

NSW Rural Assistance Authority Annual Report 2013 - 2014



Rural
Assistance
Authority

Annual report for the year ending 30 June 2014

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This annual report summarises the activities and performance of the New South Wales Rural Assistance Authority for 2013–14. This and earlier annual reports are available on the Authority's website: www.raa.nsw.gov.au. Copies are available on request from the Authority.

Our Reference: ROUT14/146
Telephone (Direct):

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

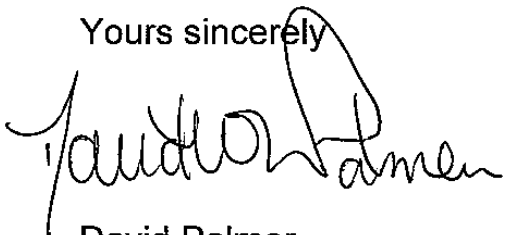
Dear Minister

We take pleasure in presenting on behalf of the members of the Board, the 2013-14 Annual Report for the NSW Rural Assistance Authority. This report is offered for your information and presentation to Parliament.

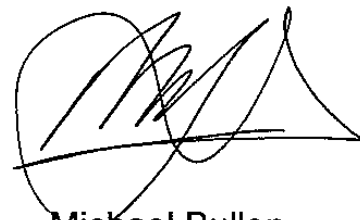
The report outlines the Authority's operational framework and highlights service delivery achievements to the primary production and small business sectors of regional and rural New South Wales.

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

Yours sincerely



David Palmer
Chair



Michael Bullen
Chief Executive

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CHAIR'S REPORT

The return of drought conditions during the past 12 months has challenged primary producers across many areas of the state. The NSW Rural Assistance Authority (the Authority) together with the Regional Assistance Advisory Committee (RAAC), of which I am also chair, are at the forefront in providing both advice to the Minister and support to farm businesses in rural NSW.

During 2012-13 the Authority Board commenced a review of the Special Conservation Scheme with the aim of aligning this assistance with the National Drought Program Reform and on 30 October 2013 the Minister for Primary Industries, the Hon. Katrina Hodgkinson MP announced a range of assistance measures for primary producers suffering from the effects of drought, including a new \$20 million Farm Innovation Fund to provide producers with loans at concessional interest rates for in-drought and drought preparedness works, replacing the previous Special Conservation Loan scheme.

Demand for this assistance measure has been very strong with the Authority approving some \$6.24 million in assistance during 2013-14 for drought preparedness measures out of a total of \$13.9 million in approved assistance for the combined Special Conservation Scheme and Farm Innovation Fund.

In-drought support measures have also been much sought after with the introduction of Transport Assistance Reimbursements and Emergency Water Infrastructure Rebates (EWIR) as part of a temporary Emergency Drought Support package announced on 20 November 2013 which was initially made available to producers in the North West of the State (Bourke, Brewarrina and Walgett Local Government Areas) and has now been extended to a further 27 Local Government Areas and the Unincorporated area, which covers much of northern and central NSW.

The Authority has employed additional staff to help cope with the demand for these assistance measures and during 2013-14 over 3,500 applications for Drought Transport Assistance were processed with \$9.4 million in assistance approved, while 1,158 applications for the EWIR were processed with a further \$14.96 million in assistance approved.

The Australian Government has also announced \$3 million in supplementation of the EWIR for the 2013-14 financial year which has increased the rebate available to producers under this scheme from 50 per cent to 75 per cent of the costs of works to a maximum of up to \$50,000.

While drought assistance has been the Authority's focus during much of the last year, natural disasters have continued to be an area of activity for the Authority with bushfires, including the Blue Mountains and Western Sydney bushfires of September and October 2013, and storms continuing to affect many areas of NSW. During 2013-14 there were 25 Natural Disaster declarations which saw the Authority process 86 applications for Natural Disaster Relief Assistance and approve \$3.14 million in low interest rate loans to assist affected primary producers and small business recover from these devastating events.

The Authority also continues to administer the Farm Debt Mediation Act 1994 and I am pleased to note that demand for this scheme has decreased to 120 new cases during the last year. This scheme provides a structured negotiation process via neutral and independent mediators to primary producers in financial difficulty and is provided by the Authority's Farm Debt Mediation Unit.

During the past year the Australian Government announced the introduction of the Farm Finance: Concessional Loans Scheme which is administered in NSW by the Authority. This scheme allows eligible farm businesses to restructure existing debt in the form of low-interest

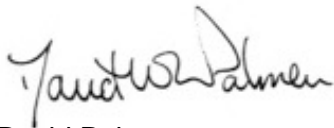
loans to a maximum of \$650,000 with up to \$40 million available to farmers in NSW during 2013-14 and a further \$50 million to be available during 2014-15. The Authority received 206 applications for Farm Finance loans during 2013-14 with \$35.38 million approved.

The Australian Government also announced in February 2014 the Drought Concessional Loans Scheme in an expansion of its drought support package. Negotiations have now been completed which will see the Authority administer a \$100 million loan package for drought affected farmers in NSW with applications for this assistance measure now open.

2013-14 has been both challenging and rewarding during my second year as chair of the Authority Board and I wish to express my thanks to board members for their commitment to the operations of the Authority.

Without exception I continue to receive very positive remarks about the competency and professionalism of the staff. The rapid turnaround and the continued empathy shown by staff toward applicants to the Authority is a great asset and one that will be jealously guarded.

The Authority continues to benefit from the knowledge, skills and enthusiasm shown by all members and the coming year will without doubt require the board and management's response to both old and new challenges.

A handwritten signature in dark ink, appearing to read 'David Palmer', is positioned above the printed name.

David Palmer
Chair

Introduction to the Rural Assistance Authority

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

Eighteen years later the NSW Rural Assistance Authority came into being as a result of the *Rural Assistance Act 1989*, and operated from Sydney in its various guises until early 1997 when it relocated to Orange in central western NSW.

Today, the focal point for the Authority is the challenges faced by rural NSW and the need to play an increasing and more proactive role in contributing to farming and rural policies. As such, the Authority continues to play an important role in aiding in the catalyst for change.

Our focus is to help agriculture maximise its long-term profitability and competitiveness through improved primary production productivity and the sustainable use of natural resources by administering proactive programs.

In broad terms the function of the Authority is to administer a wide range of flexible assistance measures to the rural sector through programs that encourage self-reliance and adaption to change.

The Authority has widespread experience and expertise in the assessment and administration of financial assistance schemes to primary producers and small business operators in the state on behalf of both the NSW and Australian governments.

While the rural sector is its core client, the Authority also aids business enterprises who have suffered loss or damage to recover from natural disaster events.

Charter

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

Vision

Rural industries and businesses capable of adapting successfully to changing circumstances.

Mission

To provide financial assistance to help primary producers maximise profitability and competitiveness.

CUSTOMER SERVICE

Providing quality customer service through accessible methods utilising the latest available technologies.

Guarantee of Service

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

- providing information about the types of financial assistance available

- assessing applications fairly and impartially
- under normal circumstances, making an initial decision within 28 days of receiving an application
- providing clear decisions
- being honest, courteous and respectful at all times
- not discriminating against a client who has difficulty understanding English and, if necessary, providing access to a free interpreter or translator
- keeping personal information confidential as required by law
- being available for inquiries from 8.30 am to 4.30 pm Monday to Friday, excluding public holidays.

To achieve high service standards the Authority requests that clients:

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

The full *Guarantee of Service* is available on the Authority's website: www.raa.nsw.gov.au.

Excellence in Service Delivery

The Authority recognises the importance of excellence in customer service and is committed to improving the quality of the services it offers.

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

The Authority's adaptability and commitment to meeting the changing needs of its diverse client base is evidenced by continued staff training and development processes which include a focus on customer service, its multi-media approach to communication and its willingness to pursue new opportunities to provide rural NSW with information about its services.

As evidence of this approach the Authority processed 82.4 per cent of applications during 2013-14 within expected time frames.

Consumer Response

As a means of gathering customer feedback and in response to *Premiers Memorandum M2010-11 – Improving Client and Customer Satisfaction with Public Services*, the Authority invites feedback on Authority products and services on its website (www.raa.nsw.gov.au/contact).

Any feedback received by the Authority is immediately assessed to determine if further action is required. A record of all feedback received is maintained together with all responses generated.

There were two formal complaints relating to client services in 2013–14 which were resolved in line with the Authority's Complaints Handling process.

INFORMATION & EDUCATION

A commitment to providing effective information to stakeholders.

Publicity and Promotion

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

Strategies include but are not limited to:

- regularly reviewing, updating and improving the Authority's website
- making available electronic and hard copy application forms, information bulletins and brochures
- participating in radio and television interviews, publishing newspaper articles and advertisements
- attending promotional events such as field days
- partnering with agencies, including the NSW Rural Financial Counselling Services (RFCS), Local Land Services (LLS) and NSW Department of Primary Industries (NSW DPI) to exchange information and provide improved service to clients.

Electronic Service Delivery

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

The Authority's website has been designed to comply with the NSW Government's *Website Style Directive* for improved accessibility and information delivery to clients, and includes *Web Content Accessibility Guidelines* (WCAG) to improve accessibility for disabled users.

FINANCIAL ASSISTANCE

Helping agriculture maximise its long-term profitability and competitiveness.

Performance at a glance

Scheme	Applications Received	Applications Approved	Assistance \$
Natural Disaster Relief Assistance - Loans	81	41	3,135,000
Farm Finance: Concessional Loans	206	82	35,376,000
Special Conservation Scheme	37	27	2,041,831
Farm Innovation Fund	226	102	11,859,660
Emergency Water Infrastructure Rebate	1,864	1,133	14,958,879
Transport Assistance	5,639	3,895	10,164,726

A total of 120 new cases commenced under the *Farm Debt Mediation Act 1994*.

Loan advances provided by the Authority increased by \$7.22 million to \$163.77 million, a 4 per cent increase on the prior year. This was driven by the demand for both State and Commonwealth loan schemes aimed at primary producers in recovering from and meeting changes to seasonal conditions.

The total of loans in arrears as at 30 June 2014 was \$2.16 million, representing an 8 per cent increase in the past twelve months. The movement in the level of loan arrears reflects the NSW Government's in-drought and drought preparedness measure to defer Special Conservation, Farm Innovation Fund and Natural Disaster Relief Assistance loans in areas currently impacted by drought.

Total provisions for impairment losses decreased 73 per cent on the prior year to \$0.21 million as at 30 June 2014. The decrease in provisions since 30 June 2013 is contributed to \$0.4 million in bad debts written off and \$0.2 million in payments successfully recovered.

Natural Disaster Relief Assistance

Objective: NSW farmers, agricultural industries and the general public are aware of and have access to the assistance available when dealing with extreme events.

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

Natural Disaster Relief Assistance is funded by both the State and Australian governments.

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

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

Natural disaster events

Date of Disaster	Nature of Natural Disaster	Area Affected (Local Government Area)
22/06/2013	Severe storms, Flooding & Landslides	Shoalhaven City, Goulburn-Mulwaree, Palerang
10/09/2013	Bushfire	Western Sydney (Blacktown, Blue Mountains, Hawkesbury, Penrith)
26/09/2013	Bushfire	Mid North Coast (Great Lakes, Greater Taree, Port Macquarie-Hastings, Walcha)
9/10/2013	Bushfire	Clarence Valley, Coffs Harbour
10/10/2013	Bushfire	Muswellbrook, Singleton
10/10/2013	Bushfire	Oberon
13/10/2013	Bushfire	Blue Mountains, Cessnock, Dungog, Eurobodalla, Hawkesbury, Lake Macquarie, Lithgow, Newcastle, Port Stephens, Shoalhaven, The Hills, Wingecarribee, Wollondilly, Wollongong, Wyong
5/11/2013	Bushfire	Mid North Coast (Greater Taree, Kempsey, Port Macquarie-Hastings, Walcha)
9-10/11/2013	Bushfire*	Gunnedah (Beisson's Road Fire)
11/11/2013	Hail Storm*	Coffs Harbour
14/11/2013	Hail Storm*	Lismore
16/11/2013	Hail Storm*	Coffs Harbour

Date of Disaster	Nature of Natural Disaster	Area Affected (Local Government Area)
17-18/11/2013	Severe weather & tornadoes	Dungog, Hornsby, Port Stephens
19/11/2013	Bushfire	New England (Gwydir, Moree, Narrabri)
22-23/11/2013	Severe weather & tornadoes	Guyra, Gwydir, Liverpool Plains, Muswellbrook, Upper Hunter
4/12/2013	Bushfire*	Cootamundra (Smith's Lane Fire)
21/12/2014	Bushfire*	Cowra (Parishes of Binda, Gooloogong)
8/01/2014	Bushfire	Muswellbrook, Singleton, Lithgow
18/01/2014	Bushfire	Riverina Highlands (Gundagai, Tumbarumba, Tumut)
18/01/2014	Bushfire	Riverina/Southern Border (Coolamon, Greater Hume, Junee, Lockhart, Urana, Wagga Wagga)
19/01/2014	Bushfire	Central Ranges (Bathurst, Oberon)
21-22/01/2014	Bushfire*	Tenterfield (Parishes of Undercliffe, Cullendore)
1/02/2014	Bushfire	Cooma-Monaro
1/02/2014	Bushfire	Warrumbungle
15-16/03/2014	Severe weather & storms	Dungog, Gloucester, Great Lakes, Greater Taree, Port Stephens

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

Loans

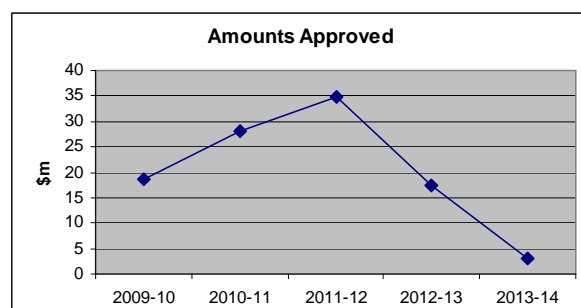
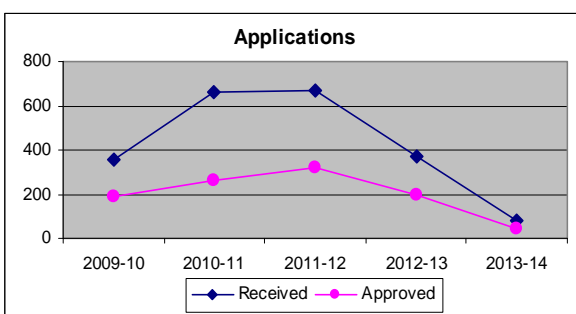
Loans are limited to the minimum amount required to cover normal farming and business activities, replace losses and make repairs not covered by insurance.

