabilities</b>				
Borrowings	12	571,788	717,857	556,387
Provisions	13	5	2	4
<b>Total Non-Current Liabilities</b>		<b>571,793</b>	<b>717,859</b>	<b>556,391</b>
<b>Total Liabilities</b>		<b>674,365</b>	<b>770,850</b>	<b>658,643</b>
<b>Net Assets</b>		<b>15,839</b>	<b>8,753</b>	<b>980</b>
<b>EQUITY</b>				
Accumulated funds	14	15,839	8,753	980
<b>Total Equity</b>		<b>15,839</b>	<b>8,753</b>	<b>980</b>

The accompanying notes form part of these financial statements.



## Financial Statements 30 June 2022

### NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Accumulated Funds \$000	Total \$000
<b>Balance at 1 July 2021</b>		980	980
Net result for the year		14,859	14,859
Total other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>14,859</b>	<b>14,859</b>
<b>Balance at 30 June 2022</b>		<b>15,839</b>	<b>15,839</b>
<b>Balance at 1 July 2020</b>		<b>(10,291)</b>	<b>(10,291)</b>
Net result for the year		11,271	11,271
Total other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>11,271</b>	<b>11,271</b>
<b>Balance at 30 June 2021</b>		<b>980</b>	<b>980</b>

The accompanying notes form part of these financial statements.

## Financial Statements 30 June 2022

### NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Actual 2022 \$000	Budget 2022 \$000	Actual 2021 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Payments</b>				
Personnel services		(6,202)	(13,484)	(5,678)
Grants and subsidies		(215,878)	(202,026)	(151,930)
Finance costs		(11,601)	(11,549)	(7,362)
Other		(2,189)	(56,873)	(12,118)
<b>Total Payments</b>		<b>(235,870)</b>	<b>(283,932)</b>	<b>(177,088)</b>
<b>Receipts</b>				
Sale of goods and services		-	619	-
Interest received		11,738	11,920	4,239
Grants and contributions		218,985	222,451	150,266
Other		526	15	316
<b>Total Receipts</b>		<b>231,249</b>	<b>235,005</b>	<b>154,821</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	18	<b>(4,621)</b>	<b>(48,927)</b>	<b>(22,267)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Advance repayments received		112,746	69,830	58,953
Purchases of plant and equipment		-	(50)	
Advances made		(114,369)	(186,120)	(124,663)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(1,623)</b>	<b>(116,340)</b>	<b>(65,710)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from borrowings		115,790	188,745	123,044
Repayment of borrowings		(112,829)	(72,456)	(59,865)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>2,961</b>	<b>116,289</b>	<b>63,179</b>
<b>NET INCREASE/(DECREASE) IN CASH</b>		<b>(3,283)</b>	<b>(48,978)</b>	<b>(24,797)</b>
Opening cash and cash equivalents		36,893	59,813	61,690
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	6	<b>33,610</b>	<b>10,835</b>	<b>36,893</b>

The accompanying notes form part of these financial statements.

# Financial Statements 30 June 2022

## NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

#### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

##### (a) Reporting entity

The NSW Rural Assistance Authority (the Authority), is a NSW government entity and was established under the *Rural Assistance Act 1989*. The Authority is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units other than interest on its loans. The Authority is consolidated as part of the NSW Total State Sector Accounts.

Section 47A of the *Constitution Act 1902* precludes the Authority from employing staff. Under the *Rural Assistance Act 1989*, the Authority can obtain personnel services from Government agencies who are able to engage staff under the *Government Sector Employment Act 2013* to enable the Authority to exercise its functions. During 2021-22, personnel services were provided by the Department of Regional NSW (Principal Department).

These financial statements for the year ended 30 June 2022 have been authorised for issue by the Chief Executive Officer on the date of the accompanying statement by the Chief Executive Officer was signed.

##### (b) Basis of preparation

The Authority's financial statements are general purpose financial statements which have been prepared on an accruals basis and in accordance with:

- applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations)
- the requirements of the *Government Sector Finance Act 2018* (GSF Act) and
- Treasurer's Directions issued under the GSF Act

Property, plant and equipment, assets (or disposal groups) held for sale and financial assets at 'fair value through profit and loss' and available for sale are measured using the fair value basis. Other financial statements items are prepared in accordance with the historical cost convention except where specified otherwise.

Judgements, key report 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 which is the entity's presentation and functional currency.

##### (c) Going Concern

These financial statements of the Authority have been prepared on a going concern basis.

The Authority receives cluster grants as part of the Total State Sector (TSS) funding arrangements.

##### (d) Statement of compliance

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

##### (e) 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 Authority as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of an asset's cost of acquisition or as part of an item of expense; and
- receivables and payables are stated with the amount of GST included.

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

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

##### (f) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is presented in respect of the previous period, 30 June 2021, for all amounts reported in the financial statements.

The budget amounts in statement of comprehensive income and statement of financial position are full year original budget presented to Parliament in respect of the reporting period.



# Financial Statements 30 June 2022

## NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (g) Deemed appropriation

Section 41 of the *Rural Assistance Act 1989 (the Act)* established a Rural Assistance Authority Fund. Section 42 of the Act noted there shall be paid into the Fund the following:

- (a) all money received by or on account of the Authority, and
- (b) all money advanced to the Authority by the Treasurer or appropriated by Parliament for the purposes of the Authority, and
- (c) all money received by the Authority under this Act from any other source.

This Fund is a Special Deposit Account and the Authority does not have any deemed appropriation and no disclosure under section 4.7 of the GSF Act on movement of deemed appropriations is required.

##### (h) Changes in accounting policies, including new or revised Australian Accounting Standards

###### i) Effective for the first time in FY2021-22

The accounting policies applied in 2021-22 are consistent with those of the previous financial year. There are no new or revised Australian Accounting Standards applied for the first time in 2021-22 which has material impact on the financial statements.

- AASB 1060 *General Purpose Financial Statements - Simplified Disclosures For-Profit and Not-for-Profit Tier 2 Entities*
- AASB 2020-5 *Amendments to Australian Accounting Standards - Insurance Contracts*
- AASB 2020-7 *Amendments to Australian Accounting Standards - Covid-19-Related Rent Concessions: Tier 2 Disclosures*
- AASB 2020-8 *Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform - Phase 2*
- AASB 2020-9 *Amendments to Australian Accounting Standards - Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments*
- AASB 2021-1 *Amendments to Australian Accounting Standards - Transition to Tier 2: Simplified Disclosures for Not-For-Profit Entities*
- AASB 2021-3 *Amendments to Australian Accounting Standards - Covid-19-Related Rent Concessions beyond 30 June 2021*

###### ii) Issued but not effective

The following new Australian Accounting Standards have been issued but are not yet effective. NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

The Authority has not early adopted any of these new standards or amendments. When applied in future periods, they are not expected to have a material impact on the financial position or performance of the Authority.

