



2020-21

RURAL ASSISTANCE AUTHORITY ANNUAL REPORT



Rural
Assistance
Authority

www.raa.nsw.gov.au



We were extremely proud to win a Silver Award from the Australasian Reporting Awards (ARA) for our 2019–20 Annual Report. We won this award because our report represented the elements of good governance recognised by the ARA: “an open willing attitude, attention to detail and accuracy, a sensitivity and responsiveness to stakeholders, a willingness to put in the effort to communicate effectively and a commitment to achieving and improving upon standards”.

The award is testimony to the efforts of all RAA staff but particularly those involved in its production.

Acknowledgment of Country

In the spirit of reconciliation the NSW Government including the Rural Assistance Authority acknowledges the Traditional Custodians of country throughout New South Wales and their connections to land, sea and community. We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

Annual report for the year ending 30 June 2021

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Cover image: Eucalyptus trees in the Blue Mountains of NSW showing new growth after severe bushfire. This image was voted for the cover of the Annual Report by RAA staff, who believe that it signifies resilience and shows the journey from devastation to regrowth and renewal.

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About this report

This annual report summarises the activities and performance of the New South Wales Rural Assistance Authority (RAA) for FY2020–21. This and earlier annual reports are available on the RAA website: www.raa.nsw.gov.au.



The Hon Adam Marshall MP
Minister for Agriculture and Western NSW
52 Martin Place
SYDNEY NSW 2000

Dear Minister

NSW Rural Assistance Authority Annual Report 2020-21

I take pleasure in presenting, on behalf of the members of the RAA Board, the 2020-21 Annual Report for the NSW Rural Assistance Authority, in accordance with the Annual Reports (Statutory Bodies) Act 1984, and section 10 of the Rural Assistance Act 1989.

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

Yours sincerely,

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

Sean O'Connell
CHIEF EXECUTIVE

6 October 2021

SECTION 1

OUR ORGANISATION





WHO WE ARE

The NSW Rural Assistance Authority (the RAA) is a specialist administrator of government financial assistance programs including concessional loans, rebates and grants on behalf of both the NSW and Australian Governments.

WHAT WE DO

We play an active role in contributing to farming programs and policies and provide advice to the Minister for Agriculture and Western NSW. For more than 30 years, the RAA has helped primary producers and rural communities become more resilient, self-reliant and sustainable. Financial assistance is also provided to small businesses and primary producers to help them recover from natural disaster events.

OUR PURPOSE

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

OUR RESOURCES

At 30 June 2021, the RAA had 22 ongoing staff, 14 fixed term and 35 staff who were casual, contingent or on secondment – (total 71 staff). We operated with total expenditure of \$147¹ million and \$637 million in loans under management (excluding impairment).

OUR CHARTER

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

¹ Note - For the purpose of the body of the Annual Report, program statistics have been provided on a disbursed and approved in principle basis which does not align with accrual accounting as used for the financial statements. Providing data in this way provides the ability to interrogate the data more closely to program level, in a way that is not possible in the financial statements but provides information that responds to public interest.

OUR VALUES



Integrity

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



Trust

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



Accountability

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



Service

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

RAA TIMELINE

- **1932**
Creation of Farmers Relief Board, charged with preventing creditors from taking action against farmers on debts.
- **1939**
Transition to Rural Reconstruction Board.
- **1971**
Became the Rural Assistance Board – principal responsibility for administration of Australian Government Rural Assistance Schemes and the Rural Adjustment Scheme, which was for Drought and then Exceptional Circumstances.
- **1989**
NSW Rural Assistance Authority came into being under the *Rural Assistance Act 1989*.
- **1994**
Farm Debt Mediation Act (NSW) came into effect.
- **1997**
Moved headquarters from Sydney to Orange.
- **2014**
Farm Innovation Fund implemented.
- **2018**
Farm Debt Mediation Act 1994 amended.
- **2021**
An organisation of 71 staff and more than \$0.6 billion under management.



REPORT FROM THE CHIEF EXECUTIVE

On behalf of the RAA team, I am pleased to present this report outlining the RAA's work and achievements in 2020-21.

ANOTHER BUSY YEAR

As the following pages show, it has been another busy year for the RAA. Business process improvements have allowed us to deliver and prepare for new and much-needed programs of financial assistance on behalf of the NSW and Australian Governments, while continuing to focus on our broader strategic goal – to become the single gateway for financial assistance for NSW primary producers.

DELIVERING FOR PRIMARY PRODUCERS IMPACTED BY DROUGHT AND BUSHFIRES, FLOODS AND MICE

2020-21 was a mixed year for the primary industries sector with the state slowly coming out of drought after four crippling years and a number of assistance programs coming to a close. In total, the RAA disbursed \$198 million in 2020-21 for drought programs and \$780 million through the course of the drought, for the key programs of:

- Farm Innovation Fund loans (\$358.1 million disbursed)
- Drought Assistance Fund loans (\$108.8 million disbursed)
- The Australian Government's Emergency Water Infrastructure Rebate (\$21.2 million disbursed)
- Emergency Drought Transport Subsidies (\$255.5 million disbursed)
- Donated Fodder Transport Subsidy (\$25.2 million disbursed)
- Farm Innovation Fund waivers (\$10.8 million in funds foregone)

A full break down of program funding is provided in the Appendices.

Many primary producers will be counting the cost of drought for years to come. The RAA is working with the Department of Primary Industries (DPI) and Department of Regional NSW (DRNSW) to prepare for the next one. We can contribute to building the right suite of programs for drought, whether in preparation, emergency or recovery. The objective is that through good preparation, primary producers become more resilient and survive by making the best decisions at the right times.

The RAA continued to support the thousands of primary producers and small business owners who were affected by the Black Summer bushfires. In 2020-21 we disbursed a further \$74 million, bringing a total of \$185 million disbursed to 30 June 2021 for the entire event.

Unfortunately, many primary producers got little respite from natural disaster events with floods and storms sweeping through in early 2021. Leveraging the improvements in our loans and grants platform noted in last year's annual report, we were able to mobilise quickly, getting close to \$18 million out to those affected within the first eight weeks of the program.

Flood funding will continue to be disbursed through 2021-22, fulfilling the NSW and Australian Governments' commitment to assisting those affected. The RAA will be 'standing up' two new programs for flood in 2021-22: Primary Producer Supply Chain Support Grants for targeted industries; and the Rural Landholders Grant, for those primary producers who were affected by the storms and floods but who have been ineligible for previous assistance.

During 2020-21, many parts of NSW also struggled through a mouse plague. Mice caused destruction of property, crops and on-farm storage of grain and fodder creating financial, social and mental hardship. Late in the financial year, the RAA was asked to establish a program that would provide a 50% rebate up to a cap of \$10,000 against the cost of zinc phosphide baits. That program opened in August 2021.



ONGOING FOCUS ON BUSINESS PERFORMANCE

During the reporting period we drove improvements that are making a real difference for our customers through better designed programs, and also for the broader community through increased assurance in the expenditure of public funds.

We had some significant achievements against the goals we set in 2020-21. In particular:

- Our approach to risk was advanced through the introduction of credit and assurance frameworks.
- We enhanced communications with our customers through regular electronic direct messaging (EDMs) to ensure that they knew about new programs and changes.

There were some areas where our performance did not meet the high targets we set (as described in Section 5) but the goals we have set for 2021-22 will keep us moving forward. Our goals are:

- To be the provider of choice for government financial assistance programs for primary producers
- To demonstrate a strong culture of risk management
- To develop products that are fit-for-purpose
- To embrace technology and change
- To improve customer engagement
- To modernise our approach to program delivery
- To have an engaged and inclusive workforce

For more information about our goals for 2021-22, see Section 5 - Our Governance.

Better communication with our customers

We worked hard to listen to our customers this year, for example, with the development of an evaluation strategy including surveys to start rolling out in 2021-22. The surveys will ask our customers how they feel about our programs, and the application process so we can respond to issues in real time, and design programs that better respond to customer needs. We want to know how well we're doing, both in our processes, and also in the outcomes we aim to achieve on behalf of the NSW Government.

Implementing robust business assurance controls

The RAA has disbursed significant funding on behalf of the Australian and NSW Governments in recent years. Such a task comes with a responsibility to ensure those funds are distributed in accordance with Government's intended purpose, are not misused, and are administered responsibly. The RAA took a fundamental step forward this past year, by establishing a business assurance policy that helps provide certainty that the controls we have in place to manage risk, are adequate and effective. In addition, we developed a credit policy, outlining how we handle credit responsibly and sensitively. These actions, together with the development of the evaluation strategy, are the markers of an organisation that takes risk seriously, embedding it into everything we do.

A steering committee governance structure has also been established for the implementation of every new program, ensuring that accountability is clear, risks are managed, and programs are delivered effectively. This has been important when we have been developing several new programs together, in a short period of time.

CONSOLIDATING OUR FINANCIAL PERFORMANCE

A core function of the RAA is to manage the flow of public funds to and from the Australian and NSW Treasuries or central agencies, in and out of the bank accounts of eligible primary producers and others, via our loans and grants platform. This flow of funds comes with multiple administrative, audit and reporting requirements. The ongoing challenge for RAA is to manage the cyclical ebbs and flows in program funding while maintaining our core financial effectiveness. As the report in Section 6 and the financial statements in Section 7 show, we were able to do this thanks to the capacity and dedication of the RAA finance team. We increased transparency and accountability for programs, notwithstanding ongoing legacy data issues. We achieved a surplus of \$11.27 million, improving RAA's financial position from negative equity of \$10 million in 2019-20 to positive \$1 million in equity in 2020-21.

BUILDING THE RAA TEAM

RAA's team consists of a relatively small group of staff who are funded from consolidated revenue on an ongoing basis. Other staff are funded from program administration costs which, as noted above, ebb and flow in response to external events. This staffing profile has its challenges – for example, the need to rapidly 'onboard' new staff for new programs – as well as its benefits – for example, our fixed overheads are lower. Irrespective of whether they are ongoing, fixed term, casual or contingent, what unites all RAA staff is a 'can do' attitude and a commitment to our

customers. This was recognised by our peers across the Regional NSW cluster when we jointly won the inaugural Regional New South Wales Team Award for demonstrating commitment to making our regions great places to live, work, visit and do business. During 2020-21 we acted on what our staff had told us in the annual People Matters Employment Survey (PMES) [see Section 4] with a particular focus on improving internal communications. My thanks to all RAA staff, past and present, for the efforts you have made in achieving our shared goals.

ACKNOWLEDGEMENTS

2020-21 saw the conclusion of the term of our Chair, David Palmer. David has been a stabilising force for the RAA Board, bringing a rare combination of industry experience and common sense. I am grateful for the contribution David has made and wish him the best for his life 'after RAA'.