The maximum loan is \$130,000. There is an interest and repayment-free period of two years followed by a maximum repayment term of 10 years. The interest rate is fixed from the date of approval.

The interest rate for Natural Disaster Relief Assistance loans at 30 June 2014 was 1.67 per cent.

In 2013–14 the Authority processed 86 Natural Disaster Relief Assistance applications and approved \$3.135 million in loans.

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



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

Recovery Grants

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

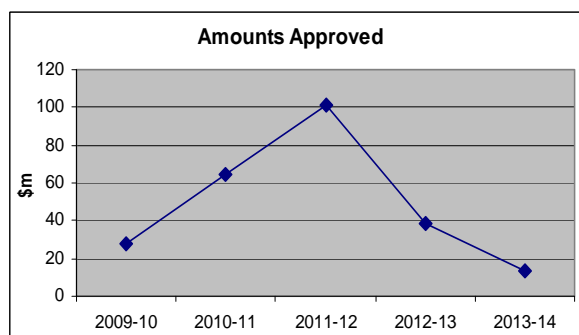
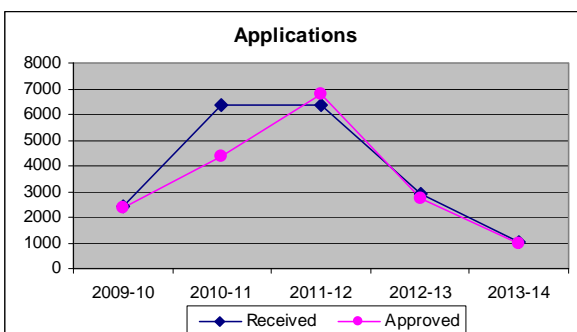
Activation of recovery grant provisions of the Natural Disaster Relief and Recovery Arrangements (NDRRA) requires specific approval from the Australian Government.

During 2013–14 the Authority completed processing of applications following the 2013 NSW bushfires and the January/February 2013 floods and storms on the North Coast.

Grants of up to \$15,000 per farm enterprise were made available for these events.

During 2013-14 the Authority processed 1,098 applications, with \$13.153 million in assistance approved.

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



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

Farm Finance: Concessional Loans

Objective: Assistance for primary producers struggling with high levels of debt.

Farm Finance Concessional Loans are an Australian Government initiative that aims to build the ongoing financial resilience of farmers in New South Wales who are currently struggling with high levels of debt. The Concessional Loans Scheme helps farm businesses in financial hardship, but considered financially viable in the longer term, by providing eligible farmers with immediate, short-term assistance.

The scheme is capped at \$40 million for the 2013-14 financial year and \$50 million for the 2014-15 financial year (total \$90 million) with loans of up to \$650,000 available to refinance up to half of existing long-term commercial borrowings.

Interest charged on Farm Finance Loans is a concessional rate which is reviewed by the Australian Government on a six-monthly basis and may be varied to accord with prevailing economic conditions. The interest rate for Farm Finance Loans at 30 June 2014 was 4.5 per cent.

Two rounds of funding were made available during 2013-14 with the first round for \$30 million opening in August 2013 and the second round for \$10 million opening in March 2014.

During 2013-14 the Authority processed 204 applications for Farm Finance loans with \$35.376 million in assistance approved.

Drought Concessional Loans

Objective: Assisting farm businesses recover from and prepare for future droughts and return to viability in the longer term.

On 26 February 2014 the Australian Government announced a drought assistance package including concessional loans to eligible drought-affected farm businesses for debt restructuring, operating expenses, drought recovery and preparedness activities, or a combination of these.

The scheme is capped at \$100 million for the 2014-15 financial year.

Assistance is available to eligible drought affected farmers to a maximum of \$1 million, or up to 50 per cent of total eligible debt. The interest rate for Drought Concessional Loans at 30 June 2014 was 4.00 per cent.

Applications for Drought Concessional Loans opened on 23 June 2014.

Special Conservation Scheme

Objective: NSW farmers and agricultural industries utilise improved natural resource management techniques and build resilience through improved farm management preparedness.

The Minister for Primary Industries announced on 30 October 2013 as part of the NSW government's drought preparedness and support package that the Special Conservation Scheme was being replaced by the Farm Innovation Fund.

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

Assistance was in the form of a fixed-interest loan at a concessional rate limited to 90 per cent of the GST-exclusive cost of the proposed works to a maximum of \$150,000 with a total available at any one time of \$250,000. A maximum repayment term of 15 years was available with half yearly repayments in line with the client's cash flow.

The interest rate for Special Conservation Scheme loans from 1 July 2013 to 30 October 2013 was 3.5 per cent.

Farm Innovation Fund

Objective: Assisting primary producers identify and address risks to their farming enterprise and meet changes to seasonal conditions.

During 2012-13 the Board of the NSW Rural Assistance Authority instigated a review of assistance available to primary producers through the Special Conservation Scheme.

Recommendations were presented to the Minister for Primary Industries who announced on 30 October 2013, as part of the NSW government's drought preparedness and support package that the Farm Innovation Fund was to replace the Special Conservation Scheme.

The Farm Innovation Fund is an incentive-based initiative to assist farmers within New South Wales to identify and address risks to their farming enterprises, improve permanent farm

infrastructure, ensure long term productivity and sustainable land use plus aiding in meeting changes to seasonal conditions.

Funding by way of a loan is available to meet the cost of carrying out permanent capital works that will have a significant beneficial impact on the land, long term profitability of the enterprise and address adverse seasonal conditions. Such works would fall into 4 main categories and include the following examples:

<u>Drought Preparedness</u>	– Desilting of dams – Planting perennial species
<u>Environmental</u>	– Erosion control – Solar power conversions
<u>Farm Infrastructure</u>	– Farm sheds – Storm/Exclusion Netting
<u>Natural Resources</u>	– Livestock effluent control – Disaster mitigation works

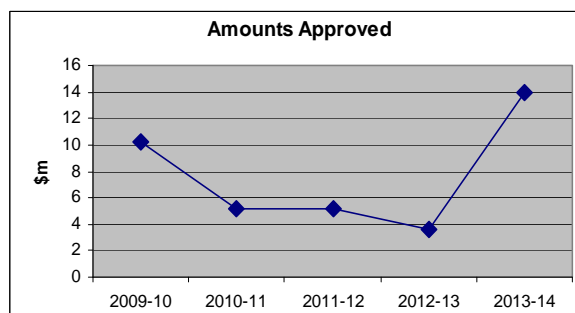
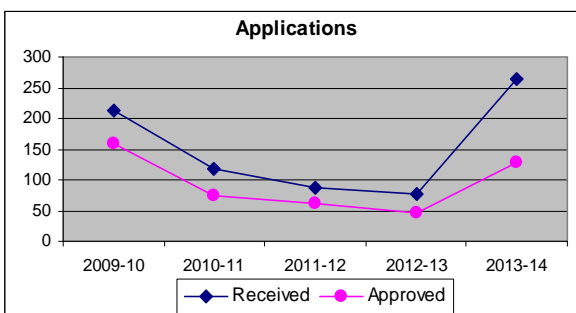
Assistance is in the form of a fixed-interest loan at a concessional rate of up to 100 per cent of the net cost of the works (GST exclusive) to a maximum of \$250,000 and limited to an overall amount of \$500,000 outstanding at any one time.

A maximum repayment term of 20 years is available with monthly, half yearly or annual repayments in line with the client's cash flow.

The interest rate for Farm Innovation Fund loans as at 30 June 2014 was 2.5 per cent.

During 2013–14 the Authority processed 55 Special Conservation Scheme and 167 Farm Innovation Fund applications with over \$13.90 million in assistance approved.

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



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

Emergency Water Infrastructure Rebate

Objective: Assist primary producers in drought affected areas with the establishment of infrastructure to supply water for emergency animal welfare needs.

The Emergency Water Infrastructure Rebate was announced on 20 November 2013 as part of the NSW government's drought preparedness and support package initially available to drought affected farmers in the North West of the State and was subsequently expanded to other drought affected areas.

Assistance available is a rebate of 50 per cent of the cost of purchase, delivery and if applicable, the labour cost to install water infrastructure purchased after the Minister for Primary Industries announcement for emergency animal welfare need to a maximum of \$20,000 per enterprise. This may be extended to \$30,000 on approval of a property Drought Management Plan.

This rebate applies to the purchase and installation of water infrastructure including:

- pipes
- tanks
- bores
- troughs
- pumps
- other costs, materials or equipment necessary to install the above

Following an announcement on 26 February 2014 by the Australian Government of a drought support package, the rebate was increased to 75 per cent of costs for the purchase, delivery and installation of emergency water infrastructure. All clients who had previously received a 50 per cent rebate were subsequently forwarded a further 25 per cent rebate on the costs of works completed.

During 2013–14 the Authority processed 1,158 applications for the Emergency Water Infrastructure Rebate and approved \$14.958 million in assistance.

Processing of applications received late 2013-14 continues.

Transport Assistance

Objective: Animal welfare.

The Authority administers transactional subsidy payments under Natural Disaster Recovery Arrangements on behalf of the NSW Department of Primary Industries (NSW DPI) to assist primary producers following declared natural disaster events by paying up to 50 per cent (to a maximum of \$15,000 per financial year) of the cost in relation to:

- Transport stock to agistment
- Return stock from agistment
- Transport fodder to their property

As part of the NSW government's drought preparedness and support package announced on 30 October 2013 Transport Assistance was made available to drought affected farmers for:

- Transport of fodder for stock (including bees) to properties
- Transporting of stock (including bees) to agistment
- Returning stock (including bees) from agistment
- Transport of domestic water
- Transport of stock drinking water
- Transport of stock to sale or slaughter

A subsidy of up to 50 per cent of the total freight cost to a maximum of \$20,000 per farm enterprise per financial year is available to eligible primary producers with applications for this assistance closing on 30 June 2014.

Specific assistance for animal welfare relief is also available on a permanent basis for the transport of stock to sale or slaughter.

During 2013–14 the Authority processed 3,960 applications for Transport Assistance and approved over \$10.164 million in assistance.

Processing of applications received late 2013-14 continues.

Details of Transport Assistance applications processed during 2013-14 are as follows:

	On Hand	Rec'd	W'Drawn	Declined	App'd	Approved \$	Pending
Natural Disaster							
Livestock from Agistment	8	115	0	0	122	\$95,138	1
Livestock to Agistment	15	96	0	0	111	\$114,551	0
Fodder	25	176	0	3	197	\$406,068	1
Bee Feed	0	0	0	0	0	\$0	0
Stock Water	0	0	0	0	0	\$0	0
Domestic Water	0	0	0	0	0	\$0	0
Sub Total	48	387	0	3	430	\$615,757	2
Drought							
Livestock to Slaughter	0	581	0	6	326	\$667,500	249
Livestock from Agistment	0	130	0	3	62	\$93,432	65
Livestock to Agistment	0	619	0	13	383	\$1,315,721	223
Fodder	0	2,189	1	16	1,502	\$4,595,384	670
Bee Feed	0	0	0	0	0	\$0	0
Livestock to Sale	0	1,436	0	16	952	\$1,757,413	468
Stock Water	0	157	0	7	113	\$420,674	37
Domestic Water	0	10	0	0	7	\$3,370	3
Donated Fodder	0	107	0	0	98	\$569,521	9
Sub Total	0	5,229	1	61	3,443	\$9,423,015	1,724
Animal Welfare							
Livestock to Sale	0	7	0	0	6	\$28,771	1
Livestock to Slaughter	0	16	0	0	16	\$97,183	0
Sub Total	0	23	0	0	22	\$125,954	1
GRAND TOTAL	48	5,639	1	64	3,895	\$10,164,726	1,727

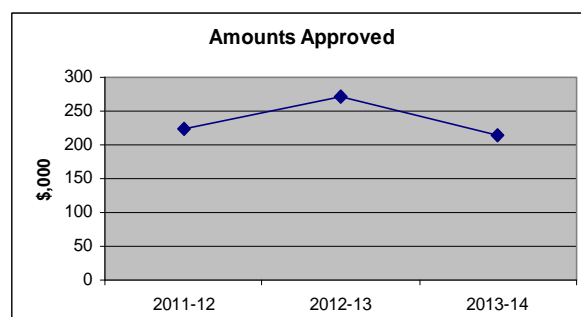
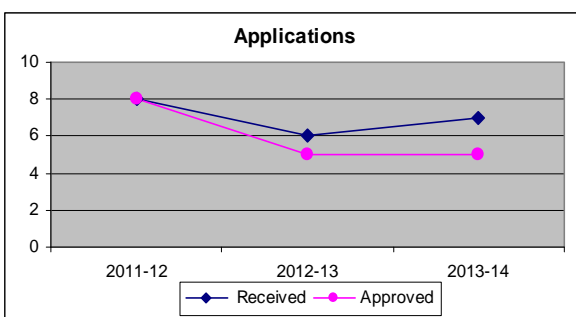
Flying-Fox Netting Subsidy Program

Objective: Financial assistance for exclusion netting to commercial orchardists whose operations would be significantly affected by the prohibition of licensed shooting of flying foxes as a crop protection measure.