- AASB 17 *Insurance Contracts*
- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*
- AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments*
- AASB 2020-6 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date*
- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*
- AASB 2021-6 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards*
- AASB 2021-7a *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*
- AASB 2021-7b *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*
- AASB 2021-7c *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*
- AASB 2022-1 *Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB – Comparative Information*

# Financial Statements 30 June 2022

## NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

#### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### (i) Impact of COVID-19 on financial reporting

As at 30 June 2022, the Authority assessed the impact of COVID-19 on the fair value of its non-current physical and financial assets. These assets include loan receivables. This was based on historical information, expectation of macroeconomic conditions and outlook at the time of assessment. The effect and uncertainty of the COVID-19 factor on the Authority's loan book has decreased over the past 9 months with restrictions reducing. It is possible that post 30 June 2022 there may be some new evidence that impacts this fair value assessment materially.

#### 2. EXPENSES EXCLUDING LOSSES

	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
<b>(a) Personnel services</b>		
Salaries and wages (including recreation leave)	5,484	4,919
Redundancy payments	-	12
Superannuation	522	441
Long service leave	(85)	179
Workers compensation insurance	8	13
Payroll tax and fringe benefits tax	297	267
	<b>6,226</b>	<b>5,831</b>
<b>(b) Operating expenses include the following:</b>		
Administration fees	473	449
Advertising and promotion	77	18
Auditor's remuneration – audit of financial statements	121	118
Bad and doubtful debts	195	149
Consultants	597	302
Contractors	2,732	2,762
Insurance	21	10
Legal fees	8	-
IT & Communication	407	859
Other operating	85	215
Rent	-	21
Purchase assets < \$5,000	18	12
Training and staff development	11	16
Travel	41	58
	<b>4,786</b>	<b>4,989</b>

##### **Insurance**

The Authority's insurance activities are conducted by the principal Department 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 claims experience.

##### **(c) Depreciation and amortisation expense**

Depreciation and amortisation for the year ended 30 June 2022 is NIL (2021:NIL)

Refer to Note 9 for recognition and measurement policies on depreciation and amortisation.

## Financial Statements 30 June 2022

### NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY

#### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

#### 2. EXPENSES EXCLUDING LOSSES (continued)

<b>(d) Grants and subsidies</b>	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
Apple and Grape Recovery Grants - Bushfire	2,171	1,292
Biosecurity Initiatives	5,025	-
Bushfire Industry Recovery Program	5,785	21,161
Dairy Industry Fund	-	153
Emergency Drought Relief	(23)	53,274
Emergency Water Infrastructure Rebate	14,596	454
Farm Business Skills	-	815
Flood Industry Recovery Grant	6,459	-
Grants expense on low interest loans	8,377	4,478
Natural Disaster Relief - Bushfire	-	14,086
Natural Disaster Relief Grants - Floods	194,018	28,304
Rural Resilience Program	-	1,000
Transport Subsidies	2,885	338
Young Farmers Business Program	-	1,511
	<b>239,293</b>	<b>126,866</b>

#### Recognition and Measurement

##### *Grants and subsidies paid*

Grants and subsidies are generally recognised as an expense when the Authority relinquishes control over the assets comprising the grant/subsidies. Accruals are recognised where the Authority has a present obligation to an applicant and the amount for which the Authority is liable is known. Where there is a present obligation the amount liable is estimated from historical approval rates and a provision is recognised.

#### (e) Finance costs

	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
Interest on Treasury advance	10,689	5,503
Interest on Commonwealth loans	872	1,795
Interest Expense	40	-
Amortised interest expense	2,102	2,574
	<b>13,703</b>	<b>9,872</b>

#### Recognition and Measurement

##### *Finance Costs*

Finance costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's Mandate to not-for-profit NSW General Government Sector agencies.

### 3. REVENUE

#### Recognition and Measurement

Revenue is recognised in accordance with the requirements of AASB 15 *Revenue from Contracts with Customers* or AASB 1058 *Income of Not-for-Profit Entities*, dependent on whether there is a contract with a customer defined by AASB 15 *Revenue from Contracts with Customers*. Comments regarding the accounting policies for the recognition of income are discussed below.

#### (a) Investment revenue

	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
Interest	10	40
Interest income on loans	11,640	7,139
Amortised interest revenue	2,102	2,575
	<b>13,752</b>	<b>9,754</b>

#### Recognition and Measurement

##### *Interest Income*

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For financial assets that become credit impaired, the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses).



# Financial Statements 30 June 2022

## NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

#### 3. REVENUE (continued)

##### (b) Grants and contributions

	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
Grants without sufficiently specific performance obligations:		
Biosecurity Initiatives	9,500	-
Bushfire Industry Recovery Program	4,500	21,227
Emergency drought package	-	65,000
Emergency water infrastructure rebate	16,875	2,000
Grant revenue on low interest loan	8,377	4,478
Natural disaster relief grants	213,175	47,880
Recurrent grants	6,342	9,972
Storm and Flood Industry Recovery Program	7,183	-
	<b>265,952</b>	<b>150,557</b>

#### Recognition and Measurement

Grants and contributions include grants from the Principal Department. Income from grants without sufficiently specific performance obligations are recognised when the Authority obtains control over the granted assets (e.g cash). The Authority is deemed to have assumed control when the grant is received or receivable. Control over contributions is normally obtained upon the receipt of cash. Contributions are not recognised as revenue in the following circumstances:

- Contributions (other than contributions by owners) are recognised at their fair value. Contributions of services are recognised when and only when a fair value of those services can be reliably determined and the services would be purchased if not donated.
- Contributions from other bodies received in advance of the commencement of a grant program are recognised as unearned revenue. The liability is disclosed in Note 11 as part of 'Current Liabilities – Payables'.

##### (c) Personnel services revenue

The following liabilities and/or expenses have been assumed by the Crown:

	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
Long service leave provision	180	159
	<b>180</b>	<b>159</b>

##### (d) Other revenue

	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
Loan and grant administration fee	180	308
	<b>180</b>	<b>308</b>

## Financial Statements 30 June 2022

### NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY

#### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

#### 4. OTHER GAINS / (LOSSES)

	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
Impairment losses on financial assets	(921)	(1,950)
Revaluation of long service leave liability transferred to Crown	(276)	-
	<b>(1,197)</b>	<b>(1,950)</b>

#### 5. STATE OUTCOMES

The Authority operates to contribute to NSW State Outcome 2 : Stronger Primary Industries. Focusing on primary industries' productivity, growth and ensuring the sector's sustainability for the benefit of all citizens. This program group covers financial assistance through loans and grants allowing primary producers, small businesses and not-for-profit organisations to continue operations following natural disasters and to become more resilient, self-reliant and sustainable.