One of our directors left last year – Adam Boyton moved to a position as the National Skills Commissioner in October 2020. Thanks to Adam for his time with us – we feel lucky to have had him.

We thank the Minister for Agriculture and Western NSW, the Hon Adam Marshall MP and his office for their pragmatic approach and ongoing advocacy for the state's primary producers. Thanks also to NSW DPI Director-General Scott Hansen and Deputy Director-General Brett Fifield who provided ongoing support for the RAA, its staff and our strategic priorities.

With this support and the ongoing commitment of RAA staff, I am confident we are well positioned to evaluate our past performance to be better prepared for the next of 'Mother Nature's challenges'.

Sean O'Connell
Chief Executive



"I see the next chapter as focusing on how the RAA can support environmentally responsible, resilient and smart development."

DAVID PALMER
CHAIR RAA BOARD 2012-2021



REPORT FROM THE CHAIR OF THE BOARD

I have been the Chair of this board since 2012, stepping down at June 30, 2021. In that time, I have seen many changes and new programs introduced.

We've introduced programs that cater to fishers, aquaculture, apiculture, forestry, and of course, many programs for drought and natural disasters.

The program introduction that has been most pleasing to me has been the Farm Innovation Fund loan scheme. It was introduced as a response to the drought in 2014. Its uptake has increased from a base of about \$22 million to roughly \$80 million every year now. This is funding for innovation, new infrastructure and activities that help build resilience to drought. This leads to improvements for the primary producers of NSW, as well as surrounding communities that are engaged to deliver the works. This is a high value program that yields a high value for the people of NSW. I hope I see it continue for many years.

During my time on the board, it hasn't all been about launching excellent new programs. Natural disasters and droughts have been an unfortunate recurring theme that has shaped the responses required of the RAA. While the recurrence of these events has at times been dispiriting, I've been proud of how the RAA has improved its preparations and response to these events through better customer connections, improved systems, and advances in the way they think about customer service and need.

Another change of critical importance, is a focus on good governance, risk management and system improvements. These are the activities that occur behind the scenes and might not be obvious to the public or stakeholders but are vital to meeting expectations of a publicly funded organisation. In particular, I note the development of a Business Assurance Policy, a Credit Policy, and an Evaluation Strategy. These are the signs of a mature organisation that takes its responsibility to the public seriously and I feel proud to have been part of this ongoing development.

I see the next chapter as focusing on how the RAA can support environmentally responsible, resilient and smart development. These are not easy times, but I believe the RAA and the board are in excellent hands and in a good position to take on the challenges of coming years.

It has been my privilege over the years to work with the members of the RAA board. I would like to pay tribute to their dedication, professionalism and shared vision for the RAA.

Finally, and on behalf of the board, I would like to pay special tribute to the tireless and dedicated work of the RAA staff who continue to serve and meet the needs of the rural industries of NSW. The operating environment continues to be complex and challenging, but the professionalism of staff continues to deliver a responsive and empathetic service to our customers.

David Palmer
Chair

OUR DEPARTMENTAL STRUCTURE

The RAA is a statutory authority under the Government Sector Finance Act 2018 and is accountable to the Minister for Agriculture and Western NSW through the Department of Primary Industries, as well as reporting to the RAA board.

The Chief Executive is a statutory senior executive employed by the public service and reports to the Deputy Director General Infrastructure Investment and Business Development (IIBD) – Brett Fifield, within the NSW Department of Primary Industries. Brett Fifield reports to the Director General of the Department of Primary Industries, Scott Hansen, who reports to the Minister for Agriculture and Western NSW, the Hon Adam Marshall MP.

The Department of Primary Industries (DPI) sits within the Regional NSW (DRNSW) cluster, reporting to the Secretary for DRNSW, Gary Barnes. DPI reports direct to the Minister for Agriculture in matters relating to Agriculture however corporate matters are dealt with through DRNSW.

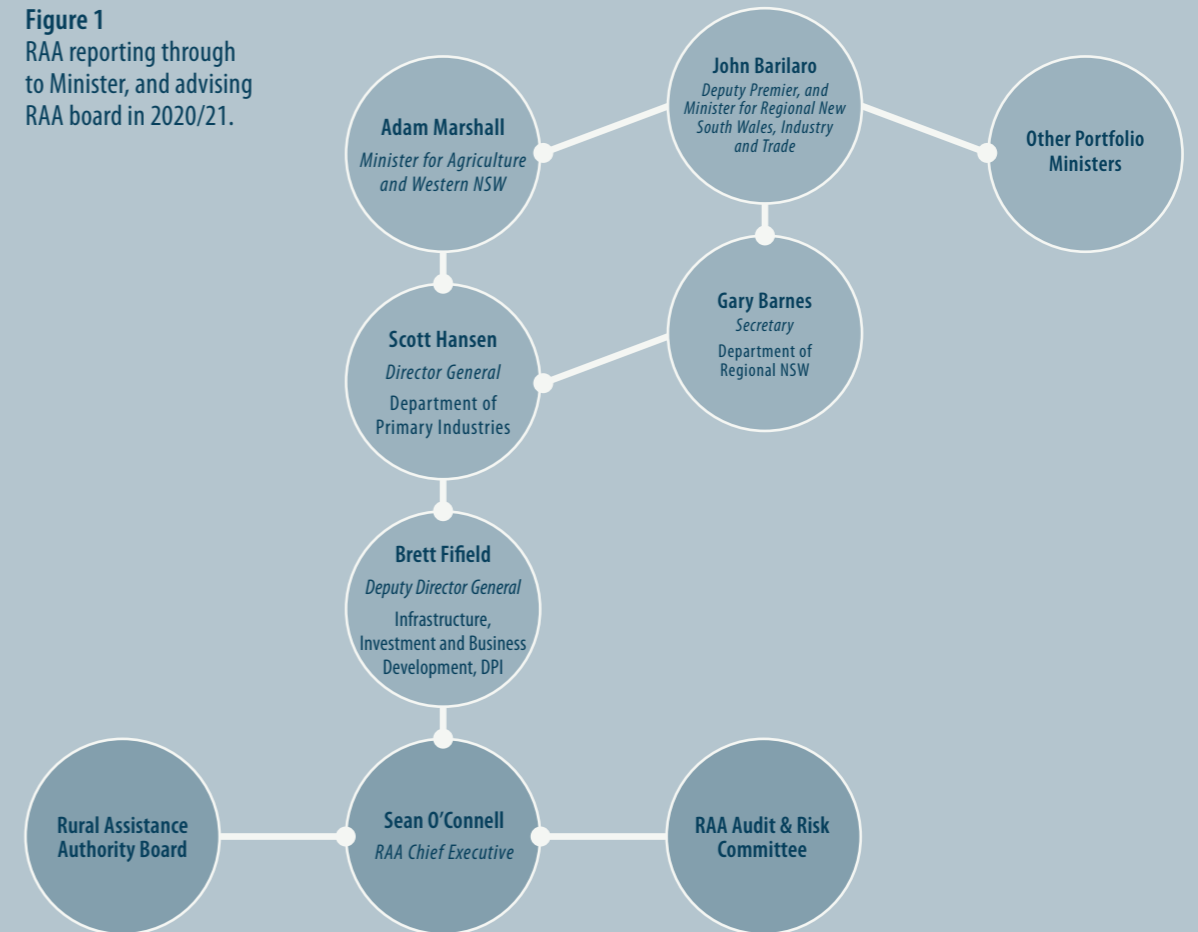
Our Minister, the Hon Adam Marshall MP, is responsible for our governing legislation, the *Rural Assistance Act 1989* and provides direction and control of activities including the programs administered, and appointment of the board.

The board is constituted under the *Rural Assistance Act 1989*, and among other functions, it determines the RAA's general policies.



Pictured: Minister for Agriculture and Western NSW Adam Marshall (right) with Moree farmer and RAA customer Dan Reardon.

Figure 1
RAA reporting through to Minister, and advising RAA board in 2020/21.



OUR BOARD

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

The Chair of the board, and the five other members are all independent from the NSW Government and are appointed following an externally advertised application process. A

declaration of interests register is maintained, and at each meeting, board members disclose any conflicts of interest with their role or the matters under discussion in the board meeting.

An appointed member holds office for such period (not exceeding 3 years) as may be specified in the member's instrument of appointment, but is eligible (if otherwise qualified) for re-appointment. Through the course of the year, one board member left to take up another position (Adam Boyton) and the term of our Chair, David Palmer, came to a close at 30 June 2021. Recruitment to replace the two departing members was undertaken but was not formalised at 30 June 2021.



CHAIR Mr David Palmer
Grad Dip Mgmt (AGSM, FAICD)

David was the Managing Director of Meat and Livestock Australia (MLA) for five 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 six years as the Executive Director of the Cattle Council of Australia.

Mr Palmer was also a director of AUS-MEAT Limited and chaired the MLA Donor Company. Mr Palmer is a Director of Animal Health Australia, Invasive Animals Cooperative Research Centre and the Greater Sydney Local Land Services. He also chairs the NSW Biosecurity Advisory Committee and was on the review panel for the 2016 Review of I-GAB (Inter Government Agreement on Biosecurity). Mr Palmer completed two terms as a member and Chair of the board at 30 June 2021.

*Appointed – 1 July 2012.
Reappointed in 1 July 2015.
Appointed as Chair – 1 July 2012.
Term end – 30 June 2021.*



Mr Derek Schoen
MAICD

After finishing the HSC, Derek started an apprenticeship as an aircraft maintenance engineer with TAA, graduating as a Licenced Aircraft Maintenance Engineer LAME. He returned to the family's mixed farming business in 1983 to run beef cattle, prime lambs, winter cropping and irrigated summer crops at Corowa in the southern Riverina.

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

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

*Appointed – 1 February 2020.
Term End – 30 June 2023.*



Mrs Lisa Minogue
B. Ag Econ, Dip. Community Services (Financial Counselling), GAICD

Lisa is a partner with her husband in a mixed farming and grazing enterprise in Barmedman, Central West NSW. Lisa is a director on other agricultural boards including the NSW Farmers Association and the National Farmers' Federation while also a member of the Veterinary Practitioners Board of NSW.

Lisa has extensive knowledge of the RAA assistance measures from the Rural Financial Counsellor perspective having previously worked in both Deniliquin and West Wyalong and their surrounding districts. Lisa's diversity of experience as a farmer, counsellor and director ensures she has a good understanding of both the challenges involved in primary production and the strategic direction that is necessary for the NSW Rural Assistance Authority.