The Flying-Fox Netting Subsidy Program was introduced in July 2011 and assists orchardists in the Sydney Basin and Central Coast regions of NSW with subsidies to a maximum of 50 per cent of the cost of installation on eligible properties, of permanent exclusion bat netting, up to a maximum of \$20,000 per hectare.

The Authority processed 7 applications in the 2013-14 financial year with \$214,400 in assistance provided. A total of 45.29 hectares has now been netted since the introduction of the scheme.

The following charts show Flying-Fox Netting Subsidy applications, and amounts approved over the past three years.



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

OTHER ASSISTANCE

Farm Debt Mediation

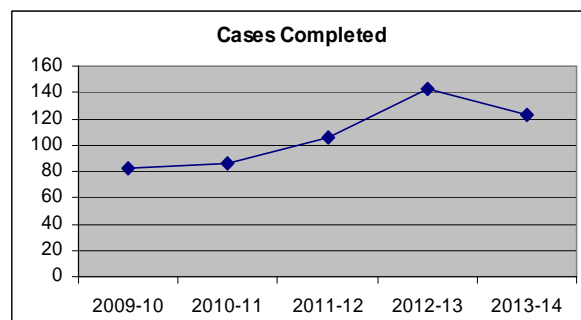
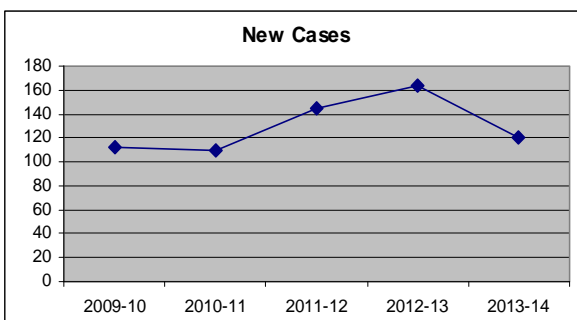
Objective: Efficient and equitable resolution of farm debt disputes.

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

Demand for Farm Debt Mediation action from credit providers decreased during 2013-2014, with 120 new cases commenced and 123 cases completed with Section 11 certificates issued. Agreement was reached in 90 per cent of those cases that went to mediation.

Since commencement of the Act in February 1995, the Authority has issued a total of 2,779 mediation kits in relation to new cases commenced. Of the 2,366 cases completed and a Section 11 certificate issued, 1,536 went to mediation.

The following charts show Farm Debt Mediation Cases Completed and New Cases commenced over the past five years.



Appeal Process

Objective: A clear and independent system for reviewing applications which have been declined assistance.

All decisions where an application for assistance is declined are advised by the Authority in writing. This letter details the reasons and factors which led to that decision.

An Appeal must be lodged in writing with the Authority, and should specifically address the reasons for the Authority's decision. The Appeal should incorporate any supporting evidence or information from the applicant's financier, accountant, consultant or other adviser.

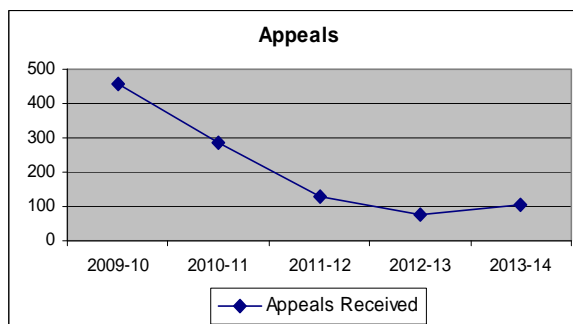
The Appeal is determined by a three person Appeal Committee from within the Authority with the Committee comprised of senior representatives not involved in the initial decision.

The decision of the Appeal Committee is final and is advised in writing to the applicant.

During 2013-2014 the Authority received 105 requests to review decisions to decline applications for assistance. This represented 26 per cent of applications originally declined.

Of these, the original decision was confirmed in 61 cases, while 40 applications were subsequently approved. One appeal request was withdrawn prior to the Appeal Committee considering the case, with a further 3 appeals, awaiting hearing.

The following chart shows the number of appeals received by the Authority over the past five years.



STATISTICS ON APPLICATIONS AND APPROVALS

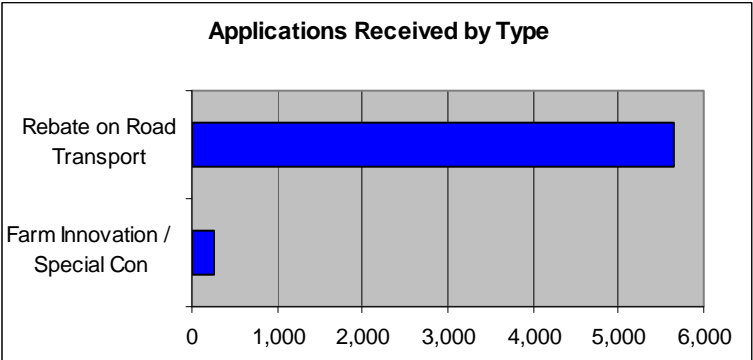
Applications for Assistance – Summary 2013-14

	Pending 01.07.13	Rec'd (no.)	W/drawn (no.)	Declined (no.)	App'd (no.)	Approved \$	Pending 30.06.14
SPECIAL CONSERVATION SCHEME LOANS							
Stock & Dom. Water	8	27	20	1	14	1,030,251	0
Upgrade Irrigation	2	5	1	0	6	538,880	0
Feed Storage	5	1	3	1	2	134,000	0
Other	3	4	2	0	5	338,700	0
Sub Total	18	37	26	2	27	2,041,831	0
FARM INNOVATION FUND - LOANS							
Preparedness	0	138	44	4	58	6,235,660	32
Environmental	0	6	1	0	2	290,000	3
Farm Infrastructure	0	82	11	5	42	5,334,000	24
Sub Total	0	226	56	9	102	11,859,660	59
NATURAL DISASTER RELIEF ASSISTANCE - LOANS							
Flood & Storm	5	65	1	33	35	2,675,000	1
Bushfire	1	5	0	2	4	370,000	0
Small Business	0	11	1	8	2	90,000	0
Sub Total	6	81	2	43	41	3,135,000	1
NATURAL DISASTER RELIEF ASSISTANCE - GRANTS							
Small Business	0	2	0	2	0	0	0
Primary Producer	43	1,053	3	143	950	13,153,653	0
Sub Total	43	1,055	3	145	950	13,153,653	0
TRANSPORT ASSISTANCE							
Disaster	48	387	0	3	430	615,757	2
Drought	0	5,229	1	61	3,443	9,423,015	1,724
Animal Welfare	0	23	0	0	22	125,954	1
Sub Total	48	5,639	1	64	3,895	10,164,726	1,727
EMERGENCY WATER INFRASTRUCTURE REBATE							
Water Infrastructure	0	1,864	1	24	1,133	14,958,879	706
Sub Total	0	1,864	1	24	1,133	14,958,879	706
CONCESSIONAL LOANS							
Farm Finance	0	206	7	115	82	35,376,000	2
Drought	0	0	0	0	0	0	0
Sub Total	0	206	7	115	82	35,376,000	2

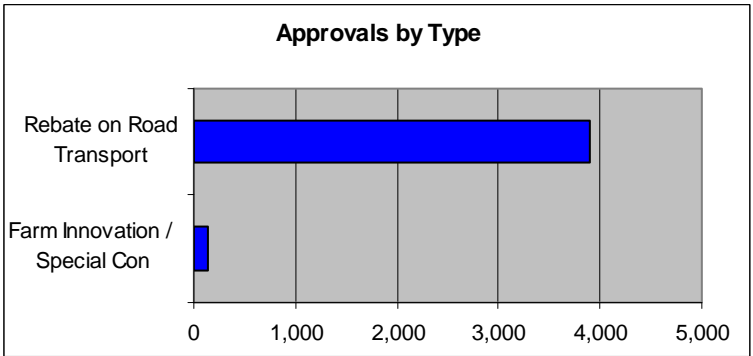
	Pending 01.07.13	Rec'd (no.)	W/drawn (no.)	Declined (no.)	App'd (no.)	Approved \$	Pending 30.06.14
FLYING-FOX NETTING SUBSIDY							
1st Application	1	3	0	2	2	80,000	0
2nd Application	0	4	0	0	3	134,400	1
Sub Total	1	7	0	2	5	214,400	1
GRAND TOTAL	116	9,115	96	404	6,235	90,904,149	2,496