#### 6. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	<b>2022</b>	<b>2021</b>
Cash at bank and on hand	33,610	36,893
	<b>33,610</b>	<b>36,893</b>

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank and cash on hand.

Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of the year ended 30 June 2022 to the statement of cash flows as follows:

	<b>2022</b>	<b>2021</b>
Cash and cash equivalents (per statement of financial position)	33,610	36,893
Closing cash and cash equivalents (per statement of cash flows)	<b>33,610</b>	<b>36,893</b>

Refer to Note 10 for a list of restricted cash and their balances at 30 June 2022.

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

# Financial Statements 30 June 2022

## NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

#### 7. CURRENT ASSETS - RECEIVABLES

	2022 \$000	2021 \$000
Trade debtors	19	124
Less: Allowance for expected trade credit losses	(2)	(10)
Receivable against grant funding programs	40,901	2,484
Interest receivable - on loans	2,229	2,317
Net GST	88	49
Personnel services receivable	14	17
Prepayments	256	-
	<b>43,505</b>	<b>4,981</b>
	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
<b>Movement in the allowance for expected credit losses</b>		
Balance at the beginning of the year	10	9
Increase/(decrease) in allowance recognised in net results	(8)	1
<b>Balance at the end of the year</b>	<b>2</b>	<b>10</b>

Details regarding credit risk of trade receivables that are neither past due nor impaired, are disclosed in Note 19.

#### Recognition and Measurement

All 'regular way' purchases or sales of financial asset are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

#### Subsequent measurement

The Authority holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

#### Impairment

The Authority recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Authority expects to receive, discounted at the original effective interest rate.

For trade receivables, the Authority applies a simplified approach in calculating ECLs. The Authority recognises a loss allowance based on lifetime ECLs at each reporting date. The Authority has adopted the Department of Planning and Environment's provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward-looking factors specific to the receivable.



## Financial Statements 30 June 2022

### NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

#### 8. CURRENT / NON-CURRENT ASSETS - OTHER FINANCIAL ASSETS

<b>CURRENT</b>	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
Advances receivable - loans to clients secured	55,098	73,861
	<b>55,098</b>	<b>73,861</b>

#### NON-CURRENT

Advances receivable - loans to clients secured	555,468	539,000
Advances receivable - loans to clients unsecured	16,328	18,685
Less: Allowance for expected credit losses	19(d) (13,805)	(13,797)
	<b>557,991</b>	<b>543,888</b>

<b>Movement in the allowance for expected credit losses</b>	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
Balance at the beginning of the year	13,797	11,847
Increase/(decrease) in allowance recognised in net result	8	1,950
<b>Balance at the end of the year</b>	<b>13,805</b>	<b>13,797</b>

Refer to Note 19d for further information regarding fair value measurement, credit risk, and market risk arising from financial instruments.

#### Recognition and Measurement

All 'regular way' purchases or sales of financial asset are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Other financial assets are initially measured at fair value plus any transaction cost.

#### Subsequent measurement

##### *Financial assets at amortised cost*

Other financial assets are classified and subsequently measured at amortised cost as they are held for collection of contractual cash flows solely representing payments of principal and interest. Impairment losses are presented as separate line item in the statement of comprehensive income. Any gain or loss arising on derecognition is recognised directly in net results and presented in other gains/(losses).

#### Impairment

The Authority recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Authority expects to receive, discounted at the original effective interest rate.

# Financial Statements 30 June 2022

**NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**9. NON-CURRENT ASSETS – PROPERTY PLANT AND EQUIPMENT**

	<b>Plant and Equipment</b>
	<b>\$000</b>
<b>At 1 July 2020 - fair value</b>	
Gross carrying amount	120
Accumulated depreciation and impairment	(120)
<b>Net carrying amount</b>	<b>-</b>
<b>Year ended 30 June 2021</b>	
Net carrying amount at beginning of year	-
Assets cost written off	(109)
Assets accumulated depreciation written off	109
<b>Net carrying amount at end of year</b>	<b>-</b>
<b>At 1 July 2021 - fair value</b>	
Gross carrying amount	11
Accumulated depreciation and impairment	(11)
<b>Net carrying amount</b>	<b>-</b>
<b>Year ended 30 June 2022</b>	
Net carrying amount at beginning of year	-
Accumulated depreciation written off	-
<b>Net carrying amount at end of year</b>	<b>-</b>
<b>At 30 June 2022 - fair value</b>	
Gross carrying amount	11
Accumulated depreciation and impairment	(11)
<b>Net carrying amount</b>	<b>-</b>

The property, plant and equipment does not include any right-of-use assets.

**Recognition and Measurement**

***Acquisition of property, plant and equipment***

Property, plant and equipment are initially measured at cost and subsequently revalued at fair value less accumulated depreciation and impairment. 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 requirements of other Australian Accounting Standards.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date.

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 over the period of credit.

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

***Capitalisation thresholds***

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

## Financial Statements 30 June 2022

### NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY

#### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

#### 9. NON-CURRENT ASSETS – PROPERTY PLANT AND EQUIPMENT (continued)

##### Recognition and Measurement (continued)

##### *Depreciation of property, plant and equipment*

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

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

Plant and equipment useful lives range from 4 to 15 years.

Depreciation rates are reviewed and determined on an annual basis.

##### *Revaluation of property, plant and equipment*

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 21-09). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs.

Non-specialised assets with short useful lives are measured at depreciated historical cost, which for these assets approximates fair value. The Authority has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

##### *Impairment of property, plant and equipment*

As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. Since property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in rare circumstances such as where the costs of disposal are material.

The Authority assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Authority estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Specialised assets held for continuing use of their service capacity are rarely sold and their cost of disposal is typically negligible. Their recoverable amount is expected to be materially the same as fair value, where they are regularly revalued under AASB 13.

As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in net result and is treated as a revaluation increase. However, to the extent that an impairment loss on the same class of asset was previously recognised in net result, a reversal of that impairment loss is also recognised in net result.



# Financial Statements 30 June 2022

## NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

#### 10. RESTRICTED ASSETS

The Authority 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.

	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
<b>CURRENT</b>		
Bushfire Industry Recovery Program	377	806
Commonwealth Concessional Loans	749	922
Dairy Industry Fund	388	387
Emergency Water Infrastructure Rebate	413	-
Flood Industry Recovery Program	482	-
Flying Fox Netting Subsidy	222	222
Loans Module Upgrade	1,525	1,525
NSW Treasury	10,493	13,092
Zinc Phosphide Rebate Program	2,475	-
	<b>17,124</b>	<b>16,954</b>

#### 11. CURRENT LIABILITIES - PAYABLES

	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
Unearned Income	749	922
Personnel services payable	142	111
Creditors - Others	19,239	16,106
	<b>20,130</b>	<b>17,139</b>

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

#### Recognition and Measurement

Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised net result when the liabilities are derecognised as well as through the amortisation process.