*Appointed – 1 February 2020.
Term End – 30 June 2023.*



Mrs Elizabeth Lyne
B.Bus CPA GAICD

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

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

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

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

*Appointed – 1 July 2020.
Term End – 31 December 2023.*



Mr Charlie Blomfield
B. AgrSc

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

During this time, Charlie co-founded CommStream Capital, an alternative farm finance provider and shifted his focus to investing in more direct on-farm production. In 2017, Charlie and wife Eleanor Falkiner, moved to the Falkiner family property Haddon Rig at Warren where Charlie joined the management team as General Manager.

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

*Appointed – 1 July 2020.
Term End – 31 December 2023.*



Mr Adam Boyton
Grad Dip Applied Finance & Investment, BBus Economics

Adam has almost 25 years of experience as a policy advisor and economist.

Adam is a former Managing Director at Deutsche Bank, the Bank's Australian Chief Economist and Head of Fixed Income Research.

Adam started his career at the Federal Treasury and the Department of the Prime Minister and Cabinet. Prior to commencing his current role as the National Skills Commissioner, Adam was the Chief Economist at the Business Council of Australia.

*Appointed – 3 August 2018.
Term end – 27 September 2020.*

Sean O'Connell
BSc(Arch) USyd; MComm UNSW; GAICD

Sean is the CEO of the RAA, following the consolidation of the roles of Director and Chief Executive in 2019.

Appointed - February 2020.

Full bio details provided on Page 21.

"These are not easy times, but I believe the RAA and the Board, are in excellent hands and in a good position to take on the challenges of coming years."

DAVID PALMER
CHAIR RAA BOARD 2020-21



MEETINGS OF THE RAA BOARD IN 2020/21

| Date | David Palmer (Chair) | Derek Schoen (Member) | Lisa Minogue (Member) | Elizabeth Lyne (Member) | Charlie Blomfield (Member) | Adam Boyton (Member) | Sean O'Connell (CEO RAA) |
|--------------------|-------------------------|--------------------------|--------------------------|----------------------------|-------------------------------|-------------------------|-----------------------------|
| 9 July 2020 | ● | ● | ● | ● | ● | ● | ● |
| 29 July 2020 | ● | ● | ● | ● | ● | ● | ● |
| 1-2 September 2020 | ● | ● | ● | ● | ● | ● | ● |
| 28 October 2020 | ● | ● | ● | ● | ● | | ● |
| 1-2 December 2020 | ● | ● | ● | ● | | | ● |
| 10 February 2021 | ● | ● | ● | ● | ● | | ● |
| 16-17 March 2021 | ● | ● | ● | ● | ● | | ● |
| 12 May 2021 | ● | ● | ● | ● | | | ● |
| 15 June 2021 | ● | ● | ● | | ● | | ● |

▲ Table 1: Meetings attended by RAA Board Members in 2020/21.

RAA AUDIT & RISK COMMITTEE MEETINGS IN 2020/21

| Date | Kerry Adby (RAA ARC Chair) | Elizabeth Lyne (RAA Member) | Adam Boyton (RAA Member) | Julie Elliott (ARC Chair) | Gary Humphreys (ARC Member) |
|------------------|-------------------------------|--------------------------------|-----------------------------|------------------------------|--------------------------------|
| 8 July 2020 | ● | ● | ● | | |
| 31 July 2020 | ● | ● | ● | | |
| 10 August 2020 | ● | ● | ● | | |
| 12 November 2020 | ● | | | ● | ● |
| 27 November 2020 | ● | | | ● | ● |
| 16 March 2021 | ● | | | ● | ● |
| 16 April 2021 | ● | | | ● | ● |
| 14 May 2021 | ● | | | ● | ● |
| 9 June 2021 | ● | | | ● | ● |

▲ Table 2: Meetings attended by ARC Members in 2020/21.

Note: RAA-convened ARC dissolved on 31 October 2020 - from 12 November 2020 the committee was convened by the Department of Regional NSW.



OUR MANAGEMENT TEAM

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



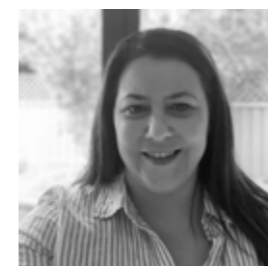
Sean O'Connell, BSc(Arch), MComm, GAICD
Chief Executive

The role of the Chief Executive is to provide high level strategic direction and leadership to the administration of program initiatives through the development of policies, operational programs and legislation to deliver financial assistance schemes to primary producers in NSW. With a background in the government, corporate and not-for-profit sectors, Sean is committed to ensuring the RAA delivers excellent service for its customers. Sean is also a director of the Addison Road Community Centre Organisation, which includes a not-for-profit food pantry, in Sydney.



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

Tim joined the RAA in January 2020 with close to 20 years in the NSW public sector managing policy for DPI Fisheries and governance and risk for various departments in the Water, Lands and Industry clusters. The policy and governance team provides advice to the RAA's Director and board, Ministers and department on programs, financial assistance and rural adjustment schemes. The team also includes the farm debt mediation unit, internal audit, assurance and risk management functions and provides the secretariat to the board and DRNSW's ARC committee.



Justine Dimond, BMgmt
Manager Program Administration / Manager Operations and Systems

Justine leads a team that focuses on all activities related to the 'after approval' operations of program administration, including loan documentation, loan finalisation and arrears management. Justine also leads project management for both new and existing programs, including the system build, implementation and process improvements of programs being delivered by RAA.



Adam Tomlinson, BAppSc, GCAgribus
Manager Customers and Programs (from May 2021)

Raised on a mixed cropping and livestock property near Moree in north western NSW, Adam has worked in the agribusiness sector for over twenty years and has held senior positions in banking and agricultural research and advisory roles within Australia and internationally. At the RAA, Adam leads a team that focusses on everything related to the 'front end' of program administration: connecting with our customers and stakeholders, accepting and assessing applications and submitting applications for payment.



James Ovenstone, B.Bus, M.Acc, GradDipCA, CA
Manager Strategic Finance

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



Alli Gartrell, BCom (Hons)
Manager Program Administration (resigned 30 January 2021)

Alli joined the Authority in September 2016 with experience from the banking sector. Alli led and managed the delivery of the Authority's program portfolio including loans, grants and other funding programs.

SECTION 2

OUR PROGRAMS



2020-21 PERFORMANCE HIGHLIGHTS

\$17.7 MILLION



Disbursed to people affected by **STORMS & FLOODS**

\$73.8 MILLION



Disbursed to people affected by the **BLACK SUMMER FIRES**

\$78.4 MILLION




Disbursed for **FARM INNOVATION FUND** loans contributing to sheds, silos and tanks

\$198 MILLION




Disbursed for key **DROUGHT** programs

34,908




PHONE CALLS to 1800 number

13,337



APPLICATIONS received

11,893



Applications **APPROVED**

\$554.8 MILLION



Funding **APPROVED** across all programs

70%



Employee **JOB SATISFACTION**

88%



Employee flexible working **SATISFACTION**

The RAA has a range of programs that help primary producers and small business operators, from short-term responses needed for natural disasters, to intermediate responses for chronic issues like drought, to long-term responses needed for building lasting resilience and sustainability. The RAA's assistance can come in the form of concessional loans, rebates, grants and waivers.



LOANS

The RAA offers a range of concessional loans that provide attractive terms and low interest. Such loans can be shown to contribute to long term resilience, the ability to respond to environmental risks and build productivity and profitability. Transitioning between resilience building, response and

recovery modes has created a more complex loan mix. The Farm Innovation Fund remains the RAA's flagship program accounting for more than half of all loans, but disaster recovery loans have become a major component of the RAA's loan portfolio.

| Loan | Purpose | Amount | Interest Rate (2020-21) | Term |
|---|---|-------------------|---|---|
| Farm Innovation Fund | To meet the cost of carrying out permanent capital works that have a significant beneficial impact on the land, long term profitability of the business and address adverse seasonal conditions. | Up to \$1,000,000 | 2.5% - noting that interest was waived until 31 December 2020 | Up to 20 years |
| Seafood Innovation Fund | To assist commercial fishers and aquaculture farmers to identify and address risks to their business, improve permanent assets and infrastructure, ensure long term productivity and sustainable use of the marine, estuarine and land-based environment. | Up to \$500,000 | 2.5% | Up to 20 years |
| Forestry Industries Innovation Fund | To support NSW industry innovation and the exploration of new markets for forest products. | Up to \$3,000,000 | 2.5% | Up to 20 years |
| Drought Assistance Fund | To provide interest free loans to primary producers to implement systems and management practices that enhance the sustainability of the primary production enterprise – program closed 30 June 2021 | Up to \$100,000 | Interest free | 7 years with first 2 years repayment free |
| Special Disaster Loans - Bushfires Working Capital² | Immediate funds for essential working expenses to help return to normal | Up to \$50,000 | 0.45% | Up to 5 years with first 2 years repayment & interest free |
| Special Disaster Loans - Bushfires Bushfire recovery | Repair and replacement of larger infrastructure and equipment to contribute to longer term recovery | Up to \$500,000 | 0.45% | Up to 10 years with first 2 years repayment & interest free |
| Primary producers & small business | Essential working capital & repair, recovery of damaged equipment, infrastructure | Up to \$130,000 | 0.45% | Up to 10 years with first 2 years repayment free |
| Non-profits | Essential working capital & repair, recovery of damaged equipment, infrastructure | Up to \$25,000 | 0.45% | Up to 5 years |
| Sporting Clubs | Clean up, removal of debris, restoration | Up to \$10,000 | 0.45% | Up to 5 years |

▲ Table 3: RAA Loans available through the RAA in 2020/21.

² Special Disaster loans were offered as part of Disaster Funding Recovery Arrangements (DRFA), "Category D" in 2019-20. Applications for those loans closed on 15 December 2020.