Schemes

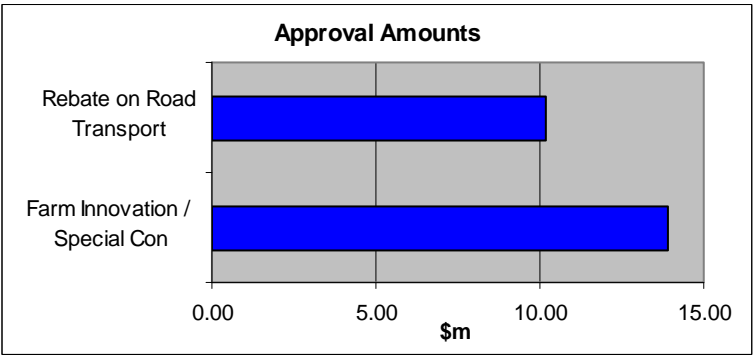
State schemes



Total No. Applications = 5,902

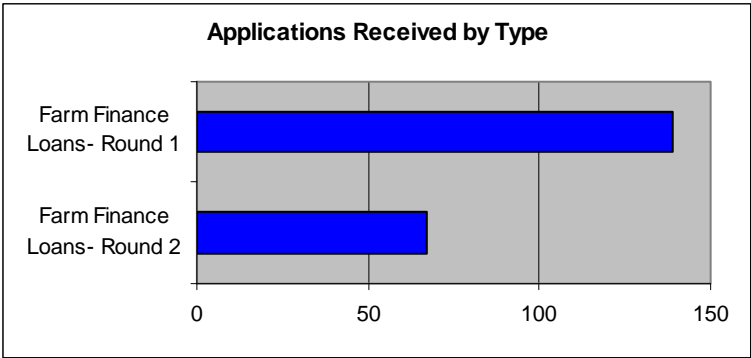


Total No. Approved = 4,024

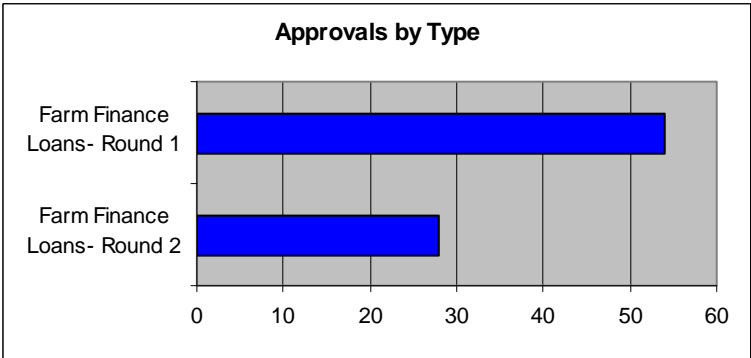


Total Approved = \$24,066,217

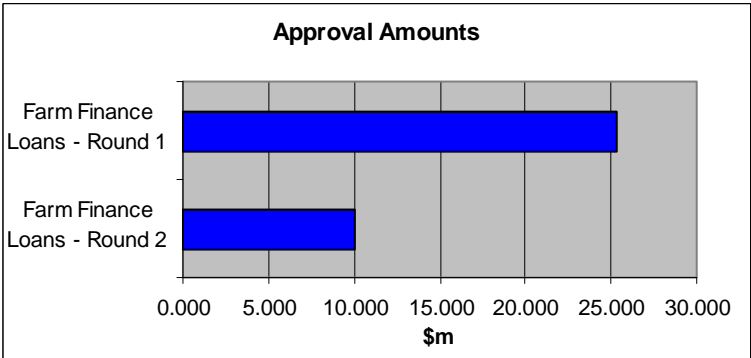
Australian Government schemes



Total No. Applications = 206

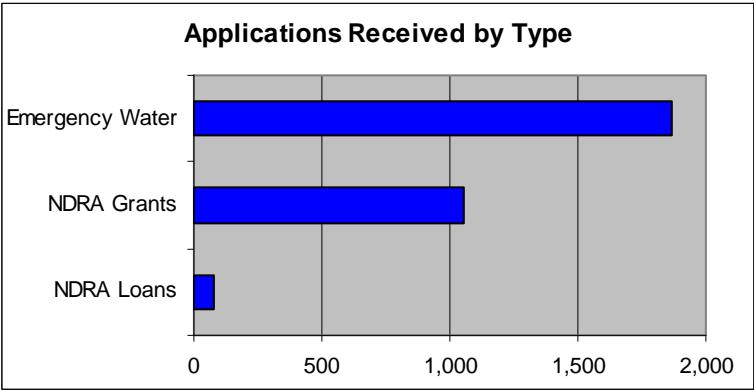


Total No. Approvals = 82

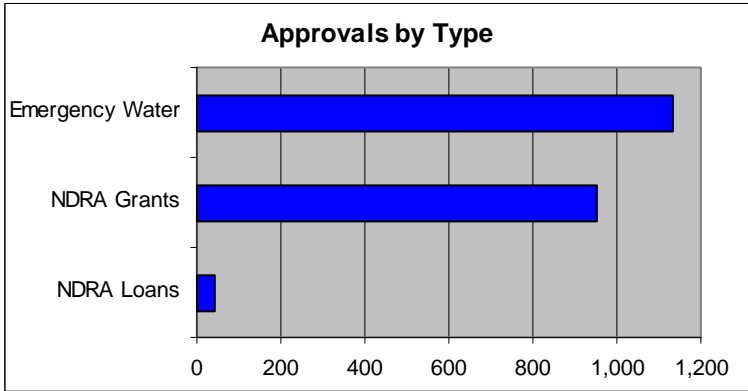


Total Approved = \$35,376,000

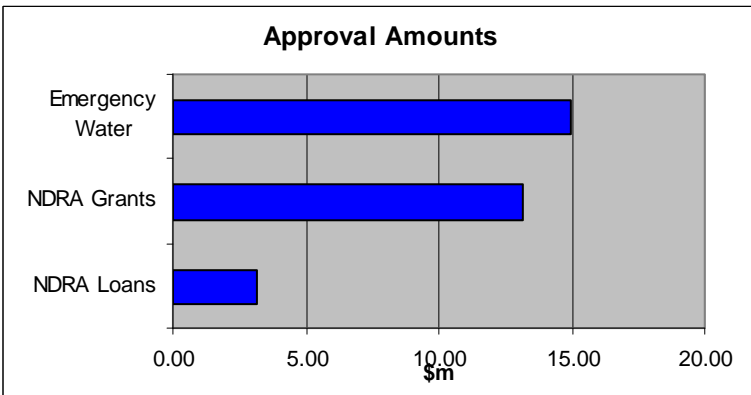
Australian/State Government schemes



Total No. Applications = 3,000



Total No. Approved = 2,124



Total Approved = \$31,247,532

HUMAN RESOURCES

Fostering a work environment that attracts and inspires excellence in people.

Following the introduction of the *Government Sector Employment Act 2013*, *Government Sector Regulation 2014* and *Government Sector Rules 2014* Authority staff are now employed by NSW Trade & Investment.

Please refer to the 'Workforce Diversity' for details of the number of employees and their representation.

Staff Education and Training

Assessment of training requirements continued in 2013-14 through consultation and needs analysis.

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

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

Staff Induction

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

Industrial Relations

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

There were no significant industrial relations issues during the year.

Flexible Working Arrangements

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

CORPORATE GOVERNANCE

The Board

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

- a) to advise the Minister for Primary Industries on the provision of assistance under the *Rural Assistance Act 1989*,
- b) to report to the Minister at least annually on:
 - (i) the effectiveness of programs of assistance implemented under this Act in meeting the Government's objectives for those programs, and
 - (ii) the performance of the Authority in the delivery of assistance under programs implemented or administered under this Act,

- c) to determine the general policies of the Authority including by means of the setting of guidelines for the implementation of particular programs of assistance under this Act.

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

The Authority's Board consists of six part-time members and the Chief Executive.

Part-time Members with Relevant Qualifications and Experience

Mr David PALMER, Grad Dip Mgmt (AGSM, GAICD), was the Managing Director of Meat and Livestock Australia (MLA) for 5 years and prior to his appointment in 2006 served as MLA's Regional Manager in North America. Before joining MLA, Mr Palmer managed food safety and quality assurance programs at the Australian Meat & Livestock Corporation and spent 6 years as the Executive Director of the Cattle Council of Australia. Mr Palmer was also a director of AUS-MEAT Limited and MLA Donor Company.

Mr Palmer chairs the Australia Korea Foundation (DFAT position) and the Livestock Biosecurity Network, a sheep and cattle industry initiative. He is also a director of Animal Health Australia, Invasive Animals CRC and the Greater Sydney LLS.

Mr Palmer is also the Chairperson of the Regional Assistance Advisory Committee tasked with providing advice to the NSW Government on potential farm business, farm family and community support following climate-related downturns.

Appointed - July 2012

Appointed as Chair - July 2012

Mr Robert BROWN, BSc PsychSc (Hons), MBA, CFP, Accredited Family Business Adviser and Director Family Strategy at Peppin Planners, a multi-disciplinary advice business based in Deniliquin, southern NSW.

Mr Brown has extensive career involvement in the situations and issues facing rural families and communities. He is a recognised specialist and speaker on family farm planning and succession research and practice and more broadly the challenges of family wealth interactions, emotions, equity and effective communication and strategies.

Mr Brown is a Board Member of Intereach Limited, a regional provider of community services and programs throughout Southern NSW and Chair of Deniliquin Newspapers Pty Ltd.

Appointed - July 2012

Ms Barbara CLARK, BFin Admin, CA, FAICD, is a partner in a mixed farming enterprise situated at Boggabilla in NSW focusing on viability and sustainability and was previously involved in an intensive pecan orchard at Bellingen.

Ms Clark has been a member of numerous agricultural boards including Wheat Export Authority and Export Wheat Commission. She has also been Chair and member of their Audit Committees.

Ms Clark who is Chair of the Authority's Audit and Risk Committee has extensive experience as an accountant both in Sydney and rural NSW and is a Fellow of the Australian Institute of Company Directors.

Appointed - July 2012

Mrs Markeeta GIBSON, BSC, LLB, Grad Dip Legal Practice, GAICD, owns a law firm and operates a large-scale grazing and irrigation enterprise at Hay in NSW with her husband.

Mrs Gibson is currently Chair of MI Holdings Pty Ltd, a Non-Executive Director of Murrumbidgee Irrigation Ltd and a member of its Audit Committee. She is a member of the Australian Institute of Company Directors and has extensive experience with rural succession planning, rural, commercial and residential property transfers, as well as trading water entitlements and water allocations.

Appointed - July 2012

Mr Andrew LOCKE, BSc (Agriculture), is a co-owner and manager of a grazing enterprise at Walcha. He previously had a career in commercial/agribusiness banking and finance consulting.

Mr Locke is a member of the National Rural Advisory Council (NRAC) providing advice to the Federal Minister for Agriculture on drought policy/issues and other industry related matters. He is a graduate of the Australian Rural Leadership programme and a member of the Australian Institute of Company Directors.

Mr Locke has previously been Chair of the National Steering Committee for FarmBis (DAFF), Deputy Chair of the New England North West Area Consultative Committee and member of the Westpac National Agribusiness Council.

Appointed - July 2012

Mrs Wendy TUCKERMAN, is a partner in a mixed farming enterprise, specialising in fine merino sheep breeding and wool production.

Mrs Tuckerman has been an elected Councillor for Boorowa Council since 2004 and has held the position of Mayor since 2007. Mrs Tuckerman is also a current Board Member of the Southern Inland Local Regional Development Board and an Executive Member of the South Eastern Regional Organisation of Councils.

Appointed - July 2012

Chief Executive

Mr Michael Bullen, BScFor (ANU), MBA (UNE), MAICD, commenced as Deputy Director General, Agriculture NSW in February 2012 and Chief Executive of the Rural Assistance Authority in May 2012. Mr Bullen graduated with a Bachelor of Science (Forestry) from the Australian National University in 1983.

Mr Bullen commenced work as a forester in Tasmania and joined the then Forestry Commission in 1986. He remained with Forests NSW until 2008 when he left to lead the Sydney Catchment Authority until joining Agriculture NSW. Mr Bullen completed a Masters in Business Administration in 1996, and has an interest in natural resource management and played a key role in the NSW Government's Regional Forest Assessment process.

Appointed 23 May 2012

Board Meetings and Attendance

During 2013–14 the Board held meetings as follows:

17 September 2013 - NSW Rural Assistance Authority, Orange

12 November 2013 - NSW Trade & Investment Centre, Sydney

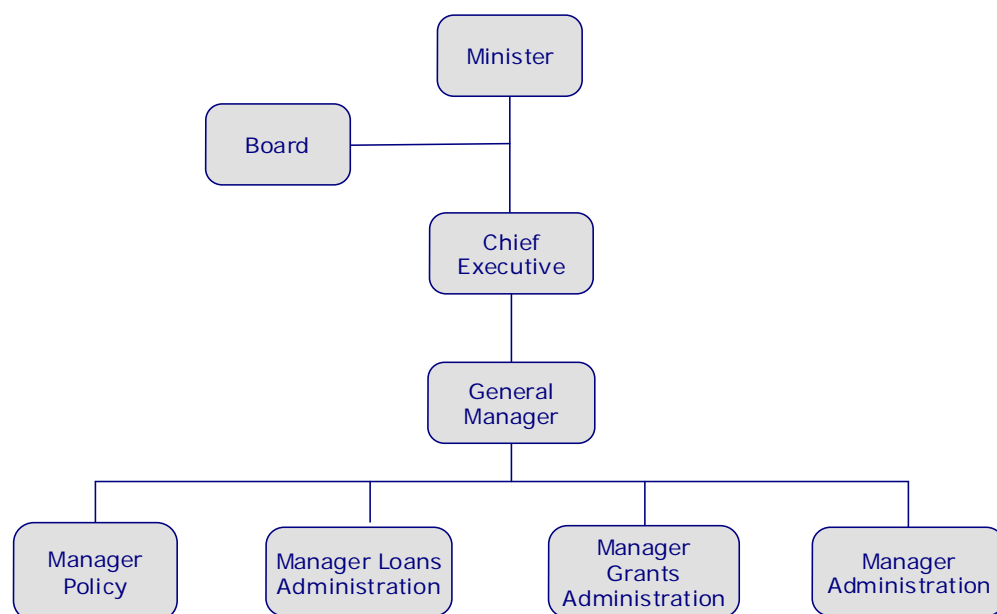
11 February 2014 - NSW Trade & Investment Centre, Sydney

7 April 2014 - NSW Trade & Investment Centre, Sydney

19 June 2014 – NSW Rural Assistance Authority, Orange

Board Attendance	Meetings Eligible to Attend	Meetings Attended
Mr David Palmer	5	5
Mr Robert Brown	5	4
Mrs Barbara Clark	5	5
Mrs Markeeta Gibson	5	3
Mr Andrew Locke	5	5
Mrs Wendy Tuckerman	5	5
Mr Michael Bullen	5	4

Organisation Structure



Senior Officers

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

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

Appointed 23 May 2012

Mr Stephen Griffith, BAgEc (Hons), MPP General Manager

Mr Griffith was Chief Manager Lending before being appointed General Manager in January 1996. Mr Griffith retired as General Manager in October 2013.

Mr John Newcombe, Acting General Manager

Mr Newcombe was appointed as Acting General Manager in October 2013. Prior to this he was Executive Officer for the Regional Assistance Advisory Committee (RAAC) and brings expertise in community engagement, business management and structural reform. He manages the day-to-day operations of the Authority and provides a link between the Authority's Board, senior members of the public service and central government agencies.

Ms Corinne Kennedy Acting Manager Policy

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

Mr Michael Pickett Manager Administration

Mr Pickett joined the Authority in 1996 following previous roles with the NSW Department of Health and Department of Community Services. Mr Pickett retired from the Authority in August 2013.

Mr Glen Beattie, GC PSM, Manager Administration

Mr Beattie was appointed as Manager Administration in December 2013. Prior to this he was employed by NSW Trade and Investment in the position of Senior Business and Systems analyst. He is responsible for the Business administration of the Authority which includes finance, personnel, records, information technology and communication services. Mr Beattie is the liaison between the Authority and its corporate services provider and ensures that all required services are provided timely and efficiently.

Ms Fran Willard
Acting Manager Farm Debt Mediation

Ms Willard joined the Authority in 1996 after 26 years in the banking industry. She manages the activities of the Farm Debt Mediation section and ensures delivery of effective dispute resolution, quality customer service and compliance with the *Farm Debt Mediation Act 1994*. Ms Willard has extensive knowledge of bank securities and has experience in loan assessment and debt recovery.

Mr Thomas Bunworth
Manager Loans Administration

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

Mr Bruce Glover
Manager Grants Administration

Mr Glover joined the Authority in 1990 after 20 years in the banking industry. He is responsible for the day-to-day administration of the Grants Assessment section. Mr Glover ensures that the Schemes are administered in accordance with government guidelines and to achieve the Authority's policies and objectives.

CORPORATE SERVICES

The NSW Department of Trade and Investment, Regional Infrastructure and Services (NSW Trade & Investment) provides corporate services to the Authority under the Government's corporate services reform program. Services include personnel, payroll, industrial relations, finance and information communications technology.

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

FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

New South Wales Rural Assistance Authority

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of New South Wales Rural Assistance Authority (the Authority), which comprise the statements of financial position as at 30 June 2014, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows, for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Authority and the consolidated entity. The consolidated entity comprises the Authority and the entities it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Authority and the consolidated entity as at 30 June 2014, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

The Board's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the members of the Board, as well as evaluating the overall presentation of the financial statements.