#### 12. CURRENT/NON CURRENT LIABILITIES - BORROWINGS

##### CURRENT

##### Unsecured

Commonwealth loan repayable	6,046	39,239
Treasury loan repayable	49,100	34,622
	<b>55,146</b>	<b>73,861</b>

##### NON-CURRENT

##### Unsecured

Commonwealth loan repayable	31,548	46,827
Treasury loan repayable	540,240	509,560
	<b>571,788</b>	<b>556,387</b>

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

## Financial Statements 30 June 2022

**NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**12. CURRENT/NON CURRENT LIABILITIES - BORROWINGS (continued)**

*Financial liabilities at amortised cost*

2022	1-Jul-21	Net cash flows	30-Jun-22
	\$000	\$000	\$000
Treasury Loan Repayable			
Current	34,622	14,478	49,100
Non Current	509,560	30,680	540,240
Commonwealth Loan Repayable			
Current	39,239	(33,193)	6,046
Non Current	46,827	(15,279)	31,548
<b>Total Liabilities from financing activities</b>	<b>630,248</b>	<b>(3,314)</b>	<b>626,934</b>
2021	1-Jul-20	Net cash flows	30-Jun-21
	\$000	\$000	\$000
Treasury Loan Repayable			
Current	25,772	8,850	34,622
Non Current	415,181	94,379	509,560
Commonwealth Loan Repayable			
Current	63,422	(24,183)	39,239
Non Current	62,694	(15,867)	46,827
<b>Total Liabilities from financing activities</b>	<b>567,069</b>	<b>63,179</b>	<b>630,248</b>

# Financial Statements 30 June 2022

## NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

#### 13. CURRENT/NON-CURRENT LIABILITIES - PROVISIONS

CURRENT	2022	2021
	\$000	\$000
<b>Personnel Services Liabilities</b>		
Annual leave	548	493
Long service leave	97	88
Payroll tax	17	12
Other on-costs	76	60
	<u>738</u>	<u>653</u>
<b>Other Provisions</b>		
NSW Government Grants	25,637	10,599
Expected Credit Loss on Loan Commitments	921	-
	<u>26,558</u>	<u>10,599</u>
<b>Total current provisions</b>	<u>27,296</u>	<u>11,252</u>
<b>NON-CURRENT</b>		
<b>Employee benefits and related on-costs</b>		
Long service leave	3	3
Payroll tax	2	1
	<u>5</u>	<u>4</u>
<b>Total non-current provisions</b>	<u>5</u>	<u>4</u>
<b>Aggregate employee benefits and related on-costs</b>		
Provisions – current	738	653
Provisions – non-current	5	4
Personnel services payable (Note 11)	142	111
	<u>885</u>	<u>768</u>

#### Movement in provisions (NSW Government Grants)

Movements in NSW Government Grants provision during the financial year, are set out below:

Grants Payment	2022	2021
	\$000	\$000
Balance at the beginning of the year	10,599	38,428
Additional provisions		
- Emergency Transport Subsidies	213	-
- Natural Disaster Relief Grants - Floods	25,424	-
Amounts used	(10,599)	(27,829)
<b>Balance at the end of the year</b>	<u>25,637</u>	<u>10,599</u>

#### Movement in provisions (Expected Credit Loss on Loan Commitments)

Movements in expected credit loss on Loan Commitments provision during the financial year, are set out below:

Expected Credit Loss on Loan Commitments	2022	2021
	\$000	\$000
Balance at the beginning of the year	-	-
Increase/(decrease) in allowance recognised in net results	921	-
<b>Balance at the end of the year</b>	<u>921</u>	<u>-</u>

#### Recognition and Measurement

##### Personnel services arrangement

##### Salaries and wages, annual leave and sick leave

Liabilities for personnel services are stated as liabilities to the service provider, the Principal Department. 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 at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short-cut methods are permitted).

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.



# Financial Statements 30 June 2022

## NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

#### 13. CURRENT/NON-CURRENT LIABILITIES - PROVISIONS (continued)

##### Recognition and Measurement (continued)

##### *Long service leave and superannuation*

The Authority's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity through the Principal Department. The Authority 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 the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using Commonwealth government bond rate at the reporting date.

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

##### Consequential on-costs

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

##### Other Provisions

Provisions are recognised when: the Authority 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. When the Authority expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

#### 14. ACCUMULATED FUNDS

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

#### 15. COMMITMENTS FOR EXPENDITURE

	2022	2021
	\$000	\$000
<b>(a) Other expenditure commitments</b>		
<b>(i) Loan commitments</b>		
The total of loan commitments does not include GST as they are financial supplies.		
(i) Commitments for the payments of Special Conservation Scheme, DECA and Natural Disaster Loans		
Not later than one year	1,474	5,244
<b>Total (excluding GST)</b>	<b>1,474</b>	<b>5,244</b>
(ii) Commitments for the payments of Farm Innovation Loans and Seafood Industry Innovation Fund Loans		
Not later than one year	48,238	55,325
<b>Total (excluding GST)</b>	<b>48,238</b>	<b>55,325</b>

# Financial Statements 30 June 2022

## NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

#### 15. COMMITMENTS FOR EXPENDITURE (continued)

	2022	2021
	\$000	\$000
(iii) Commitments for the payments of Drought Assistance Fund Loans		
Not later than one year	13,157	16,836
<b>Total (excluding GST)</b>	<b>13,157</b>	<b>16,836</b>
(iv) Commitments for the payments of Forestry Industry Innovation Funds		
Not later than one year	663	763
<b>Total (excluding GST)</b>	<b>663</b>	<b>763</b>

#### 16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Authority did not have any contingent liabilities or contingent assets as at 30 June 2022 (2021: Nil).

#### 17. BUDGET REVIEW

The budgeted amounts are drawn from the original budgeted statements presented to Parliament in respect of the reporting period. Subsequent adjustments to the original budget are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the financial statements are explained below.

##### Net result

The Authority's net result at 30 June 2022 is \$2.4m favourable to budget. Grant Expenditure is well above budget due to the higher than originally budgeted demand for Primary Producer Recovery Grants for Floods. The increase in demand has been flagged throughout the year and is offset by additional revenue recouped from Resilience NSW, leading to Grant Revenue exceeding budget as well.

##### Assets and liabilities

The Authority's total equity position at the 30 June 2022 is favourable to budget by \$7m. Significantly higher than budgeted accruals and provisions have been recorded for flood recovery support programs for both the November 2021 and February - March 2022 flood events. The increase in accruals and provisions for the flood programs are offset by increased receivables from Resilience NSW who fund the programs.