REBATES

In times of emergency whether through natural disasters or droughts, rebates may be offered, that can provide an immediate response to need.

| Rebate | Purpose | Amount |
|--|--|---|
| Emergency Drought Transport Subsidy <i>Program closed to new applications from 31 December 2020</i> | Emergency drought response - transport of: <ul style="list-style-type: none"> • Stock to agistment • Stock to sale/ slaughter • Fodder • Stock & domestic drinking water • Farm chemicals, fertiliser and seed, to farms. | 50% of costs of freight, up to \$40,000, \$50,000 for Round 2 and \$25,000 for Round 3 |
| Emergency Water Infrastructure Rebate <i>Program closed to new applications and claims 14 May 2020</i> | Emergency drought response – purchase and installation of on-farm water infrastructure that addressed animal welfare needs and improved resilience to drought. | 25% of the cost of purchase, up to \$25,000 |
| Animal Welfare Transport Subsidy (drought) <i>Program closed 31 December 2020</i> | Transport of stock where there is little or no feed/water; animals are leaving the enterprise permanently; the enterprise demonstrates a significant financial need. | 50% of the total cost of freight to a maximum of \$20,000 |
| Donated Fodder Transport Subsidy (Drought) <i>Program closed 31 December 2020</i> | Transport of donated fodder to a central location within NSW for the benefit of three or more primary producers with livestock, in the event of identified need, relating to drought. | Up to \$5/km to a maximum of 1,500 kms. Subsidy was reduced from a 100% rebate to a 50% rebate, from 1 July 2020. |
| Donated Fodder Transport Subsidy (Natural Disaster) | Transport of donated fodder to a central location within NSW for the benefit of three or more primary producers with livestock, in the event of identified need, relating to a natural disaster | 100% of freight costs to a maximum of 1,500 kms. |
| Natural Disaster Transport Subsidy | A subsidy on the transport of fodder and/or water to a property, stock, to/from agistment and stock to sale or slaughter | Up to 50% of freight costs to a maximum of \$15,000 |

▲ Table 4: Rebates available through the RAA in 2020/21.

GRANTS

The RAA delivers grants after the Australian and NSW Governments agree upon a joint declaration of a natural disaster.

The RAA took applications for grants in response to the Black Summer bushfires, up until 15 December 2020. Grants were then announced in response to the March and April 2021 storms and floods that devastated many of the same local government areas that had suffered through the bushfires.

Since 2018, the RAA has faced an increased impetus to deliver, and a growing demand for grants. At its peak after the

bushfires, the RAA approved more than \$40 million in grants in a single month (see Figure 2).

In response to the Black Summer bushfires, the NSW Government also developed a Bushfire Industry Recovery Program to provide targeted assistance to key 'engine' industries that would make a significant contribution to job retention and community recovery. Assistance was targeted for the aquaculture, horticulture, dairy, apiculture and viticulture industries.

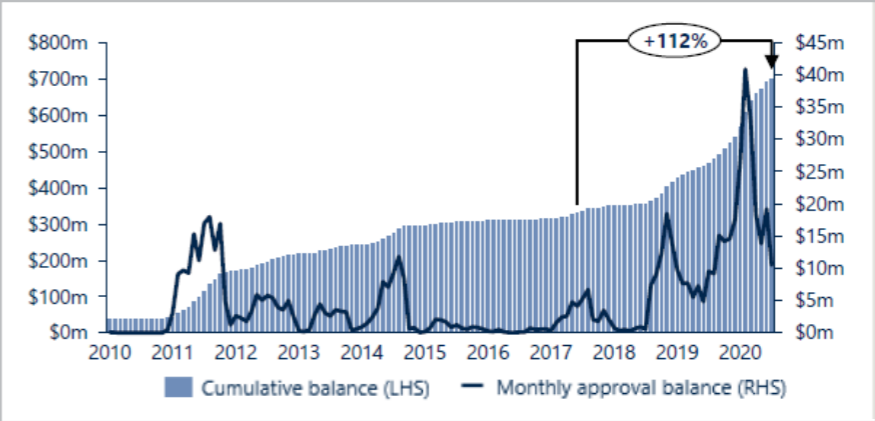


Figure 2: Cumulative grants disbursed have risen sharply in recent years (data as at June 2021)





Flooded fields around Oxley Island, with the Manning River in the background.

Photograph: Mike Bowers/The Guardian

PROGRAM FOCUS FOR 2020-21

In 2020-21 we finalised the response to the Black Summer bushfires (aside from funding for the industry targeted long term Bushfire Industry Recovery Programs which will continue to roll out) and then responded to storms and floods of early 2021. While overall funding administered across all programs was less than 2019-20, the program mix became increasingly complex as the year progressed.

Table 5: Assistance for 2019-20 compared with 2020-21

| Year | Application numbers | Total assistance approved |
|---------|---------------------|---------------------------|
| 2019-20 | 24,253 | \$787 million |
| 2020-21 | 13,337 | \$554 million |

Late into the financial year, we prepared to go live with four³ new programs, three of which were bespoke and needed ground-up development for program design and system implementation, to ensure seamless delivery and optimised customer experience. These programs responded to particular needs that arose from climatic and environmental disruption: floods that impacted on primary producers who might not ordinarily qualify for RAA assistance, and a mouse plague.

The resource requirement to establish completely new programs is high, but benefitted from the RAA's transition to a new financial administration module in 2019-20, the enhanced use of Salesforce, our customer relationship manager (CRM) as a mechanism for communicating with customers, and the lessons from a cycle of administering record assistance for the bushfires.

³ Emergency Water Infrastructure Rebate Scheme – Round 2; the NSW Mouse Control Program; Flood Industry Recovery Grants and Rural Landholder Grants.

STORMS AND FLOODS

A significant La Nina event impacted Australia's east coast in March 2021. The Bureau of Meteorology (BOM) has since reported that 'extreme multi-day rainfall and flooding affected many parts of eastern and central Australia from 17 to 26 March 2021, as a result of [a] split-flow blocking high pressure system in the Tasman Sea, and a low-pressure system off northwest Australia feeding moist tropical air into eastern Australia as it tracked into the south-east over the 10-day period. In coastal New South Wales moist onshore flow contributed to the heaviest falls, supported at times by surface troughs and a small low-pressure system between the 19th and 20th.'

The event was declared Category B (triggering concessional loans and transport subsidies) for 34 Local Government Areas (LGAs) on 20 and 21 March; for 13 additional LGAs on 24 March; and 16 on 26 March, taking the total to 63.

The Prime Minister, Premier and Deputy Premier escalated the disaster to Category D, triggering \$75,000 primary producer grants and \$50,000 small business grants. RAA progressively communicated these developments to customers in the declared LGAs. On 1 April, RAA went live with Special Disaster Grants – Storms and Floods.

On 6 April the Prime Minister wrote to the Premier confirming costs would be "equally shared between the Commonwealth and New South Wales."

On 28 April, seven LGAs impacted by flooding in February were also declared eligible for Category D assistance.

Ultimately, eighty LGAs were disaster-declared for the storms and floods in 2020-21 with another five declared in July, bringing the total to 85, or close to two thirds of all NSW LGAs. Of the 85 LGAs that were declared for flood, 45 were LGAs that had been previously disaster-declared as part of the 2019-20 bushfires.

These were primary producers who had already incurred damage through the bushfires, and in many cases were a long way from being back to 'normal'. The estimated average damage from the floods, was \$95,000 per applicant. The cumulative effect of these natural disasters together was devastating.



DISASTER RECOVERY FUNDING ARRANGEMENTS EXPLAINED

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

CATEGORY A

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

CATEGORY B

Assistance to the state and/or local governments for the restoration of essential public assets and certain counter-disaster operations. Category B assistance also covers assistance to small businesses, primary producers, not-for-profit organisations and needy individuals through concessional loans, subsidies or grants.

CATEGORY C

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

CATEGORY D

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

Photograph:
James Carmody, ABC News



"I don't believe I will ever get over the loss of the heifers - to hear them bellowing as they were washed away and being unable to do anything to help them was beyond devastating."

RODNEY LATTIMORE, TAREE

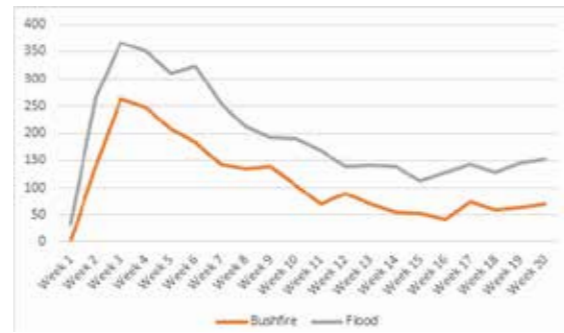


Rodney Lattimore, a third generation dairy farmer, waded through flood waters at 4:30am on the morning of 20 March 2021. He whistled through the darkness to his dairy cows to bring them to higher ground. While he managed to save all of his cows, he lost 22 heifers, finding 17 bodies including one washed up on nine mile beach in Forster, ten days later. The damage and loss was devastating.

Rodney managed to access a Special Disaster Grant that he could use to help pay for the cost of repairing infrastructure, fences, laneways, pumps, replanting pasture, restoring river-bank vegetation and re-building a flood gate. While nothing can take away the anguish of that difficult time, the Lattimores are building their operation back up and hope to be back to where they were before the floods by about June 2022.

Flood grant applications were open for the final thirteen weeks of the 2020-21 financial year. There was a quick response from affected primary producers with 1,022 applications received in the first month compared with 655 bushfire applications for the same time period.

By 30 June 2021, close to \$18 million had been disbursed for flood grants as a result of applications from those first thirteen weeks. The time to process applications from the point of receiving all necessary documentation, to approval of funds, was an average of 22.1 business days.



▲ Figure 3: Comparison of Bushfire Grants with Flood Grants - first thirteen weeks of applications



Farm hand Mal Trotter tries to reach work via a flooded Oxley Island Road.

Photograph: Mike Bowers/The Guardian



A TOTAL OF \$185 MILLION WAS DISBURSED TO RAA CUSTOMERS FOR THE BLACK SUMMER BUSHFIRES

BUSHFIRES

Assistance for the Black Summer bushfires closed for primary producer grants and primary producer and small business and non-profit loans, on 15 December 2020. Payments against the Bushfire Industry Recovery Program continued through 2020-21. A total of \$72.2 million was disbursed for the Black Summer bushfires in 2020-21, across grants, loans and the Bushfire Industry Recovery Program.

Funding distributed in 2020-21 added to the \$111.5 million that had been disbursed in 2019-20 for the Black Summer bushfires across programs as shown in Table 6, making a total of \$185 million for the entire event. This funding made a real difference for many RAA customers, based on feedback to our staff. One of the responses from a customer was, "the RAA is a godsend and doing a great job. Thank you to everyone."

▼ Table 6: Funding disbursed for the Black Summer bushfires

| Year | Special Disaster Grants | Special Disaster Loans | Concessional Loans | Bushfire Industry Recovery Program | TOTAL |
|---------|-------------------------|------------------------|--------------------|------------------------------------|-----------------|
| 2020-21 | \$28.3 million | \$19.8 million | \$2.5 million | \$21.6 million | \$72.2 million |
| 2019-20 | \$89.8 million | \$11.6 million | \$4.3 million | \$5.8 million | \$111.5 million |

"This fire was the most frightening thing we have ever experienced. The heat was so intense it was impossible to extinguish it in timbered country."

KATRINA BLOMFIELD, WALCHA



Pictured: Fire on the Karori boundary of the Blomfield's property at Walcha.