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

My opinion does not provide assurance:

- about the future viability of the Authority or consolidated entity
- that they have carried out their activities effectively, efficiently and economically
- about the effectiveness of internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information, that may have been hyperlinked to/from the financial statements
- about the assumptions used in formulating the budget figures disclosed in the financial statements.

Independence

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

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



Peter Barnes
Director, Financial Audit Services

25 September 2014
SYDNEY

Statement in accordance with Section 41c of the Public Finance and Audit Act 1983

NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY

STATEMENT IN ACCORDANCE WITH SECTION 41C(1C) OF THE PUBLIC FINANCE AND AUDIT ACT 1983

Pursuant to section 41C(1C) of the *Public Finance and Audit Act 1983*, and in accordance with a resolution of New South Wales Rural Assistance Authority we state that:

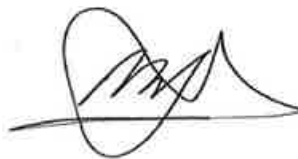
- (a) The accompanying financial statements have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the provisions of the *Public Finance and Audit Act 1983*, the applicable clauses of the *Public Finance and Audit Regulation 2010*, and the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer;
- (b) The accompanying financial statements exhibit a true and fair view of the financial position and the financial performance of New South Wales Rural Assistance Authority for the year ended 30 June 2014;
- (c) At the date of signing we are not aware of any circumstances that would render the financial statements misleading or inaccurate.

Date: 25 September 2014



Board Member

Date: 25 September 2014



Michael Bullen
Chief Executive

NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY

Financial Statements for the period ended 30 June 2014

FINANCIAL STATEMENTS – NSW RURAL ASSISTANCE AUTHORITY – as at 30 June 2014

Statement of comprehensive income for the period ended 30 June 2014

	Notes	Consolidated Actual 2014 \$'000	Budget 2014 \$'000	Consolidated Actual 2013 \$'000	Parent Actual 2014 \$'000	Parent Actual 2013 \$'000
Expenses excluding losses						
Operating expenses						
Employee related	2(a)	1,557	1,928	2,079	93	66
Personnel services	2(b)	1,078	-	-	2,542	2,013
Other operating expenses	2(c)	2,342	1,265	4,268	2,342	4,268
Depreciation and amortisation	2(d)	7	8	9	7	9
Grants and subsidies	2(e)	75,978	37,237	38,297	75,978	38,297
Finance Costs	2(f)	8,655	8,800	7,928	8,655	7,928
Total expenses excluding losses		89,617	49,238	52,581	89,617	52,581
Revenue						
Investment revenue	3(a)	9,300	9,336	8,368	9,300	8,368
Grants and contributions	3(b)	65,631	39,920	53,967	65,631	53,967
Acceptance by the Crown Entity of employee benefits and other liabilities	3(c)	19	154	103	323	-
Other revenue	3(d)	1,782	14	7	1,478	110
Total Revenue		76,732	49,424	62,445	76,732	62,445
Gain / (loss) on disposal	4	(2)	-	-	(2)	-
Other gains / (losses)		-	-	-	-	-
Net result		(12,887)	186	9,864	(12,887)	9,864
Other comprehensive income		-	-	-	-	-
Total other comprehensive income		-	-	-	-	-
TOTAL COMPREHENSIVE INCOME	1(a)(ii)	(12,887)	186	9,864	(12,887)	9,864

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS – NSW RURAL ASSISTANCE AUTHORITY – as at 30 June 2014

Statement of financial position as at 30 June 2014

	Notes	Consolidated Actual 2014 \$'000	Budget 2014 \$'000	Consolidated Actual 2013 \$'000	Parent Actual 2014 \$'000	Parent Actual 2013 \$'000
ASSETS						
Current Assets						
Cash and cash equivalents	6	61,334	17,960	18,592	61,334	18,592
Receivables	7	2,427	1,712	7,341	2,427	7,341
Other financial assets	8	17,788	16,553	15,918	17,788	15,918
Total Current Assets		81,549	36,225	41,851	81,549	41,851
Non-Current Assets						
Other financial assets	8	135,438	129,218	126,183	135,438	126,183
Plant and equipment	9	35	116	37	35	37
Intangible assets	10	16	-	-	16	-
Total Non-Current Assets		135,489	129,334	126,220	135,489	126,220
Total Assets		217,038	165,559	168,071	217,038	168,071
LIABILITIES						
Current Liabilities						
Payables	13	16,185	4,967	6,636	16,185	6,636
Borrowings	14	21,578	16,553	16,217	21,578	16,217
Provisions	15	29,560	613	6,214	29,560	6,214
Total Current Liabilities		67,323	22,133	29,067	67,323	29,067
Non-Current Liabilities						
Borrowings	14	150,273	129,618	126,675	150,273	126,675
Provisions	15	7	7	7	7	7
Total Non-Current Liabilities		150,280	129,625	126,682	150,280	126,682
Total Liabilities		217,603	151,758	155,749	217,603	155,749
Net Assets / (Liabilities)		(565)	13,801	12,322	(565)	12,322
EQUITY						
Accumulated funds		(565)	13,801	12,322	(565)	12,322
Total Equity	1(a)(ii)	(565)	13,801	12,322	(565)	12,322

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS – NSW RURAL ASSISTANCE AUTHORITY – as at 30 June 2014

Statement of changes in equity for the period ended 30 June 2014

	Notes	Accumulated Funds		Total	
		Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000
Balance at 1 July 2013		12,322	12,322	12,322	12,322
Net result for the year		(12,887)	(12,887)	(12,887)	(12,887)
Total other comprehensive income		-	-	-	-
Transactions with owners in their capacity as owners		-	-	-	-
Balance at 30 June 2014		(565)	(565)	(565)	(565)
Balance at 1 July 2012		2,458	2,458	2,458	2,458
Net result for the year		9,864	9,864	9,864	9,864
Total other comprehensive income		-	-	-	-
Transactions with owners in their capacity as owners		-	-	-	-
Balance at 30 June 2013		12,322	12,322	12,322	12,322

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS – NSW RURAL ASSISTANCE AUTHORITY – as at 30 June 2014

Statement of cash flows for the period ended 30 June 2014

	Notes	Consolidated Actual 2014 \$'000	Budget 2014 \$'000	Consolidated Actual 2013 \$'000	Parent Actual 2014 \$'000	Parent Actual 2013 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Personnel Services and Employee related		(2,692)	(1,783)	(1,950)	(2,692)	(1,950)
Grants and subsidies		(45,270)	(20,734)	(45,571)	(45,270)	(45,571)
Finance costs		(4,381)	(5,300)	(3,593)	(4,381)	(3,593)
Other		(200)	(18,668)	(4,036)	(200)	(4,036)
Total Payments		(52,543)	(46,485)	(55,150)	(52,543)	(55,150)
Receipts						
Interest received		581	496	541	581	541
Grants and contributions		65,620	36,920	48,194	65,620	48,194
Cash transfers to the Consolidated Fund		-	-	-	-	-
Other		10,694	3,914	3,689	10,694	3,689
Total Receipts		76,985	41,330	52,424	76,985	52,424
NET CASH FLOWS FROM OPERATING ACTIVITIES	20	24,352	(5,155)	(2,726)	24,352	(2,726)
CASH FLOWS FROM INVESTING ACTIVITIES						
Advance repayments received		22,810	25,660	20,852	22,810	20,852
Purchases of plant and equipment		(23)	(50)	(14)	(23)	(14)
Proceeds from sale of plant and equipment		-	-	-	-	-
Advances made		(29,578)	(17,000)	(23,319)	(29,578)	(23,319)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(6,791)	8,610	(2,481)	(6,791)	(2,481)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from borrowings and advances		47,991	17,000	23,319	47,991	23,319
Repayment of borrowings and advances		(22,810)	(20,360)	(20,853)	(22,810)	(20,853)
NET CASH FLOWS FROM FINANCING ACTIVITIES		25,181	(3,360)	2,466	25,181	2,466
NET INCREASE / (DECREASE) IN CASH		42,742	95	(2,741)	42,742	(2,741)
Opening cash and cash equivalents		18,592	17,865	21,333	18,592	21,333
CLOSING CASH AND CASH EQUIVALENTS	6	61,334	17,960	18,592	61,334	18,592

The accompanying notes form part of these financial statements.

Notes to the financial statements

1. Summary of Significant Accounting Policies

(a) (i) Reporting Entity

The NSW Rural Assistance Authority (the Agency) is a reporting entity under the *Rural Assistance Act 1989* and comprises all the entities under its control, namely the Office of the Rural Assistance Authority which provided Personnel Services for the Agency.

Under clause 8 (1) of the *Administrative Arrangements Order 2014*, effective on 24 February, the Office of the Rural Assistance Authority was abolished and the staff transferred to the Department of Trade and Investment, Regional Infrastructure and Services (NSW Trade & Investment). In accordance with clause 11 (4) of this order no separate financial statements have been prepared for the former Office of the Rural Assistance Authority for 2014. However, financial information relating to its operations during the relevant period before its abolition have been included in the notes to the financial report of NSW Trade & Investment.

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

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

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

These consolidated financial statements for the year ended 30 June 2014 have been authorised for issue by the Board on 25 September 2014.

(ii) Going Concern

The Financial Statements have been prepared on a going concern basis which contemplates the continuity of normal business activity and realisation of assets and the settlement of liabilities in the normal course of the NSW Rural Assistance Authority's business. The Consolidated and Parent Entity both generated a Total Comprehensive Loss for the year of \$12,887,000 and resulted to a negative Total Equity of \$565,000. This was mainly due to the supporting of all applications received within the guidelines and timeframes of the Drought Regional Initiative Program resulting in an \$18,103,000 oversubscription. As such, the management believe that the NSW Rural Assistance Authority is well placed to manage its business risks successfully despite the resulting negative Total Equity. A Letter of Comfort was also issued by the Department of Trade and Investment, Regional Infrastructure & Services in relation to the matter.

(b) Basis of Preparation

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

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2010* and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Plant and equipment and financial assets at 'fair value through profit or loss' and available for sale are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

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

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

- (i) Impairment of Advances Receivables – Loans to Clients (refer Note 8)
In accordance with AASB 139 Financial Instruments: Recognition and Measurement an allowance for impairment is raised in relation to individual loans when collectability is considered in doubt.
- (ii) Valuation of Advances Receivable (refer Note 8) and Treasury Loan Capital (refer Note 14)
The above items are measured at amortised cost in accordance with AASB 139 Financial Instruments: Recognition and Measurement and TPP08-1 Accounting Policy: Accounting for Financial Instruments.
- (iii) Valuation of Long Service Leave
Long service leave is measured at present value in accordance with AASB 119 Employee Benefits based on the application of certain factors specified in NSW TC 14/04.

FINANCIAL STATEMENTS – NSW RURAL ASSISTANCE AUTHORITY – as at 30 June 2014

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

(c) Statement of Compliance

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

(d) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's Mandate to not-for-profit general government sector entities.

(e) Grants and subsidies paid

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

(f) Insurance

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

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

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

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

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

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

(h) Income recognition

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

(i) Investment revenue

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

(ii) Grants and contributions

Grants and contributions include donations and grants from the NSW Trade & Investment. Except as specified below, contributions from other bodies (including grants and donations) are recognised as income when the Agency obtains control over the assets comprising the contributions. Control over contributions is normally obtained upon the receipt of cash. Contributions are not recognised as revenue in the following circumstances:

- Contributions from other bodies received in advance of the commencement of a grant program are recognised as Unearned revenue. The liability is disclosed in Note 13 as part of 'Current Liabilities – Payables'.

(i) Assets

(i) Acquisition of assets

Assets acquired are initially recognised at cost. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

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

Fair value is the 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.

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

(ii) Capitalisation thresholds

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

(iii) Revaluation of plant and equipment

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*.

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

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

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

(iv) Impairment of plant and equipment

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

(v) Depreciation of plant and equipment

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

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

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

Depreciation rates are reviewed and determined on an annual basis.

(vi) Maintenance

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

(vii) Leased assets

The leasing transactions of the Agency are restricted to an operating lease for office accommodation.

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

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

(viii) Intangible Assets

The entity recognises intangible assets only if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the entity's intangible assets, the assets are carried at cost less any accumulated amortisation.

Intangible assets are tested for impairment when an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

(ix) Loans and receivables

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

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

The Agency has a loan advance from the Commonwealth to fund a Farm Finance Concessional Loan Scheme. The Agency must repay to the Commonwealth on a monthly basis both the principal and interest on the advances in line with the principal and interest that the Agency collects from re-lending the funds for approved purposes. Interest revenue earned on the yet to be expended portion of the loan advance is repayable to the Commonwealth on receipt of same.

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

Bad debts are written off as incurred. When loan principal or interest is written off, the obligation for the Agency to repay Treasury or the Commonwealth is forgiven.

(x) Impairment of financial assets

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

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

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

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

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

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

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

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

(j) Liabilities

(i) Payables

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

(ii) Borrowings

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

(iii) Employee benefits and other provisions

(a) Personnel Services Arrangements

Under clause 8 (1) of the *Administrative Arrangements Order 2014*, effective from 24 February, the staff employed by the Office of the Rural Assistance Authority to provide personnel services to the Rural Assistance Authority were transferred to NSW Trade & Investment. From this date all payments to employees and related obligations are done in the name of NSW Trade & Investment and are classified as “Personnel Services Expense” in the financial statements.