The Authority has seen a significantly lower level of loan take up by customers than was originally budgeted for and in turn, a lower level of borrowings has been drawn down from the Crown. The decrease in demand for loans has been affected by a number of environmental factors including low commercial interest rates from commercial lenders, as well as current government support programs for disaster being centred around grant programs instead of loans.

##### Cash flows

The Authority's closing cash and cash equivalent position is \$33.6m at 30 June 2022; a slight decrease on \$36.9m in 2021 and significantly higher than the originally budgeted figure of \$10.8m. Due to increased demand for Primary Producer Recovery Grants for Flood events RAA has higher than originally budgeted payment of grants and grants received from Resilience NSW.

The Authority has seen a significantly lower level of loan take up by customers than was originally budgeted, leading to lower levels of advances made to customers and proceeds from borrowings. Repayment received from customers and in turn repayment of the Authority's borrowing was significantly higher than budgeted due concerted efforts to address maturing Commonwealth Farm Finance and drought concessional loans, as well as a number of special disaster loan customers repaying debts in full at the end of the grace period before interest takes effect.

#### 18. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES NET RESULT

Reconciliation of cash flows from operating activities to the net result as reported in the Statement of Comprehensive Income as follows:

	2022	2021
	\$000	\$000
<b>Net cash used on operating activities</b>	<b>(4,621)</b>	<b>(22,266)</b>
Decrease / (increase) in provisions	(15,124)	27,767
Increase / (decrease) in receivables	38,516	1,035
Decrease / (increase) in payables	(2,991)	6,685
Other gain / (loss)	(921)	(1,950)
<b>Net Result</b>	<b>14,859</b>	<b>11,271</b>

## Financial Statements 30 June 2022

### NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

#### 19. FINANCIAL INSTRUMENTS

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

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

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

#### (a) Financial instrument categories

Class:	Notes	Category	Carrying Amount	
			2022	2021
			\$000	\$000
<b>Financial Assets</b>				
Cash and cash equivalents	6	Amortised Cost	33,610	36,893
Receivables <sup>1</sup>	7	Amortised Cost	43,161	4,932
Other financial assets	8	Amortised Cost	613,089	617,749
<b>Financial Liabilities</b>				
Payables <sup>2</sup>	11	Financial liabilities measured at amortised cost	19,381	16,217
Borrowings	12	Financial liabilities measured at amortised cost	626,934	630,248

#### 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) Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the entity transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- the entity has transferred substantially all the risks and rewards of the asset; or
- the entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

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

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

#### (c) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### (d) Financial risks

The Authority is exposed to liquidity, credit and market rate risk in the event its customers will be unable to meet the payment obligations when they fall due. The Authority will generally seek to renegotiate repayment terms with customers prior to default. The Authority continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of loans and other advances.



# Financial Statements 30 June 2022

## NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### 19. FINANCIAL INSTRUMENTS (continued)

Risk associated with the Authority's financial assets, other than receivables, is further managed through the selection of counterparties and establishment of minimum credit rating standards and is currently limited by the limited recourse nature of the Authority's loan arrangements with NSW Treasury and the Commonwealth. This risk may alter in the future depending on the final terms of any new loan facility with NSW Treasury. The Authority has no reason to believe this risk will materialise in the coming period. The Authority may have a change in exposure on loans to NSW Treasury based on potential changes in loan conditions to both the Drought Assistance Fund and the Farm Innovation Fund. The Authority may be liable to meet a net interest expense differential between the 2.5% paid by the client and the TCorp interest rate and the NSW Government's 10 year bond. To date this remains a risk. The Authority has no reason to believe this risk will materialise in the coming period. Farm Innovation Fund - the Authority may be liable to meet a net interest expense between the 2.5% paid by the client and the TCorp interest rate for the NSW Government's 20 year bond commencing in the 2021/22 Financial Year. The Authority's exposure to risk may increase if the above requirements of NSW Treasury come into effect based on prior periods' data and current assessment of risk. The Authority has no reason to believe this risk will materialise in the coming period.

#### (i). Credit risk

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

Credit risk arises from the financial assets of the Authority, including cash, receivables and authority deposits. Advances receivable - loans to clients comprises 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 Authority has not granted any financial guarantees.

Credit risk associated with the Authority's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards and is currently limited by the limited recourse nature of the Authority's loan arrangements with NSW Treasury and the Commonwealth. This risk may alter in the future depending on the final terms of any new loan facility with NSW Treasury.

#### Cash and cash equivalents

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.

#### Accounting policy for impairment of trade receivables and other financial assets

#### Receivables - trade receivables

Collectability of trade receivables is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand.

The Authority applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade debtors are written off when there is no reasonable expectation of recovery.

The loss allowance for trade receivables as at 30 June 2022 and 30 June 2021 was determined as follows:

	30 June 2022					Total
	Current	<30 days	30-60 days	61-90 days	>91 days	
Expected credit loss rate %	4%	4%	4%	4%	8%	
Estimated total gross carrying amount (\$000)	-	-	-	-	19	19
Expected credit loss (\$000)	-	-	-	-	2	2
	30 June 2021					Total
	Current	<30 days	30-60 days	61-90 days	>91 days	
Expected credit loss rate %	4%	4%	4%	4%	8%	
Estimated total gross carrying amount (\$000)	-	-	-	-	124	124
Expected credit loss (\$000)	-	-	-	-	10	10

Notes: The analysis excludes statutory receivables, prepayments, as these are not within the scope of AASB 7. Therefore, the 'total' will not reconcile to the receivables total in Note 7.

## Financial Statements 30 June 2022

### NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY

#### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

#### 19. FINANCIAL INSTRUMENTS (continued)

##### (d) Financial risks (continued)

##### (i). Credit risk (Continued)

##### *Authority Deposits*

The Authority has placed no funds on deposit with TCorp.

##### *Other financial assets*

Other financial assets represent loans advanced by the Authority to eligible primary producers, not for profit organisations 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 of advances receivable - loans to clients (net of any allowance for impairment).

The Farm Business Concessional Loans (Drought Assistance & Dairy Recovery) have a variable interest rate which is set and reviewed by the Commonwealth in accordance with the Scheme Guidelines. The current concessional interest rate for Farm Business Concessional Loans (Drought Assistance & Dairy Recovery) is 1.81% (2021: 1.67% ).

The interest rate on Natural Disaster Loans is currently 0.80% (2021: 0.45%). The Farm Innovation Fund Loan is currently 2.5% (2021: 2.5%) . The rates are fixed at 50% of the 10-year Bond Rate. The interest rate on Accelerated Growth Loans (administered by the Authority on behalf of Jobs for NSW Fund) is 9.20% (2021: 9.20%). NSW Fisheries adjustment loans fixed interest rate of 2.5% (2021: 2.50%) over a maximum of 12 years.