Pictured: Rob Blomfield in his crop in March 2020, recovering after the fires at Eagle Ridge.

Case Study

The Blomfields of Walcha lost a significant amount of fencing and engaged contractors to help clear destroyed fence-lines and rebuild. They were able to access a Special Disaster Grant to help pay for materials and contractors. Katrina Blomfield wrote a book about her experience of the fires coming on the back of the drought and shared a copy to RAA staff "as a token of appreciation for staff who were so helpful during the drought and after the bushfires."

Katrina said, "this fire was the most frightening thing we have ever experienced. The heat was so intense it was impossible to extinguish it in timbered country."

While Katrina says they haven't totally recovered financially from the impact of the drought and fires, "it's wonderful to be surrounded by green grass, healthy livestock and full dams..."

THROUGH THE COURSE OF THE DROUGHT, \$1.5 BILLION WAS APPROVED ACROSS KEY PROGRAMS.



DROUGHT

As shown in the data from the DPI's Enhanced Drought Information System (EDIS), the drought started intensifying in late 2017 and worsened through 2018 to 2020. Although there was an easing of drought conditions through 2021, the path to recovery was not immediate.

When drought breaks, primary producers need to sow crops and start the long process of rebuilding core herds while trying to meet financial obligations and offset the losses they incurred while experiencing reduced revenue and increased feed costs.

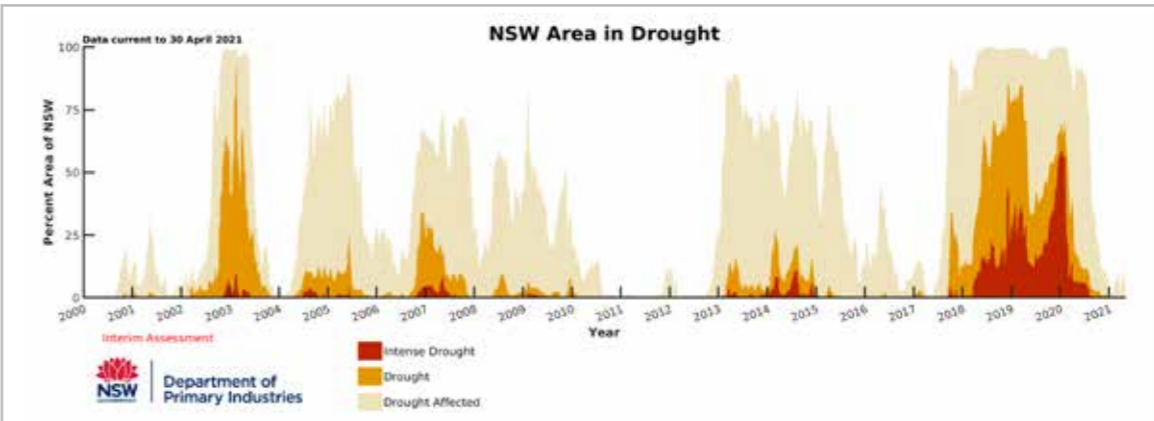


Figure 4: The percentage of NSW affected by drought.

NSW Government Emergency Drought Funding peaked in 2020. Primary producers accessed all forms of drought assistance at high levels in 2020 however the largest volume of funding was mostly attributable to the Drought Transport Subsidy. Demand eased in 2021 as many drought programs began winding down, including Drought Transport Subsidies (closed 31 December 2020) and the Drought Assistance Fund loan (closed 30 June 2021).

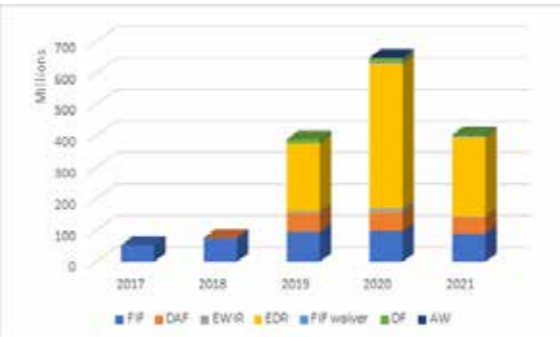


Figure 5: Funding approved for key programs through the course of the drought*

*Note: Includes Farm Innovation Fund (FIF) loans, Drought Assistance Fund (DAF) loans, Emergency Water Infrastructure Rebates (EWIR) and Emergency Drought Relief (EDR) transport subsidies, Farm Innovation Fund (FIF) waiver, Donated Fodder (DF) (drought) transport subsidies and Animal Welfare (AW) transport subsidies.



The Farm Innovation Fund loan has continued to contribute to longer term drought recovery and sustainability. The Emergency Water Infrastructure Rebate (EWIR) was closed for the 2020-21 year as the Australian and NSW Governments negotiated on the terms of a further round. Some payments were still made through 2020-21 for applications that had been made in the previous year. EWIR Round 2 was established for commencement from 2021-2022, with a focus on longer term drought resilience.

Early analysis in drought affected areas shows that the FIF loan generates additional benefits beyond the funds provided. Primary producers mostly engage local contractors, or purchase from local wholesalers when they use their FIF funds, contributing to community sustainability. The FIF is also likely to add to property values and reduce reliance on future government funding.

The FIF loan represents a good investment for the NSW Government with far reaching benefits. The benefits of the DTS have also been reviewed.



"The aim was to save our herd, which we did, thanks to the Drought Transport Subsidy and a Drought Assistance Fund loan."

GEOFF BUTLER, WAUCHOPE

Case Study

Geoff Butler and his wife Mary own and operate Kamawa Santa Gertrudis Stud located at Wauchope on the mid north coast of NSW. The couple specialise in producing early maturing, thick, muscly cattle, which are predominantly polled. They've been operating since 1989 and have suffered through unprecedented drought over many years. To get them through the unrelenting dry period Geoff and Mary contacted the RAA and subsequently applied for and were successful in receiving the Emergency Drought Relief Transport Subsidy and also secured a Drought Assistance Fund loan to help get them back on their feet.

Geoff wrote to the RAA to explain the impact that the drought had on their stud and was grateful for the assistance he was able to receive:

"This was the worst drought in memory. We had virtually no feed for our cattle and our huge three acre dam nearly dried up completely - which we had thought was impossible. The aim was to save our herd, which we did, thanks to the Drought Transport Subsidy and a Drought Assistance Fund loan."

Pictured is Kamawa Stud in the peak of drought compared to much greener pastures after some much needed rainfall in the area.



SECTION 3

OUR CUSTOMERS & STAKEHOLDERS



Photograph:
Erica Jane Photography

OUR CUSTOMERS

This past year was difficult for many primary producers and small businesses with the impacts of drought and bushfires being quickly replaced by storms and floods, a mouse plague and COVID-19.

The RAA largely provides assistance for primary producers in the agriculture, forestry and fishing industries. In times of natural disaster, the RAA can also provide support to small businesses and non-profit organisations.

ABS data from 2019-20 indicates that there were 26,559 agricultural businesses in NSW that have an estimated value of agricultural operations of \$40,000 or more.

In 2020-21, we received 13,337 applications, which was a 45% decrease on 2019-20. While some customers may have applied for multiple forms of assistance, the total number of applications is a reasonable indication of the number of interactions the RAA has with its customers.

More than 70% of our staff are on the front line, focused on helping our customers by taking phone calls, answering questions, assessing applications and referring issues on where needed.



13,337
APPLICATIONS RECEIVED



34,908
PHONE CALLS RECEIVED



36,939
EMAILS RECEIVED



592,063
PAGEVIEWS



Pictured is Scott and Renae Connell on their dairy farm in Megan, near Dorrigo.

IMPROVED CUSTOMER EXPERIENCE

In 2020-21 we used electronic direct messaging (EDM) as a tool for communicating directly with our customers. We were able to advise customers about key programs they might access as well as foreshadowing information about programs that were due to open or close. This is a tool that has been extremely beneficial, ensuring that primary producers don't miss out on the opportunity to access assistance at key times.

Another improvement that impacted those affected by the storms and floods in early 2021, was that officers of the department in Disaster Recovery Centres were able to document damage that people advised of, directly into a departmental database. This enabled us to develop a rapid understanding of the extent of damage, supporting the department's contribution to making a bid to the Australian Government for funding. This is a tool that we will expand in future years, to the point of being able to automatically process applications on the basis of damage documented in disaster zones. We will commence this work in 2021/22.

TIMELINESS IN DECISIONS TO CUSTOMERS

Our ambition is to provide a decision to our customers within 28 days after all information is received.

In 2020-21, our overall average days to decision across all programs was 52. This was an increase on the figure from 2019-20, and above our target. In 2021-22 we will identify and implement initiatives to improve the average turnaround time for decisions.

"You provided us with finance to buy silos which saved us during the last long drought. We were able to sell grain throughout the drought at good prices to maintain our income. Thank you."

RAA CUSTOMER

FEEDBACK

We invite feedback through our website. In 2020-21, we received fewer compliments through this formal mechanism, but we also received far fewer complaints. This could be a product of having processed fewer applications than the previous year however a reduction in complaints is not insignificant.

In the next financial year, access to feedback will be faster with survey questions embedded in applications enabling all customers to easily provide feedback (both positive and/or negative) at the time of application, approval, and end of program.

| | Compliments | Complaints | Suggestions |
|---------|-------------|------------|-------------|
| 2020-21 | 16 | 34 | 8 |
| 2019-20 | 39 | 109 | 22 |

▲ Table 7: Feedback from website widget for 2020-21

FACEBOOK

Among our tools for communicating with our existing and prospective customers, we use Facebook. For 2020-21, the RAA Facebook page gained 298 new followers for a total number of likes at the end of financial year of 2,351. On average, we reach 237 people with every post and our page has been liked 2,351 times. While it is likely that not all of our customers are Facebook users, it is a useful tool for reaching out to a cohort of primary producers who might not ordinarily know about the RAA.

"I would really like to share and express our thanks for the support that is offered by your department and all your great officers. Your communications have been great and your patience to help us through the paperwork is most appreciated."

RAA CUSTOMER





APPEALS

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

We have a formal process for handling appeals and commit to conducting appeals within 30 business days of receipt of a written letter of appeal. In 2020–21, there were 419 appeals across all programs, representing 3% of all applications.

| Program | Appeals heard | Appeals successful (approved) | Appeals unsuccessful (refused) |
|--|---------------|-------------------------------|--------------------------------|
| Drought Assistance Fund loans | 60 | 24 (40%) | 36 |
| Farm Innovation Fund loans | 18 | 6 (33%) | 12 |
| Natural Disaster Loans | 6 | 2 (33%) | 4 |
| Emergency Water Infrastructure Rebate scheme | 4 | 1 (25%) | 3 |
| Bushfire Industry Recovery Program | 7 | 3 (42%) | 4 |

▲ Table 8: Appeals heard and outcome by program

This appeals process relates to all RAA assistance except for Special Disaster Assistance.