(b) Personnel Services for Salaries and wages, annual leave, sick leave and on-costs

Liabilities for personnel services are stated as liabilities to the service provider, NSW Trade & Investment. Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees’ services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

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

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

The outstanding amounts of payroll tax, workers’ compensation insurance premiums and fringe benefits tax, which are consequential to the provision of personnel services by NSW Trade & Investment, are recognised as liabilities and expenses where the personnel services to which they relate have been recognised.

(c) Personnel Services for Long service leave and superannuation

The Agency’s liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity through NSW Trade & Investment. The Agency accounts for the liability as having been extinguished; resulting in the amount assumed being shown as part of the non-monetary revenue item described as “Acceptance by the Crown Entity of employee benefits and other liabilities”.

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSW TC 14/04) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer’s Directions (NSW TC 14/05). The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees’ salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees’ superannuation contributions.

(iv) Other Provisions

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

(k) Fair value hierarchy

A number of the Agency’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 entity categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

Level 1 – Quoted 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 Agency recognised transfer between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(l) Equity

(i) Accumulated Funds

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

(m) Equity Transfers

The transfer of net assets between entities as a result of an administrative restructure, transfers of programs / functions and parts thereof between NSW public sector entities are designated or required by Australian Accounting Standards to be treated as contributions by owners and recognised as an adjustment to 'Accumulated funds'. This treatment is consistent with AASB 1004 *Contributions* and Australian Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

Transfers arising from an administrative restructure involving not-for-profit and for-profit government entities are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the entity recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the entity does not recognise that asset.

Refer Note 16 for details of Equity Transfers relating to *Administrative Arrangements Order 2014*, the abolition of the Office of the Rural Assistance Authority and the transfer of staff of staff to NSW Trade & Investment.

(n) Budgeted amounts

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

(o) Comparative Information

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

(p) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2013-14

The accounting policies applied in 2013-14 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have been applied for the first time in 2013-14 (AASB 119 and AASB 2011-10 regarding Employee Benefits; AASB 13, AASB 2011-8 and AASB 2012-1 regarding fair value measurement).

The impacts of these Standards in the period of initial application have an immaterial effect on the financial statements.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

The following new Australian Standards have not been applied and are not yet effective:

- AASB 9 and AASB 2010-7 regarding financial instruments (Operative date - 1 Jan 2015)
- AASB 1055 and AASB 2013-1 regarding budgetary reporting (Operative date - 1 July 2014)
- AASB 2011-7 (NFP) regarding consolidation and joint arrangements (Operative date – 1 Jan 2014)
- AASB 2012-3 regarding offsetting financial assets and liabilities (Operative date – 1 Jan 2014)
- AASB 2013-3 and AASB 2013-6 regarding impairment of assets (Operative date – 1 Jan 2014)
- AASB 2013-8 regarding control and structured entities (Operative date – 1 Jan 2014)

2. Expenses Excluding Losses

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
(a) Employee Related Expenses				
Salaries and wages (including recreation leave)	1,157	1,729	-	-
Superannuation – defined benefit plans	18	52	-	-
Superannuation – defined contribution plans	91	106	7	5
Long service leave	(7)	48	-	-
Workers compensation insurance	8	12	-	-
Payroll tax and fringe benefits tax	75	74	-	3
Redundancy	129	-	-	-
Other - Miscellaneous	86	58	86	58
	1,557	2,079	93	66
(b) Personnel services				
Personnel services	1,078	-	2,542	2,013
	1,078	-	2,542	2,013
(c) Other operating expenses include the following:				
Auditor's remuneration – audit of the financial statements	147	84	147	84
Rent expense	428	424	428	424
Maintenance*	11	9	11	9
Insurance	5	5	5	5
Telecommunications	7	9	7	9
Travel	58	75	58	75
Consultants	75	-	75	-
Contractors	172	205	172	205
Administration Fees	478	475	478	475
Rural Support Program	530	-	530	-
Other fees	167	70	167	70
Increase in doubtful debts	-	392	-	392
Bad debts write-off	95	-	95	-
Sponsorships	30	-	30	-
Miscellaneous	139	64	139	64
Repayment of Rural Adjustment Scheme Reserves	-	2,456	-	2,456
	2,342	4,268	2,342	4,268
*Reconciliation – Total maintenance				
Maintenance expense – contracted labour and other (non-employee related), as above	11	9	11	9
Employee related maintenance expense included in Note 2(a)	-	-	-	-
Total maintenance expenses included in Note 2(a) + (c)	11	9	11	9
(d) Depreciation and amortisation expense				
Plant and equipment	7	9	7	9
	7	9	7	9
(e) Grants and subsidies				
Forging Partnerships	2	200	2	200
Natural Disaster Relief Grants	12,603	35,208	12,603	35,208
Flying Fox Netting Subsidy	293	282	293	282
Drought Regional Initiatives	62,159	-	62,159	-
Grant expense on low interest loans	921	2,607	921	2,607
	75,978	38,297	75,978	38,297
Drought Regional Initiatives payments will be funded by contributions upon the transfer of cash.				
(f) Finance Costs				
Interest on NSW Treasury Advance	3,901	3,606	3,901	3,606
Interest on Commonwealth Advance	489	-	489	-
Amortised interest expense	4,265	4,322	4,265	4,322
	8,655	7,928	8,655	7,928

3. Revenue

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
(a) Investment revenue				
Interest	1,018	440	1,018	440
Interest income on loans	4,017	3,606	4,017	3,606
Amortised interest revenue	4,265	4,322	4,265	4,322
	9,300	8,368	9,300	8,368
(b) Grants and contributions				
Recurrent Grant from Department of Trade and Investment, Regional Infrastructure and Services	52,225	2,546	52,225	2,546
Capital Grant from Department of Trade and Investment, Regional Infrastructure and Services	50	50	50	50
Drought Transport Subsidies	-	-	-	-
Emergency water	-	-	-	-
Grant revenue on low interest loan	921	2,607	921	2,607
Grant from Environmental Trust	282	286	282	286
Reimbursement for Natural Disaster Relief Grants	12,153	48,478	12,153	48,478
	65,631	53,967	65,631	53,967
(c) Acceptance by the Crown Entity of employee benefits and other liabilities				
Superannuation – defined benefit	18	52	-	-
Long Service Leave	-	48	-	-
Payroll tax	1	3	-	-
Contributions from the Crown Entity	-	-	323	-
	19	103	323	-
(d) Other revenue				
Forgiveness of liabilities - Treasury	496	-	496	-
Reduction in doubtful debts	175	-	175	-
Contributions from the Crown Entity	304	-	-	103
Commonwealth Loan admin Fee	800	-	800	-
Other revenue	7	7	7	7
	1,782	7	1,478	110

4. Gain / (loss) on disposal

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
Gain / (loss) on disposal of plant and equipment				
Proceeds from disposal	-	-	-	-
Written down value of assets disposed	(2)	-	(2)	-
Net gain / (loss) on disposal of plant and equipment	(2)	-	(2)	-

5. Service Groups of the NSW Rural Assistance Authority**Financial Assistance to Farmers and Small Business**

Service Description: This service group covers financial assistance through loans allowing farmers and small businesses to continue operations following natural disasters and helping farmers to improve land management practices. Assistance is also provided through the Natural Disaster Relief and Recovery grants program to farmers and small businesses following extreme natural disaster events.

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

6. Current Assets – Cash and cash equivalents

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
Cash at bank and on hand	61,334	18,592	61,334	18,592
	<u>61,334</u>	<u>18,592</u>	<u>61,334</u>	<u>18,592</u>

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

Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the statement of cash flows as follows:

Cash and cash equivalents (per Statement of Financial Position)	61,334	18,592	61,334	18,592
Closing cash and cash equivalents (per Statement of Cash Flows)	<u>61,334</u>	<u>18,592</u>	<u>61,334</u>	<u>18,592</u>

Refer Note 21 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

7. Current Assets - Receivables

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
Interest Receivable	655	218	655	218
Interest Receivable – Interest on Loans	1,615	1,308	1,615	1,308
GST receivable	142	41	142	41
Accrued Revenue	11	5,773	11	5,773
Miscellaneous	4	1	4	1
	<u>2,427</u>	<u>7,341</u>	<u>2,427</u>	<u>7,341</u>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 21.

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

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
Current				
Advances Receivable - Loans to Clients	17,854	16,217	17,854	16,217
Less: Allowance for impairment	(66)	(299)	(66)	(299)
	<u>17,788</u>	<u>15,918</u>	<u>17,788</u>	<u>15,918</u>
Non-Current				
Advances Receivable - Loans to Clients	135,584	126,675	135,584	126,675
Less: Allowance for impairment	(146)	(492)	(146)	(492)
	<u>135,438</u>	<u>126,183</u>	<u>135,438</u>	<u>126,183</u>

Movement in the allowance for impairment

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
Advances Receivable – Loans to Clients				
Balance at 1 July	791	400	791	400
Amounts written off during the year	(403)	(1)	(403)	(1)
Amounts recovered during the year	-	-	-	-
Increase / (decrease) in allowance recognised in Net result	(176)	392	(176)	392
Balance at 30 June	<u>212</u>	<u>791</u>	<u>212</u>	<u>791</u>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 21.

9. Non-Current Assets – Plant and Equipment

	Plant and equipment		Total	
	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000
At 1 July 2013 – fair value				
Gross carrying amount	225	225	225	225
Accumulated depreciation	(188)	(188)	(188)	(188)
Net Carrying Amount	37	37	37	37
At 30 June 2014 – fair value				
Gross carrying amount	91	91	91	91
Accumulated depreciation	(56)	(56)	(56)	(56)
Net Carrying Amount	35	35	35	35

Reconciliation

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

	Plant and equipment		Total	
	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000
Year period 30 June 2014				
Net carrying amount at start of year	37	37	37	37
Additions	7	7	7	7
Disposals	(141)	(141)	(141)	(141)
Depreciation expenses	(7)	(7)	(7)	(7)
Depreciation written back on disposal	139	139	139	139
Net carrying amount at end of year	35	35	35	35

Further details regarding the fair value measurement of plant and equipment are disclosed in Note 11.

	Plant and equipment		Total	
	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000
At 1 July 2012 – fair value				
Gross carrying amount	212	212	212	212
Accumulated depreciation	(180)	(180)	(180)	(180)
Net Carrying Amount	32	32	32	32
At 30 June 2013 – fair value				
Gross carrying amount	225	225	225	225
Accumulated depreciation	(188)	(188)	(188)	(188)
Net Carrying Amount	37	37	37	37

Reconciliation

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

	Plant and equipment		Total	
	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000
Year period 30 June 2013				
Net carrying amount at start of year	32	32	32	32
Additions	14	14	14	14
Disposals	-	-	-	-
Depreciation expenses	(9)	(9)	(9)	(9)
Depreciation written back on disposal	-	-	-	-
Net carrying amount at end of year	37	37	37	37

10. Intangible Assets

	Software		Total	
	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000
At 1 July 2013 – fair value				
Gross carrying amount	-	-	-	-
Accumulated depreciation	-	-	-	-
Net Carrying Amount	-	-	-	-

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At 30 June 2014 – fair value

Gross carrying amount	16	16	16	16
Accumulated depreciation	-	-	-	-
Net Carrying Amount	16	16	16	16

Reconciliation

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

	Software		Total	
	Consolidated \$'000	Parent \$'000	Consolidated \$'000	Parent \$'000
Year period 30 June 2014				
Net carrying amount at start of year	-	-	-	-
Additions	16	16	16	16
Disposals	-	-	-	-
Depreciation expenses	-	-	-	-
Depreciation written back on disposal	-	-	-	-
Net carrying amount at end of year	16	16	16	16

11. Fair value measurement of non-financial assets

(a) Fair value hierarchy

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
Plant and Equipment (Note 9)				
Plant and equipment	-	35	-	35
	-	35	-	35

There were no transfers between level 1 or 2 during the period.

All property, plant and equipment have been valued using market evidence with adjustment for condition, location and comparability and is therefore categorised as Level 2.

(b) Valuation techniques, inputs and processes

There has been no change in the valuation techniques used by Rural Assistance Authority.

12. Restricted Assets

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

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
Current				
Fish Buyout Scheme Funding	16,503	-	16,503	-
	16,503	-	16,503	-

13. Current Liabilities – Payables

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
Accrued board fees and on-costs	16	101	16	14
Personnel Services payable	54	-	54	87
Creditors	9,770	88	9,770	88
Creditors - Treasury	4,752	5,052	4,752	5,052
Unearned revenue	1,593	1,395	1,593	1,395
	16,185	6,636	16,185	6,636

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 21.

14. Current / Non-Current Liabilities – Borrowings

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
Current				
Unsecured				
Commonwealth Loan Agreement – Farm Finance	3,724	-	3,724	-
Treasury, NSW Loan Capital	17,854	16,217	17,854	16,217
	21,578	16,217	21,578	16,217
Non-Current				
Unsecured				
Commonwealth Loan Agreement – Farm Finance	36,276	-	36,276	-
Treasury, NSW Loan Capital	113,997	126,675	113,997	126,675
	150,273	126,675	150,273	126,675

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings, are disclosed in Note 21.