The Drought Recovery Loans have a variable interest rate which is set and reviewed by the Commonwealth in accordance with the Scheme Guidelines. The current concessional interest rate for Drought Recovery Loans is 1.41% (2021: 1.2%). The Farm Finance Concessional Loans have a variable interest rate which is set and reviewed by the Commonwealth in accordance with the Scheme Guidelines. The current concessional interest rate for Farm Finance Concessional Loan is 2.06% (2021: 1.72%).

The Drought Concessional Loans have a variable interest rate which is set and reviewed by the Commonwealth in accordance with the Scheme Guidelines. The current concessional interest rate for Drought Concessional Loans is 1.56% (2021: 1.22%).

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 (Jun 2022: \$67.494m; 2021: \$94.913m). Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any expected credit loss of receivables.

# Financial Statements 30 June 2022

## NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

#### 19. FINANCIAL INSTRUMENTS (continued)

##### (d) Financial risks (continued)

##### (i). Credit risk (Continued)

The Authority recognises that the external environment continues to shift, with economic impacts brought on by the COVID 19 pandemic, impacts of the widespread and catastrophic flood events. With anticipation of continued susceptibility to these and other climatic key vulnerabilities, the Authority has reviewed the forward-looking expected loss approach for the 2022 financial year.

In recognition of the added risk, the Authority has applied two overlays to the provisions under the Simplified Approach. A future looking management overlay is applied for; industry risk, forward looking term risk and a security exposure risk, - these three risk uplifts are applied at the individual loan level. The second overlay is macroeconomic adjustment for uncertainty and negative outlooks affecting the Authority's customer base, including:

- Livestock market results and forecast (Medium risk - High prices since drought forecast to start declining).
- Emerging biosecurity issue (High risk - Foot & Mouth Disease, Varroa Mite, Mouse Plague).
- Climate Change & Natural Disaster impacts (High risk - Impact of multiple natural disaster events on customers).
- Inflationary pressures (Low risk - Expected).
- COVID 19 & Labour shortages (Low risk - Horticulture industry most impacted and accounts for less than 5% of the Authority's loan portfolio).
- Global unrest and high input prices (Low risk - High grain prices continue to rise with the Russian war against Ukraine affecting global supply, offset by high input prices of fertiliser and diesel).
- Underlying security and property value changes (Low risk - Farmland value trended upwards for many years, with only three LGA's seeing multiyear decline in which the Authority has low portfolio exposure).

The Simplified Approach has been applied through a specific provision for 80 Loans (65 Customers) with loans over 90 days in arrears. Disaster assistance loans account for half of these loans with large proportion of customers being affected by flooding and storm events.

The Authority recognised provision for expected credit losses on its other financial assets at fair value through other comprehensive income in the amount of \$13,805m in 2022 (2021: \$13,797m). A provision of \$921k has been raised for expected credit loss on loan commitments. These are loans approved by the authority but are yet to be drawn down by the customers.

##### As at 30 June 2022 expected credit loss for other financial assets is :

2022	30 June 2022		Base	Economic	Forward	Estimated
Product	Balance	Risk Profile	Expected Credit Loss	adjustment uplift	looking adjustment	Credit Loss
	\$000	%	\$000	\$000	\$000	\$000
<b>Disaster Loans</b>						
Bushfire	14,758	1.09%	162	96	96	354
Flood	11,342	1.09%	123	74	13	210
Storm	5,902	1.09%	65	38	9	112
Small Business	23,655	1.09%	259	154	234	647
Sporting, Church & Non Profit Organisations	350	1.09%	4	2	2	8
Forest Indust Innov Fund Loan	17,100	0.58%	100	111	72	283
NSW Fisheries Adjustment Loan	1,003	4.41%	44	7	36	87
Farm Innovation Fund	395,372	0.58%	2,303	2,570	790	5,663
Drought Assistance Fund	117,263	0.58%	683	762	187	1,632
Drought Transport Fund Loan	115	0.58%	1	1	1	2
Seafood Innovation Fund Loan	7,473	0.58%	43	49	34	126
Special Conservation Scheme	4,500	0.58%	27	29	7	63
Business Improvement Conc.Loan	4,865	0.58%	28	32	2	62
Drought Recovery Concess Loan	10,547	0.58%	61	69	4	134
Dairy Recovery Concession.Loan	3,286	0.58%	19	21	2	42
Farm Business Scheme Drought	11,826	0.58%	69	77	10	156
Farm Business Scheme Dairy Rec	3,057	0.58%	17	20	2	39
	<b>632,414</b>	<b>1.12%</b>	<b>4,008</b>	<b>4,112</b>	<b>1,501</b>	<b>9,620</b>



## Financial Statements 30 June 2022

### NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY

#### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

#### 19. FINANCIAL INSTRUMENTS (continued)

##### (d) Financial risks (continued)

##### (i). Credit risk (Continued)

##### Loans specifically provisioned for at 30 June 2022 :

2022	Security Type	30 June 2022 Balance	Number of Contracts	Specific Provisions
Product		\$000		\$000
<b>Disaster Relief</b>				
Bushfire	Mortgage	116	2	56
Flood	Mortgage	1,350	28	858
Storm	Mortgage	309	5	181
Small Business	Mortgage	206	3	113
Small Business	Unsecured	100	2	100
NSW Fisheries Adjustment Loan	PPSR	272	5	272
Farm Innovation Fund	CAVEAT	1,212	9	741
Drought Assistance Fund	CAVEAT	354	8	296
Drought Assistance Fund	PPSR	89	2	89
Seafood Innovation Fund Loan	PPSR	125	1	125
Seafood Innovation Fund Loan	Unsecured	194	1	194
Special Conservation Scheme	CAVEAT	137	5	118
Farm Finance Concessional Loan	Mortgage	1,375	3	347
Business Improvement Concessional Loan	Mortgage	202	1	64
Drought Concessional Fund	Mortgage	2,555	5	631
		<u>8,596</u>	<u>80</u>	<u>4,185</u>

##### As at 30 June 2022 expected credit loss for loan commitments :

2022	30 June 2022 Balance	Risk Profile	Base Expected Credit Loss	Economic adjustment uplift	Forward looking adjustment	Estimated Credit Loss
Product	\$000	%	\$000	\$000	\$000	\$000
<b>Disaster Loans</b>						
Bushfire	1,069	1.09%	12	7	7	26
Flood	130	1.09%	1	1	-	2
Storm	130	1.09%	1	1	-	2
Small Business	145	1.09%	2	1	1	4
Forest Indust Innov Fund Loan	663	0.58%	4	4	3	11
Farm Innovation Fund	47,626	0.58%	277	310	95	682
Drought Assistance Fund	13,157	0.58%	77	86	21	184
Seafood Innovation Fund Loan	612	0.58%	4	3	3	10
	<u>63,532</u>	<u>1.12%</u>	<u>378</u>	<u>413</u>	<u>130</u>	<u>921</u>