In 2020–21, we maintained a Special Appeals Panel (SAP) with independent members, to hear appeals related to the Special Disaster (Bushfire) loans and grants programs, and then later in 2020-21 for Special Disaster (Flood) grants. The SAP has two independent members: Anne Jones, who has 40 years of accountancy experience and a strong involvement in community and local government and Jo Balcomb, who owns a mixed farming business with her husband and has more than 20 years' experience in governance, risk management, compliance and accounting.

The SAP was established to review refusals, make recommendations to the RAA Chief Executive on whether to uphold or overturn a decision and report on trends or clusters of appeal cases that could help to deliver more efficient, transparent and fair assessments of applications.

These appeal figures show that applicants who had been refused had a second chance to present their case, provide further information and receive assistance. More than a quarter of applicants for Special Disaster Assistance (Bushfires) had the original decision overturned and received assistance while more than 18% of applicants for Special Disaster Assistance (Floods) had their original decision over-turned. While the overturn rate for flood grants appears to be lower, at 30 June 2021, only 16 appeal cases had been heard, compared with 308 for bushfires over the entire year. With a small sample it can be difficult to determine the representativeness of data. It will be important to look at the figures at the end of the Special Disaster Assistance (Floods) grant program.

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



Pictured above is Anne Jones, Chair of the Special Appeals Panel and member of the panel, Joanna Balcomb.

| Program | Appeals successful (approved) | Appeals unsuccessful (refused) |
|------------------------------|-------------------------------|--------------------------------|
| Special Disaster (Bushfires) | 80 (26%) | 199 (65%) |
| Special Disaster (Floods) | 3 (19%) | 13 (81%) |

Table 9: Special Disaster Assistance appeals approved and refused comparing bushfires to floods



STAKEHOLDERS & SIGNIFICANT PARTNERSHIPS

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

SIGNIFICANT PARTNERSHIPS

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

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

Rural Financial Counsellors (RFCs) assist the RAA, helping farmers in financial difficulty, or those who need help applying for RAA assistance. It is important that RFCs are knowledgeable about the RAA's assistance so they can accurately and positively deal with questions and concerns that our customers may have. RFCs played a critical role through bushfires and floods, helping many people who had never sought help to get much needed assistance. The Department of Primary Industries contributed \$924,000 to the RFC Program in 2020-21. The Australian Government put the service out to tender and three providers were replaced by two, with the Southern Region taking over operations of the Central West region.

KEY STAKEHOLDERS

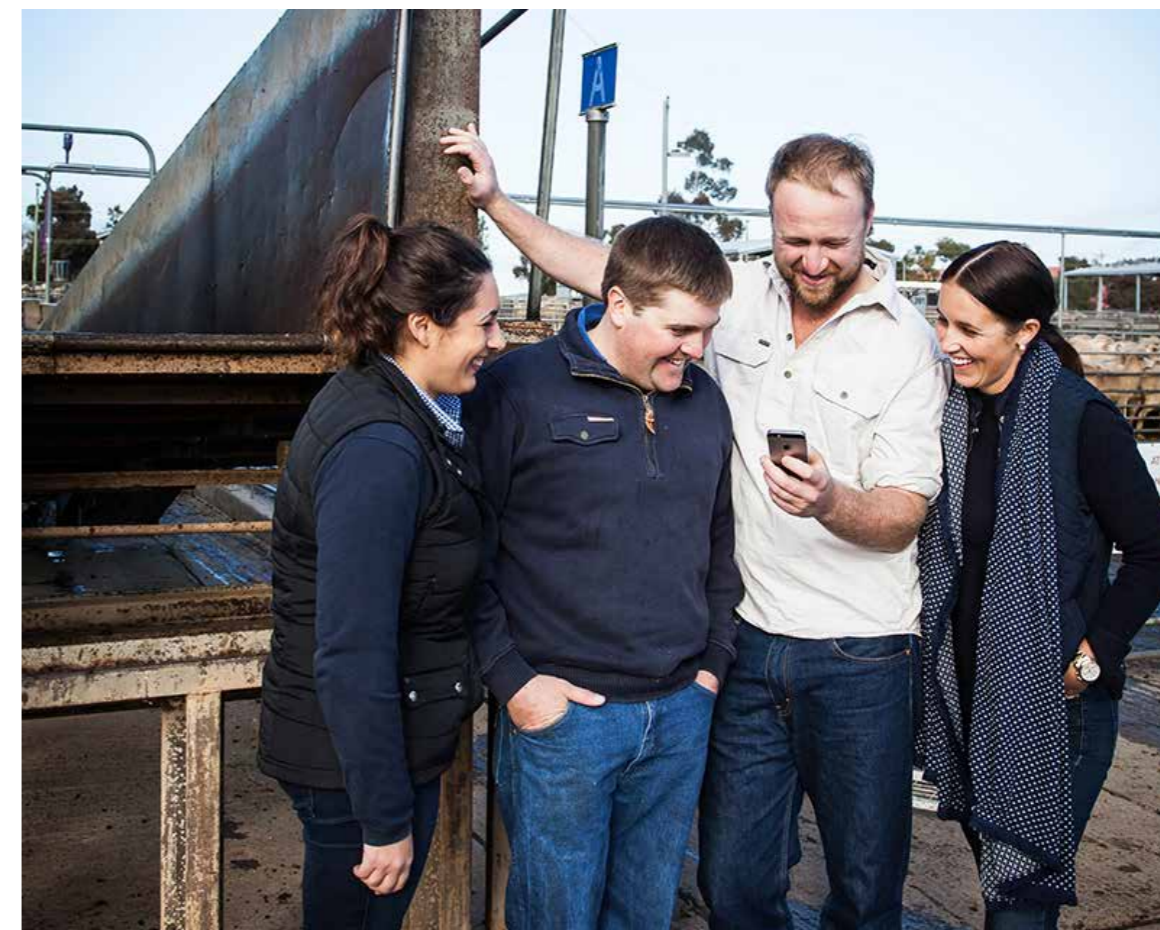
The Rural Resilience team (DPI) works with primary producers across regional and remote NSW to build personal and family resilience. The team has been critical in supporting flood-affected communities, bringing people together and connecting them to the support they need, particularly social and mental health services.

The Recovery Support Program is funded by the Department of Resilience (previously NSW's Office of Emergency Management). Recovery support officers have been crucial to the short to medium term recovery needs of people in flood affected areas. Many farmers struggled to find and organise their paperwork and get the help they needed. The recovery support team helped with that process and in many instances helped primary producers to access grants and loans.

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

Local Land Services (LLS) has a widespread presence in the field and long-standing connections with our customers. This was important during the drought when LLS offices became part of the network of government offices where farmers could lodge drought transport subsidies and receive advice on assistance and support. LLS also supports farmers to make the right decisions at the right times about land, pasture and livestock management. Their work to build farm sustainability assists farmers in accessing our support when they can most benefit from it.

The RAA meets regularly with key stakeholders to exchange information and discuss issues or challenges. Stakeholders can request performance information that is useful. Stakeholders, customers and other members of the public can also submit a request under the Government Information (Public Access) Act 2009 (the GIPA Act) to records or information that interest or affect them.



SECTION 4

OUR PEOPLE



Pictured: RAA staff members Deb Maguire and Lisa Dillon.

RAA STAFF

STAFF PROFILE: MEET VICTORIA BLINKHORN

How long have you been with the RAA and what do you do?

I have been with the RAA for three years where I started as part of the administration team. My current role is Project Coordinator where we now have a team dedicated to our systems and operations. I am involved with the work it takes to roll out new programs as well as system enhancements.

What did you do before you started at the RAA?

I was living in Sydney and working for a corporate agency that specialises in digital asset management. I always knew I would end up back in my hometown of Orange and after a five-year stint in Sydney, here I am.

What do you like about working at the RAA?

It's always busy and I enjoy working in a busy workplace. I have been lucky enough to work in versatile roles where every day is different or poses a new challenge. I have been involved with meaningful work like travelling rurally on the 'drought bus' as well as representing RAA at field day events and the Young Farmers Business Conference. I have learnt so much in my time with the RAA and I am grateful for the career development I have been able to gain here.



"I have been lucky enough to work in versatile roles where every day is different or poses a new challenge."

VICTORIA BLINKHORN, RAA



Pictured: The RAA Administration Team

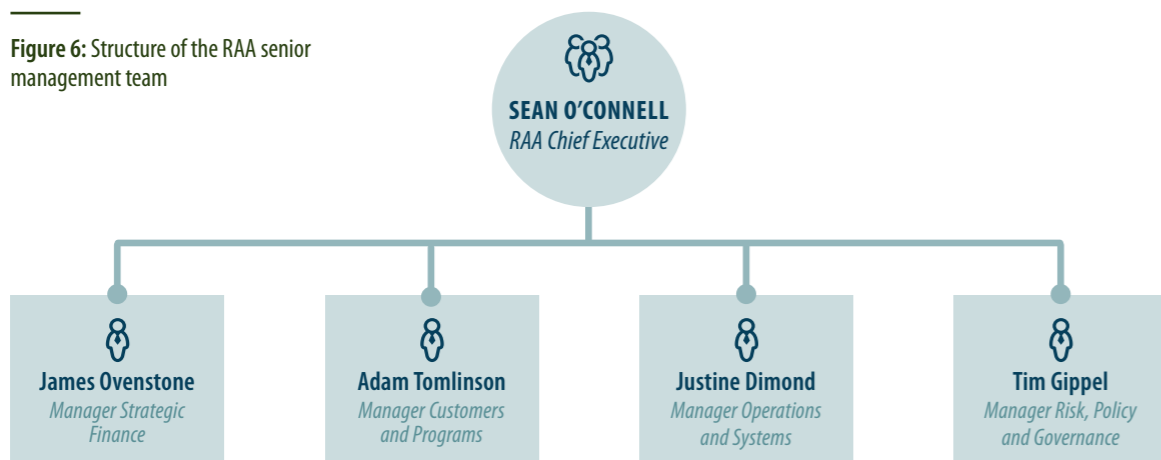
STAFF NUMBERS - FTE

At 30 June 2021, we had 22 ongoing staff, 14 fixed term and 35 staff who were casual, contingent or on secondment – (total 71 staff). Figure 6 shows the structure of the senior management team.