15. Current / Non-Current Liabilities – Provisions

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
Current				
Personnel services	-	-	322	351
Recreation Leave Personnel Services	217	-	-	-
Long Service Leave Personnel Services	105	-	-	-
Recreation Leave	-	218	-	-
Long Service Leave	-	133	-	-
	322	351	322	351
Other Provisions				
Grant payments:				
Flying Fox Netting Subsidy	44	90	44	90
Natural Disaster Relief grants	5	5,773	5	5,773
Drought Regional Initiatives	29,189	-	29,189	-
	29,238	5,863	29,238	5,863

Movement in Provisions for Grant payments

Balance at 1 July	5,863	13,137	5,863	13,137
Additional provisions	36,540	5,863	36,540	5,863
Amounts used	(5,863)	(13,137)	(5,863)	(13,137)
Amounts reversed	-	-	-	-
Balance at 30 June	36,540	5,863	36,540	5,863

Grant payments will be funded by contributions upon the transfer of cash.

Non-Current**Employee benefits and related on-costs**

Personnel services	-	-	7	7
Long Service Leave	7	7	-	-
	7	7	7	7

Aggregate employee benefits and related on-costs

Provisions – current	324	351	324	351
Provisions – non-current	7	7	7	7
Personnel Services payable (Note 13)	54	-	54	87
Accrued salaries, wages and on-costs (Note 13)	16	101	16	14
	401	459	401	459

16. Increase / Decrease in Assets and Liabilities due to Administrative Restructure

The Consolidated financial statements have been impacted by the abolition of the Office of the Rural Assistance Authority as per the *Administrative Arrangements Order 2014*, effective on 24 February and the transfer of these staff to NSW Trade & Investment. There is no impact on the Parent as Personnel Services arrangements continue unchanged with the new provider, NSW Trade & Investment. Upon deconsolidation the employee related payables and provisions previously reported in the consolidated accounts are now reported as Personnel Services payable and provisions as per the Parent accounts.

	Consolidated \$'000	Parent \$'000
ASSETS		
Current Assets		
Receivables – Personnel Services	-	-
Total Current Assets	-	-
Non-Current Assets		
Receivables-Personnel Services	-	-
Total Non-Current Assets	-	-
Total Assets	-	-
LIABILITIES		
Current Liabilities		
Payables- Employee Related	(87)	-
Payables-Personnel Services	87	-
Provisions –Employee Related	(351)	-
Provisions-Personnel Services	351	-
Total Current Liabilities	-	-
Non-Current Liabilities		
Provisions –Employee Related	(7)	-
Provisions-Personnel Services	7	-
Total Non-Current Liabilities	-	-
Total Liabilities	-	-
Net Assets / (Liabilities)	-	-

17. Commitments for expenditure

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
(a) Other Expenditure Commitments				
(i) Loan Commitments				
Commitments for the payment of Special Conversation Scheme and Natural Disaster Loans.				
Not later than one year	1,510	4,077	1,510	4,077
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
Total (including GST)	1,510	4,077	1,510	4,077

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

Commitments for the payment of Commonwealth Farm Finance Loans.

Not later than one year	14,439	-	14,439	-
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
Total (including GST)	14,439	-	14,439	-

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

Commitments for the payment of Farm Innovation Loans.

Not later than one year	10,456	-	10,456	-
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
Total (including GST)	10,456	-	10,456	-

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

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(ii) Partnership Agreement – NSW Trade and Investment

Not later than one year	123	247	123	247
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
Total (including GST)	123	247	123	247

The total of 'Partnership agreement' above include inputs tax credits of \$11,000 (2013: \$22,000). 66% of the GST is not recoverable (2014: \$7,000; 2013: \$15,000). Under the Partnership agreement the Agency only needs to provide 3 months' notice to terminate the agreement.

(b) Operating Lease Commitments

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

(i) Office rent

Not later than one year	241	72	241	72
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
Total (including GST)	241	72	241	72

The total of 'Office rent' above includes input tax credits of \$22,000 (2013: \$7,000). 66% of GST is not recoverable (2014: \$15,000; 2013: \$4,000). Under the rental agreement there is a minimum term of 12 months from July 2014 with the Agency to supply a minimum 3 months' notice to terminate the subsequent years.

18. Contingent Liabilities and Contingent Assets

The Board is aware of the existence of a Contingent Liabilities of \$744,000 as at balance date for overspend on the Category C Grants for North Coast Floods March/April 2009 (Expended \$4.244 million on a funding cap of \$3.5 million. (2013: Nil). NSW Rural Assistance Authority has recouped the overspend amount from NSW Treasury however NSW Treasury have confirmed that they will not claim the overspend amount from the Commonwealth. NSW Treasury are yet to confirm that the NSW Rural Assistance Authority is not required to repay the overspend amount.

19. Budget Review

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

Net result

The net result was a \$13.073 million decrease to budget. This was due to expenditure increases of \$40,379 million and a Revenue increase of \$27.308 million. The majority of this result is attributed to the Drought Regional Initiative Program grants expenditure which was, through oversubscription, \$18.103 million in excess of the \$33.189 million funding provided. NSW Trade & Investment will provide additional Grants and Contributions to the NSW Rural Assistance Authority in the 2014-2015 financial years to meet the expense.

Assets and liabilities

Total equity is a \$14.366 million decrease to budget. This variation to budget is attributed to the introduction during the financial year of the Commonwealth Farm Finance Scheme and Drought Regional Initiative Program and the non - expenditure of funding for the Commercial Fisheries Buyout Scheme. In conjunction with the NSW Rural Assistance Authority net result the NSW Trade & Investment will provide additional Grants and Contributions to the NSW Rural Assistance Authority in the 2014-2015 financial years to meet this liability.

Cash flows

A net increase in Cash and cash equivalents of \$43.374 million is due to the Commonwealth Farm Finance Scheme of \$40.000 million and the Drought Regional Initiative Grant Scheme of \$33.189 million which were both introduced during the financial year. The Commercial Fisheries Buyout Scheme of \$16.503 million was not expended during the financial year as expected and is approved to be carried forward to the next financial year.

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

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
Net cash used on operating activities	24,352	(2,726)	24,352	(2,726)
Depreciation and amortisation	(7)	(9)	(7)	(9)
Liability forgiven	496	-	496	-
Reduction / (Increase) in doubtful debts	83	(392)	83	(392)
Net Gain / (loss) on sale of plant and equipment	(2)	-	(2)	-
Increase / (decrease) in Receivables	(4,914)	5,720	(4,914)	5,720
(Increase) / decrease in Payables	(2,247)	7	(2,247)	7
(Increase) / decrease in Provisions	(30,648)	7,264	(30,648)	7,264
(Increase) / decrease in Other Liabilities	-	-	-	-
Net result	(12,887)	9,864	(12,887)	9,864

21. Financial instruments

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

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

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

(a) Financial instrument categories

Financial Assets	Note	Category	Consolidated Carrying Amount 2014 \$'000	Consolidated Carrying Amount 2013 \$'000	Parent Carrying Amount 2014 \$'000	Parent Carrying Amount 2013 \$'000
Class:						
Cash and cash equivalents	6	N/A	61,334	18,592	61,334	18,592
Receivables ⁽¹⁾	7	Loans and receivables (at amortised cost)	2,427	7,300	2,427	7,300
Other Financial Assets	8	Loans and receivables (at amortised cost)	153,226	142,101	153,226	142,101
Financial Liabilities	Note	Category	Consolidated Carrying Amount 2014 \$'000	Consolidated Carrying Amount 2013 \$'000	Parent Carrying Amount 2014 \$'000	Parent Carrying Amount 2013 \$'000
Class:						
Payables ⁽²⁾	13	Financial liabilities measured at amortised cost	16,185	5,241	16,185	5,241
Borrowings	14	Financial liabilities measured at amortised cost	171,851	142,892	171,851	142,892

Notes:

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

(b) Credit Risk

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

Credit risk arises from the financial assets of the Agency, including cash, receivables and authority deposits. Advances Receivable - Loans to Clients is composed mainly of Disaster and Special Scheme Loans. Disaster Loans are secured by registered mortgages over land and Special Scheme Loans are by Statutory Charge and registered

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caveat over the land on which the proposed works are to be carried out. The Agency has not granted any financial guarantees.

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

Cash

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

Receivables – trade debtors

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

The Agency is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2014: \$0; 2013: \$0) and past due (2014: \$0; 2013: \$0) but not considered impaired. Together these represent 100% of the total trade debtors.

Other Financial Assets

Other Financial Assets represents loans advanced by the Agency to primary producers and small businesses under various schemes. The carrying amount of Advances Receivable-Loans to Clients represents the present value of the outstanding principal and interest raised not accrued. Collectability of Advances Receivable-Loans to Clients is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. The credit risk is the carrying amount (net of any allowance for impairment).

Interest is charged on the loans using various methods and rates, depending on the loan scheme. Currently, the interest rate on the Special Conservation Scheme Loans is set at 75% of the current NSW Treasury Corporation 10-year Bond Rate adjusted quarterly. This interest rate is set at the approval rate and is fixed for the life of the loan. The interest rate on Natural Disaster Loans and Farm Innovation Fund Loan is fixed at 50% of the 10-year Bond Rate. Currently the rate is 1.69% fixed for a year. Farm Finance 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 Loans is 4.5%.

Special conservation scheme loans may be drawn down over a period, generally 12 months, and are recognised at fair value, usually based on the transaction cost or face value until fully determined (2014: \$2.073m; 2013: \$1.464m). Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables.

The Agency is not materially exposed to concentrations of credit risk to a single loan debtor or group of loan debtors. Based on past experience, debtors that are not past due and not impaired (2014: \$151.279m; 2013: \$140.902m) and past due (2014: \$1.946m; 2013: \$1.199m) but not impaired together represent 99.7% (2013: 99.4%) of the total loan debtors.

	Total^{1,2} \$'000	Past due but not impaired \$'000	Considered impaired \$'000
2014			
< 3 months overdue	600	597	3
3 months – 6 months overdue	326	259	67
> 6 months overdue	1,233	1,090	143
2013			
< 3 months overdue	548	414	134
3 months – 6 months overdue	171	171	-
> 6 months overdue	1,270	613	657

Notes:

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

Authority Deposits

The Agency has no funds placed on deposit with TCorp.

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Other Facilities

The Agency has access to the following banking facilities:

	2014 \$'000	2013 \$'000
MasterCard Limit	15	15

The Agency has an annual loan drawdown facility with NSW Treasury (2014: \$20.000m; 2013: \$27.500m).

(c) Liquidity risk

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

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

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest. The rate of interest applied during the year was 0% (2013 – 0%).

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

Maturity analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Int. Rate	Nominal Amount 1 \$'000	Interest Rate Exposure			Maturity Dates		
			Fixed Int. Rate \$'000	Variable Int. Rate \$'000	Non- interest bearing \$'000	< 1 yr	1 – 5 yrs	> 5 yrs
2014								
Payables	-	16,185	-	-	16,185	16,185	-	-
Borrowings:								
Advances repayable	3.44%	210,160	162,129	48,031	-	29,754	107,508	72,898
		226,345	162,129	48,031	16,185	45,939	107,508	72,898
2013								
Payables	-	5,241	-	-	5,241	5,241	-	-
Borrowings:								
Advances repayable	3.35%	179,169	179,169	-	-	23,819	102,166	53,184
		184,410	179,169	-	5,241	29,060	102,166	53,184

Notes:

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

(d) Market risk

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

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Agency operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposure in existence at the statement of financial position date. The analysis is performed on the same basis as for 2013. The analysis assumes that all other variables remain constant.

Interest rate risk

Exposure to interest rate risk arises primarily through the Agency's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with NSW TCorp. The Agency does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of + / -

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1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Agency's exposure to interest rate risk is set out below.

	\$'000				
	Carrying Amount	Profit	-1% Equity	1% Profit	Equity
2014					
<i>Financial assets</i>					
Cash and cash equivalents	61,334	(613)	(613)	613	613
Receivables	2,427	-	-	-	-
Other Financial Assets (Fixed rate)	131,639	-	-	-	-
Other Financial Assets (Variable rate)	21,587	(216)	(216)	216	216
<i>Financial liabilities</i>					
Payables	16,185	-	-	-	-
Borrowings (Fixed rate)	131,851	-	-	-	-
Borrowings (Variable rate)	40,000	(400)	(400)	400	400
2013					
<i>Financial assets</i>					
Cash and cash equivalents	18,592	(186)	(186)	186	186
Receivables	7,300	-	-	-	-
Other Financial Assets	142,101	-	-	-	-
<i>Financial liabilities</i>					
Payables	5,241	-	-	-	-
Borrowings	142,892	-	-	-	-

Other price risk – TCorp Hour-Glass facilities

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

(e) Fair value measurement

a) Fair value compared to carrying amount

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

22. Events after the Reporting Period

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

End of the audited financial statements.

APPENDICES

Management

1. Legislation
2. Risk management and insurance
3. Budget initiatives: 2014–15
4. Energy management
5. Waste reduction and purchasing policy
6. Payment performance
7. Credit card certification
8. Reviews
9. Records management

Stakeholder Relationships

10. Public interest disclosures
11. Release of Government information
12. Ombudsman
13. Privacy management

Human Resources

14. Work health and safety
15. Workforce diversity
16. Disability action plan
17. Multicultural policies and service program

1. Legislation

State

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

Commonwealth

The Authority is also responsible for the administration of Australian Government funded assistance.

Administration of Commonwealth funded schemes such as the Farm Finance and Drought Concessional Loans Schemes are undertaken through Service Level Agreements with the Commonwealth Government agency that funds the scheme and following specific approval by the NSW Government in accordance with the *Rural Assistance Act 1989* and the *Public Authorities (Financial Arrangements) Act 1987*.