	2022	2021
	\$000	\$000
Purchase card limit	<u>58</u>	<u>50</u>

# Financial Statements 30 June 2022

## NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

#### 19. FINANCIAL INSTRUMENTS (continued)

##### (d) Financial risks (continued)

##### (i). Credit risk (Continued)

As at 30 June 2021 expected credit loss for other financial assets is :

2021	30 June 2021 Balance	Risk Profile	Expected Credit Base Loss	Economic adjustment uplift	Forward looking adjustment	Estimated Credit Loss
Product	\$000	%	\$000	\$000	\$000	\$000
<b>Disaster Loans</b>						
Bushfire	13,173	1.59%	209	114	79	402
Flood	17,545	1.59%	279	28	105	412
Storm	6,516	1.59%	104	9	39	152
Small Business	24,099	1.59%	383	350	145	878
Sporting, Church & Non Profit Organisations	400	1.59%	6	4	2	12
Forest Indust Innov Fund Loan	10,544	1.07%	113	96	63	272
DECA	22	100.00%	22	-	-	22
NSW Fisheries Adjustment Loan	1,607	1.07%	17	14	10	41
Farm Innovation Fund	362,583	1.07%	3,873	1,380	2,176	7,429
Drought Assistance Fund	102,499	1.07%	1,095	309	615	2,019
Drought Transport Fund Loan	135	1.07%	1	2	1	4
Seafood Innovation Fund Loan	5,279	1.07%	56	41	32	129
Special Conservation Scheme	6,608	1.07%	71	19	40	130
Farm Finance Concessional Loan	7,376	1.07%	79	81	44	204
Business Improvement Conc.Loan	5,049	1.07%	54	5	30	89
Drought Concessional Loan	31,339	1.07%	335	322	188	845
Drought Recovery Concess Loan	12,358	1.07%	132	11	74	217
Dairy Recovery Concession.Loan	4,503	1.07%	48	5	27	80
Farm Business Scheme Drought	19,799	1.07%	212	28	119	359
Farm Business Scheme Dairy Rec	5,641	1.07%	60	7	34	101
	<b>637,078</b>	<b>1.12%</b>	<b>7,149</b>	<b>2,825</b>	<b>3,823</b>	<b>13,797</b>

##### (ii). Liquidity risk

During the current and prior year, there were no defaults of loans payable by the Authority. No assets have been pledged as collateral.

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 the 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.

## Financial Statements 30 June 2022

### NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

#### 19. FINANCIAL INSTRUMENTS (continued)

##### (d) Financial risks (continued)

##### (ii). Liquidity risk (continued)

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

	Weighted Average Effective Int. Rate	Nominal Amount <sup>1</sup> \$000	Interest Rate exposure			Maturity Dates		
			Fixed Int. Rate \$000	Variable Int. Rate \$000	Non-interest Bearing \$000	< 1 yrs \$000	1 to 5 yrs \$000	> 5 yrs \$000
<b>2022</b>								
Payables	0.0%	19,381	-	-	19,381	19,381	-	-
Borrowings:								
Advances repayable	3.0%	638,742	601,147	37,595	-	57,237	223,313	358,192
		<b>658,123</b>	<b>601,147</b>	<b>37,595</b>	<b>19,381</b>	<b>76,618</b>	<b>223,313</b>	<b>358,192</b>
<b>2021</b>								
Payables	0.0%	16,217	-	-	16,217	16,217	-	-
Borrowings:								
Advances repayable	3.0%	635,782	549,716	86,066	-	75,906	202,760	357,116
		<b>651,999</b>	<b>549,716</b>	<b>86,066</b>	<b>16,217</b>	<b>92,123</b>	<b>202,760</b>	<b>357,116</b>

##### Notes:

- The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Authority 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.

##### (iii). Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Authority has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Authority operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposure in existence at the statements of financial position date. The analysis is performed on the same basis as for 2021. The analysis assumes that all other variables remain constant.

##### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the Authority's interest-bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with NSW TCorp. The Authority does not account for any fixed rate financial instruments at fair value through profit or loss or as at fair value through other comprehensive income. 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 (based on official RBA interest rate volatility over the last five years). In the event that the new loan arrangements with NSW Treasury include a provision to alter the interest rate during the term of the loan then the Authority would potentially have a significant interest rate mismatch risk which would be beyond its capacity as a long term fixed rate lender to manage.



# Financial Statements 30 June 2022

**NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**19. FINANCIAL INSTRUMENTS (continued)**

**(d) Financial risks (continued)**

(iii). Market risk

The Authority's exposure to interest rate risk is set out below.

	Carrying Amount \$000	Net Result \$000	Equity \$000	Net Result \$000	Equity \$000
		-1%		+1%	
<b>2022</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	33,610	(336)	(336)	336	336
Receivables	43,161	-	-	-	-
Other financial assets (Fixed rate)	589,292	-	-	-	-
Other financial assets (Variable rate)	37,602	(376)	(376)	376	376
<b>Financial Liabilities</b>					
Payables	19,381	-	-	-	-
Borrowings (Fixed rate)	589,339	-	-	-	-
Borrowings (Variable rate)	37,595	(376)	(376)	376	376
<b>2021</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	36,893	(369)	(369)	369	369
Receivables	4,932	-	-	-	-
Other financial assets (Fixed rate)	545,487	-	-	-	-
Other financial assets (Variable rate)	72,262	(723)	(723)	723	723
<b>Financial Liabilities</b>					
Payables	16,217	-	-	-	-
Borrowings (Fixed rate)	544,182	-	-	-	-
Borrowings (Variable rate)	86,066	(861)	(861)	861	861

**(e) Fair value measurement**

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.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

A number of the Authority's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the Authority categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted (unadjusted) prices in active markets for identical assets / liabilities that the entity can access at the measurement date.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 - inputs that are not based on observable market data (unobservable inputs).

The Authority recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

## Financial Statements 30 June 2022

### NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY

#### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

##### 20. Trust Funds

The Minister has directed the NSW Rural Assistance Authority act as the trustee for the remaining funds held from the Ovine Johne's Disease Transaction Based Contribution Scheme (OJD). The remaining funds are to be applied for the benefit of the sheep industry.

	2022	2021
	\$000	\$000
Trust funds at the beginning of the year	153	317
Add: Receipts	-	-
Less: Payments	(143)	(164)
<b>Trust funds at the end of the year</b>	<b>10</b>	<b>153</b>

##### 21. RELATED PARTY DISCLOSURE

During the year, the Authority expensed \$316,327 (2021:\$292,950) in respect of key management personnel services that were provided by a separate management entity, Department of Regional NSW.