In March 2021, we adjusted the leadership team to frame our organisation more strategically around the needs of our customers. This involved adapting two program manager roles with shared responsibility for different programs to

two separate roles - one focused on the pre-approval side of the customer experience (applications, assessment) and the other on the post-approval side (securities, arrears management, systems development). Adam Tomlinson was appointed to the role of Manager Customer and Programs and Justine Dimond took on the role of Manager Operations and Systems after having been the Manager Program Administration.

Figure 6: Structure of the RAA senior management team



TEAM OF THE YEAR AWARD

The RAA jointly won the Regional NSW Team Award in April 2021 as "recipients who are committed to making our regions great places to live, work, visit and do business and ultimately reflect the core government sector values of integrity, trust, service and accountability."

This award was a well-deserved recognition of the individuals and teams who make up the RAA and consistently go 'above and beyond' to help our customers. The team were thrilled to receive this acknowledgement.



WORKFORCE CAPABILITY

We build workforce capability in many ways. We start with an aim of employing the right people by having job descriptions that provide clear expectations. Development is then managed and supported through annual work development plans (AWDP). These AWDPs agree

accountabilities and development opportunities, supporting staff to succeed in their role. The AWDP is an opportunity for staff to identify and discuss career goals and how to meet them. The RAA regularly uses internal development opportunities to offer staff the chance of upskilling.

EMPLOYEE SATISFACTION

The NSW Government undertakes a survey of all NSW public sector employees every year, through the "People Matter Employee Survey" (PMES). It is a valuable tool for understanding staff perceptions and tracking changes over time. The PMES was open for responses between 19 October and 13 November 2020. The RAA had a response rate of 57% compared with 86% in 2019. The reduced response rate could be due to the organisation being in a time of transition with a move out of drought and the bushfire response. It is possible that with some staff due to leave the organisation, they did not feel the need to complete the survey.

Despite a lower response rate, staff felt that "there is good team spirit in my workgroup" (82% up 17% from last year). We improved scores in:

- Wellbeing, health and safety – up 10% to 77%
- Flexible working satisfaction – up 9% to 88%
- Teamwork and collaboration – up 8% to 74%
- Autonomy and employee voice – up 8% to 76%
- Communication and change management – up 6% to 66%
- Decision making and accountability – up 6% to 72%
- Feedback and performance management – up 5% to 67%
- Risk and innovation – up 5% to 82%
- Job satisfaction – up 1% from last year's score to 70%

While these results were very positive, there were also some messages for the management team to consider:

- Employee engagement – down 2% to 67%
- Inclusion and diversity – down 3% to 74%
- Role clarity and support – down 5% to 63%
- Learning and development – down 5% to 50%

A staff established working group considered how we could address the possible issues in these areas. The working group provided recommendations that led to:

- The Chief Executive sending out a weekly report to all staff, providing information about key projects, changes, successes and challenges.
- An induction pack was created for the RAA, ensuring that new staff had a clear understanding of what was required of them and where they fitted within the organisation.
- A program of monthly 'lunch and learns' was established, providing an opportunity to share information with staff whether strategic or operational.



"We are committed to providing the best customer service and we're proud to have been part of the journey with our clients during some of the most difficult times."

AMY BRYANT, RAA
PROGRAM OFFICER



STAFF PROFILE

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

During 2020-21 the RAA had a turnover rate of 42% among its broader staff group taking into account fixed term, ongoing and contingent employees. This means that close to half of the staff group left through the course of the year. This is a high level of turnover but expected as the RAA came out of drought and bushfires, reducing staff numbers as the workload reduced. The RAA retains a small core of permanent staff and is accustomed to scaling up quickly in response to need as happened with drought and bushfires. The turnover rate among fixed term and ongoing staff was 16%.

Growing quickly by employing contingents and casuals is necessary for us but it creates uncertainty, with staff leaving when other opportunities arise. Turnover is costly and creates an ongoing task of recruitment, induction, training and support.

While turnover is unavoidable for the RAA, the challenge is to scale up in a way that supports staff for best outcomes, and then reducing numbers while maintaining and protecting team spirit and effectiveness. This was key in 2020-21 as we transitioned out of drought and bushfires.

We know that the cycle of engaging and relinquishing staff will continue. In early 2021, destructive storms and floods, the impending re-opening of EWIR Round 2, then the mice plague, necessitated employing 40 new staff for the financial year, to assist with the task of assessment and payment.



"I have been involved with many different programs over my eight years with the RAA. I have an affinity for agriculture and enjoy working with and assisting businesses."

LOU MASTRONARDI
RAA ASSESSMENT OFFICER

BENCHMARKS AGAINST THE NSW PUBLIC SECTOR

The annual People Matter Employee Survey (PMES) allows us to benchmark our results against other NSW public sector organisations. In 2020-21 we had the same or better results compared to the rest of the NSW public sector 62% of the time.

The top areas we compared most favourably to the rest of the sector were:

- 86% of our staff were satisfied with the ability to access and use flexible working arrangements.
- 65% of our staff agree "people take responsibility for their own actions".
- 95% of staff agree that "people in my workgroup treat each other with respect".
- 95% of our staff agree that "my manager listens to what I have to say".

FLEXIBLE WORKING ARRANGEMENTS

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

We take an understanding approach to the needs of our staff and have been flexible about start and finish times, and how work outcomes can be achieved. The PMES showed that in 2020-21, 89% of our staff agreed their manager supports flexible working in their team, compared to 68% in the rest of the public sector.

WORK HEALTH AND SAFETY (WHS)

We continued to monitor work health and safety (WH&S) needs through the organisation in 2020-21. Our WH&S risks tend to fall in the area of the psychosocial, with customer aggression and distress, remote or isolated work associated with working from home, and sometimes, excessive workload, the main concerns. WH&S statistics are detailed in the Appendices.

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

We focus on ensuring the mental and physical wellbeing of our staff. This has been particularly the case during COVID-19 and the need to work from home. The indications are that although it has been a difficult year, our staff feel comfortable "notifying their manager if they became aware of any risks at work", with 89% of staff agreeing with that statement in the 2020 staff PMES.

STAFF EDUCATION AND TRAINING

Our staff participate in DRNSW's Annual Work Development Plan (AWDP) process. This is used to determine work priorities together with the skills development, education or training that staff may need to achieve their agreed priorities.

In 2020-21, we provided training at a total cost of \$16,054. Most training for the RAA is provided by DRNSW.

With COVID-19 prevalent through large periods of 2020-21, it was not possible to attend training in person and many organisations offered the same training opportunities as online events at a fraction of the cost of face-to-face events.

Staff are encouraged to relieve in higher positions with additional training and instruction provided as necessary. This provides us with a core group of multi-skilled staff members able to perform a variety of positions. We encourage staff to undertake tertiary education and allow staff enrolled in external courses to take study leave in accordance with policy.

DRNSW provides an onboarding and induction package for all staff which we have complemented with our own induction package tailored to our specific job requirements.



SECTION 5

OUR GOVERNANCE



In 2020–21, the RAA took a fundamental step forward in embedding the tools of a mature risk culture into our processes and systems. We established a business assurance policy, reviewed and tightened our approaches to risk and cyber security and established new reporting structures and probity plans for enhanced rigour and accountability for all new programs.

GOVERNANCE STRUCTURES

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

The RAA board meets regularly and as needed, to set direction and promote the object of the *Rural Assistance Act 1989*: the proper and efficient delivery of programs of assistance to farmers and other persons engaged in rural industries, and to other persons as provided by the Act. In 2020–21, the board met nine times. Ordinarily a full board meeting is set for four times a year. The frequency of meetings in 2020–21 was in response to the need to consider urgent and important matters and demonstrates the board's commitment and involvement in the RAA'S direction. Adding to complexity for the board was the requirement to meet virtually for almost all meetings, because of Covid-19.

The Chief Executive and board are supported by an audit and risk committee ("the ARC"). The ARC provides advice to the Chief Executive and RAA board by monitoring and reviewing the RAA's governance processes, risk management and control frameworks, and external accountability requirements. In October 2020–21, the ARC structure changed from being a sub-committee of the RAA board, to being established through the Department of Regional NSW (DRNSW). The RAA continues to have a dedicated ARC that is now administered by DRNSW. This change of structure broadened the membership and improved the independence of the ARC. A former member of the board established ARC, Kerry Adby, was appointed by DRNSW to the new committee.

The ARC met nine times in 2020–21 and played a particular role in advising on the finalisation of the RAA's financial statements. The ARC has oversight of the internal audit program and reviewed audits that commenced or were completed in the year as follows:

- Forest Industry Innovation Loan
- Cyber security and payment controls
- Emergency Water Infrastructure Rebate Scheme – Round 1




The management team considered these audits and responded to the recommendations. The internal audit function is a key component of the second line of defence and has identified many business improvement opportunities.