The terms and conditions applicable to payments of financial assistance for the purpose of natural disaster relief and recovery are established in accordance with the Natural Disaster Relief and Recovery Arrangements Determination in relation to the Inter-governmental Agreement on Federal Financial Relations between the Commonwealth and the State.

2. Risk Management and Insurance

Significant improvements in internal control

The Authority has in place policy and procedures for supplying information to both clients and external bodies in compliance with the *Government Information (Public Access) Act 2009* and the *Privacy and Personal Information Protection Act 1998*.

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

Fraud risk assessments were conducted.

Business Continuity / Disaster Recovery

Business Continuity and Disaster Recovery plans for the Information Technology functions provided to the Authority by NSW Trade & Investment under Service Level Agreement have been developed with processes to help overcome envisaged problems as a result of a disaster affecting the Authority's operations.

Digital Information Security

The Authority is part of the NSW Trade & Investment departmental cluster and Information Technology services are provided by NSW Trade & Investment under Service Level Agreement. Please refer to the consolidated Annual Report for NSW Trade & Investment for details of the Digital Information Security Annual Attestation Statement.

Insurance

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

The Authority's 2013–14 Workers' Compensation premium decreased by \$4,649 due to low claims experienced.

There were no worker's compensation claims received in 2013–14.

General Insurance premiums increased by \$406 in 2013-14 in line with industry trends.

Safety Inspections

Workplace inspections required under the *Work Health and Safety Act 2011* were conducted by Health Safety Representatives on a regular basis during 2013–14.

There were no significant issues raised by Health Safety Representatives during these inspections.

Internal Audit and Risk Management Attestation for the 2013-2014 Financial Year for the NSW Rural Assistance Authority

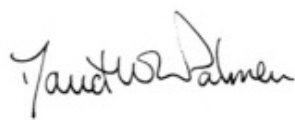
The governing board of the NSW Rural Assistance Authority, is of the opinion that the NSW Rural Assistance Authority has internal audit and risk management processes in place that are, in all material respects, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 Internal Audit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

The governing board of the NSW Rural Assistance Authority is of the opinion that the Audit and Risk Committee for NSW Rural Assistance Authority is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09-0. The Chair and Members of the Audit and Risk Committee are:

- Chair, Mrs Barbara Clark
(term of appointment – 1 July 2013 to 30 June 2014)
- Independent Member, Mrs Markeeta Gibson
(term of appointment – 1 July 2013 to 30 June 2014)
- Independent Member, Mr Robert Brown
(term of appointment – 1 July 2013 to 30 June 2014)
- Non-independent Member, Mrs Corinne Kennedy, Manager Policy
(term of appointment – 1 July 2013 to 30 June 2014)

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

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



Mr David Palmer
Chair

3. Budget Initiatives: 2014–15

The following chart highlights expected Financial Indicators for the 2014–15 financial year.

Financial Indicators	2014-15 Budget \$000
Total Expenses excluding Losses	47,219
Total expenses include the following	
Other operating expenses	3,948
Depreciation and amortisation	8
Grants and subsidies	32,253
Finance costs	11,010
CAPITAL EXPENDITURE	50

Total expenses

The Authority's total expenses for 2014–15 are budgeted at \$47.219 million.

The following are provided for in 2014–15 budget:

- \$20 million for low interest rate loans under the Farm Innovation Fund
- Following the introduction of the *Government Sector Employment Act 2013*, *Government Sector Regulation 2014* and *Government Sector Rules 2014* Authority staff are now employed by NSW Trade & Investment. Employee Related Expenses have been included in Budget Initiatives for NSW Trade & Investment.

In addition to this, the NSW Government provided for additional funding of \$8 million for the Emergency Water Infrastructure Rebate and \$350,000 for additional staff as part of the budget announcement on 19 June 2014 of more funding for drought affected farmers.

Capital expenditure

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

4. Energy Management

The Authority is co-located with NSW Trade & Investment and operates under the Department's energy management plan.

5. Waste Reduction and Purchasing Policy

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

Waste reduction

- Extensive use of the internet, which reduces the use of paper products

- Printing of large documents doubled-sided, where possible.

Purchases

The Authority has increased purchase of:

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

Resource recovery

The Authority:

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

6. Payment Performance

Accounts paid on time within each quarter

Measure	September	December	March	June
All suppliers				
Number of accounts due for payment	47	51	49	54
Number of accounts paid on time	47	51	47	54
Actual percentage of accounts paid on time (based on number of accounts)	100%	100%	95.9%	100%
Dollar amount of accounts for payment	\$445,847	\$970,353	\$1,304,371	\$8,413,298
Dollar amount of accounts paid on time	\$445,847	\$970,353	\$1,295,920	\$8,413,298
Actual percentage of accounts paid on time (based on \$)	100%	100%	99.4%	100%
Number of payments for interest on overdue accounts	0	0	0	0
Interest paid on overdue accounts	0	0	0	0
Small business suppliers				
Number of accounts due for payment	0	0	0	0
Number of accounts paid on time	0	0	0	0
Actual percentage of accounts paid on time (based on number of accounts)	0	0	0	0
Dollar amount of accounts for payment	0	0	0	0
Dollar amount of accounts paid on time	0	0	0	0

Measure	September	December	March	June
Small business suppliers				
Actual percentage of accounts paid on time (based on \$)	0	0	0	0
Number of payments for interest on overdue accounts	0	0	0	0
Interest paid on overdue accounts	0	0	0	0

Commentary on Payment Performance

- Percentages of payments paid on time were in line with the Authority's target percentage.
- There were no instances of penalty interest paid or incurred during 2013–14.
- The terms of payment on suppliers are reviewed to ensure that sufficient and reasonable time is afforded the Authority for payment.
- Small Business have been determined from those businesses which have identified as being a small business under Department of Premiers and Cabinet guidelines.

Aged analysis at the end of each quarter

Quarter	Current (i.e. within due date) \$	Less than 30 days overdue \$	Between 30 and 60 days overdue \$	Between 60 and 90 days overdue \$	More than 90 days overdue \$
All suppliers					
September	445,847	0	0	0	0
December	970,353	0	0	0	0
March	1,304,371	8,451	0	0	0
June	8,413,298	0	0	0	0
Small business suppliers					
September	0	0	0	0	0
December	0	0	0	0	0
March	0	0	0	0	0
June	0	0	0	0	0

7. Credit Card Certification

The Authority has four credit card holders. The maximum limit is \$18,000. These cards are managed in accordance with the Premier's memoranda and Treasurer's directions.

8. Reviews

There were two external audit reviews and five internal audit reviews completed in 2013-14.

9. Records Management

The Authority's records are managed in accordance with the *State Records Act 1998* and in compliance with the standards put in place by the State Records Authority of NSW.

This includes maintenance of existing records (both paper and electronic) and destruction of records in accordance with the Authority's General Disposal Authority.

10. Public Interest Disclosure

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

The Authority is part of the NSW Trade & Investment departmental cluster. Statistics related to Public Interest Disclosures are included in the consolidated Annual Report for NSW Trade & Investment.

11. Release of Government Information

The Authority supports the principles of the *Government Information (Public Access) Act 2009* (the *GIPA Act*) by operating in an open, transparent and accountable manner while protecting the privacy of clients and staff.

The Authority is committed to releasing as much information as possible and provides access to information, in accordance with the legislation, as well as published information available on the Authority website (www.raa.nsw.gov.au).

Applications

The Authority is part of the NSW Trade & Investment departmental cluster. Applications under the *GIPA Act* for the Authority are managed centrally and included in the consolidated GIPA information published in the Annual Report for NSW Trade & Investment.

12. Ombudsman

The Authority received no enquiries from the Ombudsman during 2013–14 in relation to schemes administered.

13. Privacy Management

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

14. Work Health and Safety

The Authority is committed to providing a safe and supportive working environment. The Work Health and Safety Committee continued to work closely with management in 2013–14 to achieve the Authority's objectives. Workplace inspections required under the *Work Health and Safety Act 2011* continued during the year, with no major areas of concern being identified.

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

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

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

15. Workforce Diversity

Following the introduction of the *Government Sector Employment Act 2013*, *Government Sector Regulation 2014* and *Government Sector Rules 2014* Authority staff are now employed by NSW Trade & Investment.

Number of employees

CATEGORY	JUNE 2012	JUNE 2013	JUNE 2014
Chief and Senior Executive Services			
Level 1	1	1	1
Number filled by Women	0	0	0
Administrative & Clerical			
Assessment Staff	8	8	9
Legal	1	1	2
Finance, Administration & Other	12	12	10
TOTAL	22	22	22

Representation of workforce diversity target groups within levels

Remuneration Level of Substantive Position	2012/13			2013/14		
	TOTAL STAFF	WOMEN	NESB (I)	TOTAL STAFF	WOMEN	NESB (I)
\$0 - \$41,679	0	0	0	0	0	0
\$41,679 - \$54,742	3	2	1	2	1	1
\$54,742 - \$61,198	2	2	0	2	1	0
\$61,198 - \$77,441	8	7	0	8	7	0
\$77,441 - \$100,145	5	2	1	3	1	1
\$100,145 - \$125,181	3	0	0	6	3	0
\$125,181 > (Non SES)	0	0	0	0	0	0
\$125,181 > (SES)	1	0	0	1	0	0
TOTAL	22	13	2	22	13	2

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

Representation and recruitment of aboriginal employees and employees with physical disabilities

	2012/13			2013/14		
	TOTAL STAFF	ABORIGINAL PEOPLE	PWPD*	TOTAL STAFF	ABORIGINAL PEOPLE	PWPD*
Total Employees	22	0	0	22	0	0
Recruited in the year	0	0	0	0	0	0

* People with a Physical Disability

Trends in the representation of workforce diversity groups

EEO Group	Benchmark or Target	% of Total Staff		
		2012	2013	2014
Women	50%	59.1%	59.1%	59.1%
Aboriginal people and Torres Strait Islanders	2.6%	0%	0%	0%
People whose first language was not English	19%	11.4%	9.1%	9.1%
People with a disability	N/A	0%	0%	0%
People with a disability requiring work-related adjustment	1.5%	0%	0%	0%

Trends in the distribution of workforce diversity groups

EEO Group	Benchmark or Target	Distribution Index		
		2012	2013	2014
Women	100	n/a	n/a	n/a
Aboriginal people and Torres Strait Islanders	100	n/a	n/a	n/a
People whose first language was not English	100	n/a	n/a	n/a
People with a disability	100	n/a	n/a	n/a
People with a disability requiring work-related adjustment	100	n/a	n/a	n/a

Notes:

1. A Distribution Index of 100 indicates that the centre of the distribution of the group across salary levels is equivalent to that of other staff. Values less than 100 mean that the group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the group is less concentrated at lower salary levels.
2. The Distribution Index is not calculated where group or non-group numbers are less than 20.

16. Disability Action Plan

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

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

During 2013-14 the Authority's Disability Action Plan was reviewed in line with the *Guidelines for disability action planning by NSW Government agencies* and has been lodged with the NSW Department of Family & Community Services - Ageing, Disability and Home Care (DADHC).

The Authority's Disability Action Plan sets out specific priorities for the period 2013 to 2016. Key priorities are to:

- Monitor complaints received concerning people with a disability and to identify record and resolve any complaints
- Communicate and make accessible the Disability Action Plan to staff and clients
- Adjust key corporate documents and agreements to include reference to the Disability Action Plan in regard to disability issues
- Adjust existing documents related to employment matters to incorporate rights and policy issues in regards to employees with a disability
- Ensure wording in all current and future Application and Information Forms advises that publications can be made available in alternative formats for people with a disability
- Ensure the Authority website is in accordance with Web Content Accessibility Guidelines (WCAG).

The Plan is to be reviewed, monitored and evaluated through:

- Complaints monitored and reported in the NSW Rural Assistance Authority's Annual Report
- Feedback from the publication of the Disability Action Plan to be documented for review
- Feedback from DADHC is noted and acted upon to improve the effectiveness of the plan.

The revised plan is available on the Authority website at www.raa.nsw.gov.au/about/publications.

17. Multicultural Policies and Service Program

The Authority introduced its original Multicultural Planning Framework 2010 - 2013 in response to the implementation of the Multicultural Policies and Services Program and to replace its Ethnic Affairs Priorities Statement (EAPS) program.

During 2013-14 the Authority's Multicultural Plan was reviewed in line with Premiers Memorandum M2012-19 and the Multicultural Advantage Action Plan (MAAP) (*Multicultural Advantage 2012-2015*).

The revised plan has been lodged with the NSW Community Relations Commission and builds further on the original Multicultural Planning Framework. It has been developed in compliance with guidelines issued by the NSW Community Relations Commission as Multicultural Advantage 2012-2015.

This Plan is designed to show how the Authority:

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

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

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

The revised plan is available on the Authority website at www.raa.nsw.gov.au/about/publications.

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ABBREVIATIONS

CRC	Cooperative Research Centre
DADHC	NSW Department of Ageing, Disability and Home Care
DAFF	Department of Agriculture, Fisheries and Forestry
EWIR	Emergency Water Infrastructure Rebate
LLS	Local Land Service
NSW Trade & Investment	NSW Department of Trade and Investment, Regional Infrastructure and Services
EEO	Equal Employment Opportunity
GIPA	Government Information Public Access
LGA	Local Government Area
NDRRA	Natural Disaster Relief and Recovery Arrangements
NSW DPI	NSW Department of Primary Industries
PWPD	People with a physical disability
RFCS	Rural Financial Counselling Service