In addition, the Authority's directly incurred key management personnel compensation are as follows:

	2022	2021
	\$000	\$000
Short-term employee benefits:		
Salaries	4	3
<b>Total remuneration</b>	<b>4</b>	<b>3</b>

During the year, the Authority entered into transactions on arm's length terms and conditions with key management personnel, their close family members and controlled or jointly controlled entities thereof. The aggregate value of the material transactions and related outstanding balance with key management personnel for the year ended 30 June 2022 are as follows:

	2022		2021	
	\$000		\$000	
	Transaction value	Loan Balance	Transaction value	Loan Balance
<b>Loans</b>				
Disaster Relief Loan	29	128	-	-
Drought Assistance Fund	21	128	68	142
Farm Innovation Fund	85	1,535	422	1,175
Special Conservation Fund	-	-	15	25
	<b>135</b>	<b>1,791</b>	<b>505</b>	<b>1,342</b>
<b>Grants</b>				
Natural Disaster Recovery Grants	120		-	
Emergency Water Infrastructure Rebate	9		-	
Zinc Phosphide Rebate	10		-	
Farm Business Skills	-		54	
Drought Transport Subsidy	-		10	
	<b>139</b>		<b>64</b>	

# Financial Statements 30 June 2022

## NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

#### 21. RELATED PARTY DISCLOSURE (continued)

During the year, the Authority entered into transactions with other entities that are controlled / jointly controlled / significantly influenced by NSW Government. These transactions (incurred in normal course of business) in aggregate are a significant portion of the Authority's revenue and expenses, and the nature of these significant transactions are detailed below:

Entity	Nature of Transactions
The Crown	Borrowing from The Crown to assist various rural assistance programs and repayment of the same.
Crown Solicitor's Office	Provides legal services to the Authority.
Investment NSW	The Authority acts as loan administrator for Investment NSW job incentive loans. The loans are issued through the Authority.
NSW Self Insurance Corporation	Provides insurance services to the Authority.
Department of Regional NSW	Provision of administrative, secretarial support and operational assistance. The Authority's recurrent and capital grants are received through Department of Regional NSW.
Resilience NSW	The Authority acts as grants administrator in relation to emergency assistance payments.

#### 22. EVENTS AFTER THE REPORTING PERIOD

As part of the Commonwealth 2022/23 Budget, the Authority will be administering a Horticulture Netting Program to assist primary producers with additional costs installing netting over fruit trees and vines. The program was scheduled go live in July 2022. Eligible applicants will be able to claim a grant for netting purchased back to December 2021.

The NSW Government has approved and announced a Critical Producer Package for the February and March 2022 flood event. The program is scheduled to go live in late July 2022 to provided industry support to recover from the flood event.

The NSW Government has approved and announced a Primary Producer Special Disaster Grants for the 27 June 2022 onwards flood events. The program is scheduled to go live mid-July 2022 to support to primary producers recover from the flood event.

The Authority did not record a provision in relation to the Horticulture Netting purchased before 30 June 2022 or for the Primary Producer Flood Industry Recovery grants (February - March 2022 Floods) or Primary Producer grants (27 June onwards floods) where damage and restoration happened pre-30 June 2022 as programs were not yet live and no applications have been received prior to 30 June close.

In early July 2022 the NSW Government received confirmation from the Commonwealth of an increase in upfront payments on Primary Producer Special Disaster grants from \$15,000 to \$25,000 for AGRN 1012 (the February - March 2022 floods). The value of this uplift in upfront payments was approximately \$12m. As the letter was sent and the changes in upfront payment was approved post 30 June 2022, no provision has been made in relation to this change.

The number of biosecurity threats to NSW Primary Production sector is on the rise. Indonesia is currently responding to widespread detections of both Foot and Mouth Disease (FMD) and Lumpy Skin Disease (LSD). At 30 June 2022, Australia remained free of the viruses. However, an incursion of either virus into Australia would result in significant animal health and trade issues. This would potentially have significant effect on the Authority's loan receivables balances due to the high number of livestock and mixed farming customers.

**End of financial statements**





# 09

SECTION



# APPENDIX

## Consultants

The RAA engaged five consultancies in 2021-22, with a total value of \$720,520 (GST exclusive) for work completed in 2021-22 (Table 15). All of these consultancies were over \$50,000. An additional consultancy commenced in 2022 will be completed after the period for this annual report (valued at \$125,740, GST exclusive).

## Disability Inclusion Action Plan

The RAA is not a public authority bound by the requirement to have a disability inclusion action plan (DIAP). The RAA's approach to disability is considered as part of DRNSW's DIAP, which delivers DRNSW's Diversity & Inclusion Strategy. The RAA aims to be an inclusive employer and accessible to the public. We ensure that web material meets online accessibility standards to optimise access for all users, including the vision impaired. No staff have required adjustment to their workplace in regard to a permanent disability however it is known that staff do not always choose to declare their status as a person with a disability. There can be a perception or fear of stigma about disability that means the RAA could be under-reporting the statistics. Disability inclusion forms part of the induction program for RAA staff.

## Disclosure of Controlled Entities

The RAA is not responsible for any controlled entities.

## Exemptions from Reporting Provisions

As a small statutory authority, reporting by DRNSW accounts for the following on behalf of the RAA:

- workforce diversity
- disability inclusion action plans
- multicultural policies and services program
- work health and safety.

Table 15: Consultancies engaged by the RAA in 2021-22.

Name of consultant	Title of Project	Actual Costs (GST exclusive)
Deloitte	Concessional Loan Fair Value Contract	\$136,500
Deloitte	Natural Disasters Forecast Model	\$86,300
Grosvenor Public Sector Advisory	Summative Evaluation for EWIR	\$104,490
Ernst & Young	Farm Innovation Fund 2 Business Case	\$260,230
Sitback Solutions Pty Ltd	RAA transformation discovery phase	\$133,000
Australian Farm Institute	Definition of a primary producer (in progress)	\$125,740

## Legal Changes

There were no legal changes to the RAA's governing Act, the *Rural Assistance Act 1989*, the *Rural Assistance Regulations 2016*, or the *Farm Debt Mediation Act 1994*, in 2021-22.

## Multicultural Policies and Services

The RAA aims to make assistance available and accessible for all members of the farming community and refers customers to Multicultural NSW if language services for interpreting or translating information are required.

## Promotion

There were no overseas visits by employees and officers during 2021-22.

## Research and Development

The RAA does not undertake research and development.

## Workforce Diversity

The RAA has a staffing profile that likely matches our customer base and includes some members of staff who were born in another country or who have a cultural heritage going back to another country. It is known that staff do not always choose to declare their cultural heritage when first joining the organisation.

Public Sector Employee Survey (PMES) data on workforce diversity data for the RAA is incorporated into data for the Infrastructure Investment and Business Excellence Branch.

The RAA's approach to workforce diversity is considered as part of DRNSW's DIAP, which delivers DRNSW's Diversity & Inclusion Strategy.