MONITORING AND MANAGING PERFORMANCE

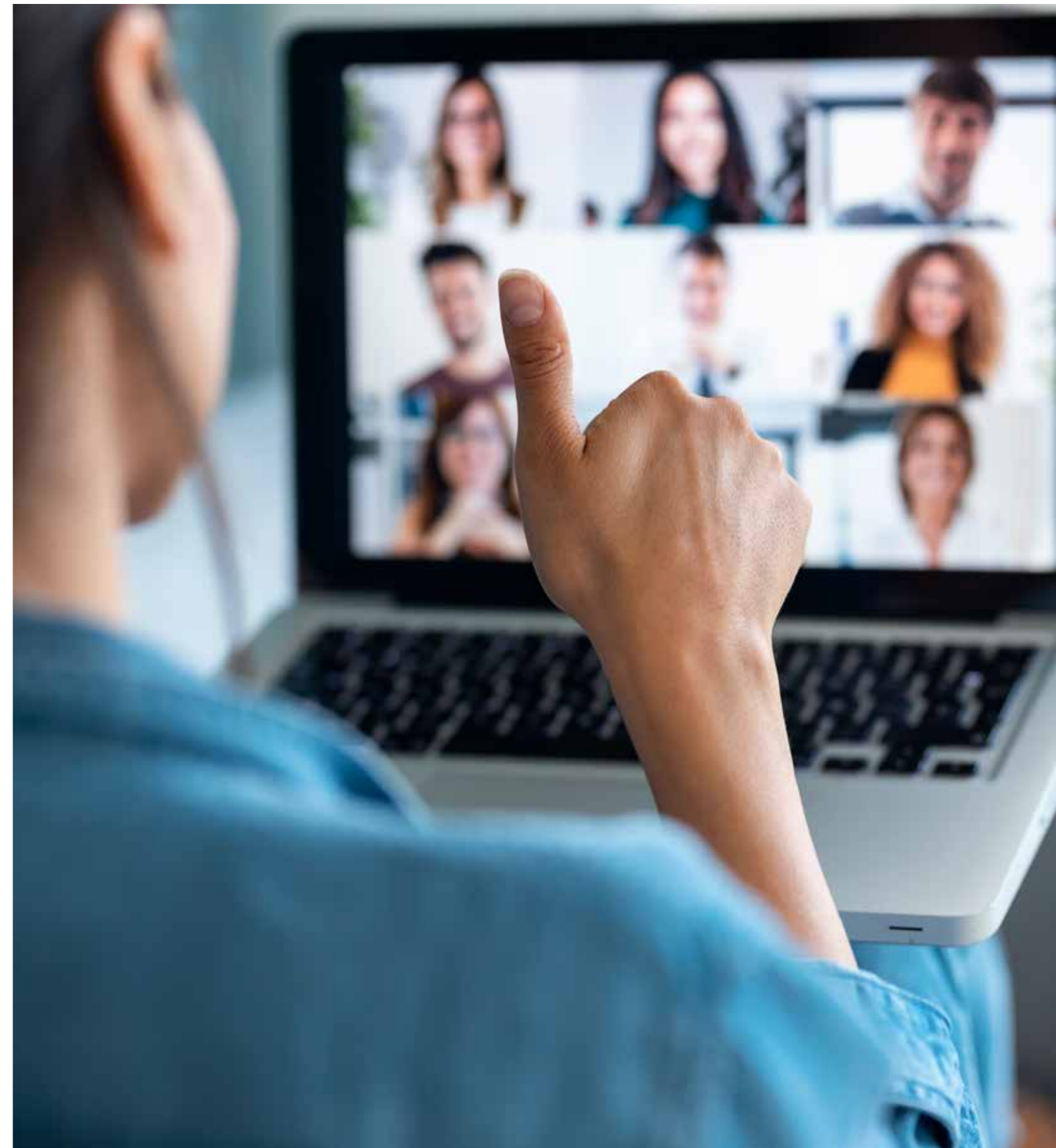
The CE and management team approved a business plan for 2020-21 that included key goals as shown in Table 10. Achievements were made through regularly tracking the progress of projects through daily management team meetings, monthly program meetings, and through implementing actions and tasks in management and senior staff annual work development plans (AWDPs).

Reporting against the business plan is a standing item on the monthly management team workshop meeting agenda. A report against business plan objectives is also provided to the RAA Board at its quarterly meeting.

Staff are kept abreast of performance against goals, through weekly emails from the Chief Executive and through monthly 'lunch and learns'.

| Goal | 2020-21 Performance against goal | Result |
|--|---|--|
| Review and operationalise our strategic priorities to ensure RAA is able to deliver loans and grants in a significantly changed operating environment | A refreshed business operating plan was established for 2020-21 with renewed strategic priorities, better aligned with the RAA's current environment and supporting the delivery of assistance appropriate to the times. | Achieved!  |
| Ensure our risk management systems are appropriate given the quantum of grants and loans 'in the field' | The RAA's risk management plan was reviewed through 2020-21 and all open actions were resolved and closed, ensuring that risks are dealt with as they arise, and attention is focused on current, strategic risks. An assurance plan was established and implemented. Cyber security approach was audited and updated. Probity plans became a requirement for all new programs. | Achieved!  |
| Continue to invest in SIDeCaR to ensure a better user experience for our customers and our staff | SIDeCaR (a project to upgrade the RAA's financial management system) was implemented through 2019-20. Improvements were still required in 2020-21 to complete transition to the new system. While significant steps were taken, a task remains in taking full advantage of the improvements made possible through SIDeCaR. | Partially achieved. |
| Drive efficiencies for RAA by finalising service level agreements and working relationships within our new cluster, the Department of Regional NSW and other agencies | Agreements have been established for key partner agencies but more work is required in relation to renewing out-dated agreements | Partially achieved. |
| Improve communications with our external and internal stakeholders to ensure program delivery during the hoped-for transition to recovery from drought and bushfires is conducted with efficiency and empathy | The RAA implemented communications with customers through electronic direct messaging (emails) in 2020-21. This enabled primary producers across NSW to get early advice of new programs, or issues of which they should be aware. The RAA also maintained important connections with NSW Farmers, the Rural Financial Counselling Service and other key bodies to ensure we remained abreast of important issues and perceptions 'in the field'. The RAA is represented on a range of committees and working groups across the department and with other departments, ensuring a connected approach to service delivery. | Achieved!  |

▲ Table 10: RAA Business Operating Plan goals for 2020/21



OUR GOALS

For 2021-22, a renewed business operating plan has been developed and the key objectives are shown below.

These goals were formed through discussions with staff, and consideration by the board and management team.

2 STRONG CULTURE OF RISK MANAGEMENT

RAA demonstrates a strong culture of risk management including financial and non-financial risk mitigation to improve accountability, transparency and risk based proportionate response capacity.

4 EMBRACING TECHNOLOGY AND CHANGE

RAA deepens and broadens its relationship with NSW primary producers by embracing technology and change.

6 MODERNISE APPROACH TO PROGRAM DELIVERY

The RAA modernises its approach to program delivery and reduces red tape and regulatory inefficiencies to consolidate its reputation as a nationally recognised authority on rural assistance and disaster response.

1 PROVIDER OF CHOICE FOR PRIMARY PRODUCERS

The RAA is the provider of choice for government financial assistance programs through its reputation for providing a leading customer experience.

3 PRODUCTS THAT ARE FIT FOR PURPOSE

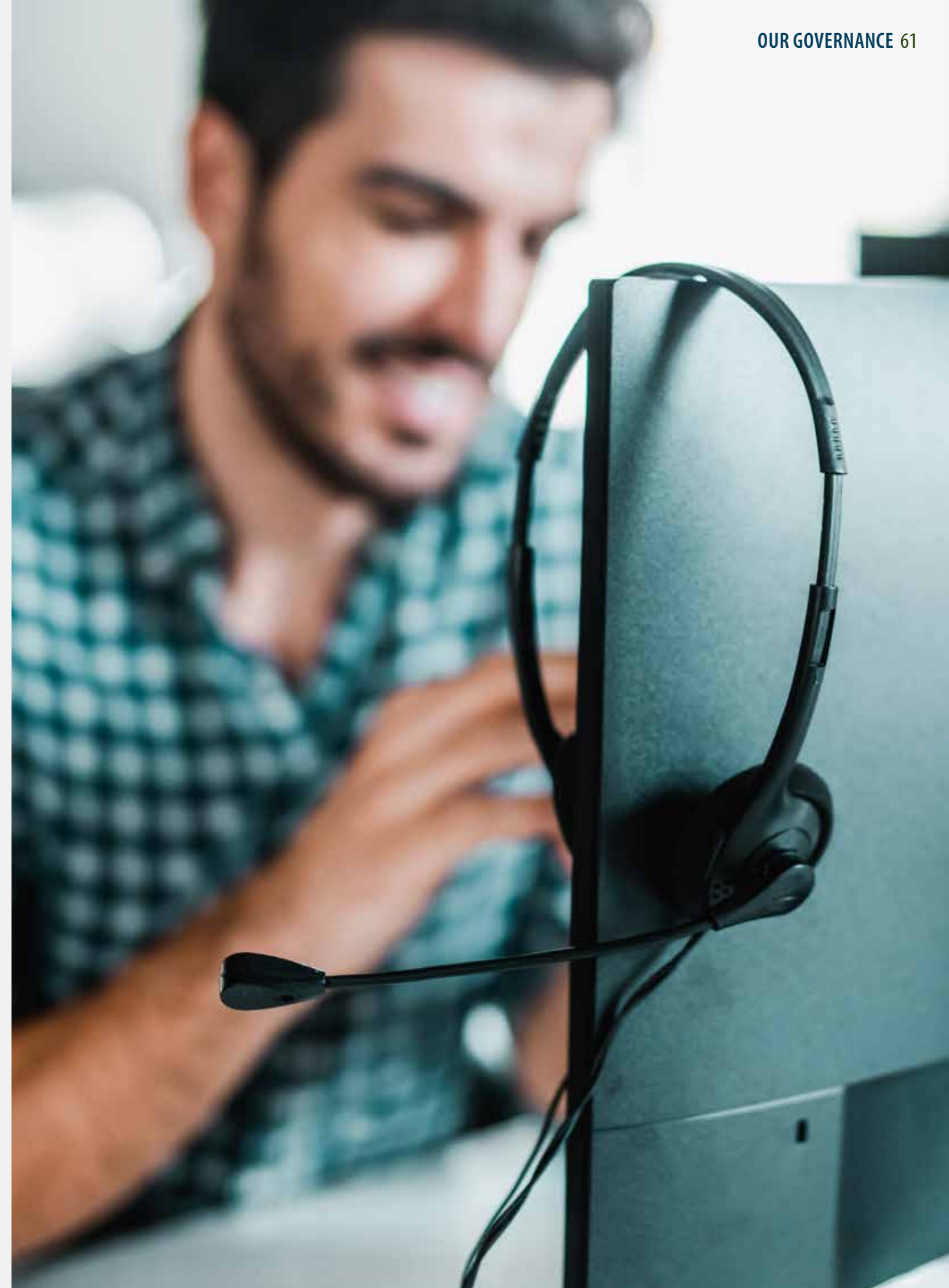
RAA products are fit-for-purpose and delivered in a financially sustainable and accountable manner to ensure programs contribute to: productive landscapes; economic growth; a skilled workforce; closing the gap targets; and a productive, efficient and resilient food and fibre supply chain.

5 IMPROVE ENGAGEMENT

RAA maximises customer insights to improve engagement, cooperative stakeholder frameworks, and to inform decision making.

7 AN ENGAGED AND INCLUSIVE WORKFORCE

The RAA has a strong people focused culture based on caring about each other's wellbeing, resulting in an engaged and inclusive workforce.



RISK MANAGEMENT

In 2021 the RAA assessed its risk maturity against a five-level rating tool that progresses from fundamental to repeatable, systematic, embedded and advanced. The results put the RAA at "embedded" for six of nine risk maturity attributes and at "systemic" for the other three that rate aspects of training and risk awareness.

The Department of Primary Industries set a 2023 target for the RAA to reach "embedded" for all risk maturity attributes. The RAA will therefore focus in the coming year on improving the skillset and training of staff, both in key risk roles as well as more broadly to ensure that risk, and key risk areas, are adequately understood at all levels. The other aspects of risk maturity will also be improved with a stretch goal of reaching advanced for at least three attributes by 2023.

The RAA has a board-approved audit and risk management policy that guides the approach the RAA takes to managing audit and risk. The policy is derived from DRNSW's approach to risk management.

The management team oversees the maintenance and review of the enterprise risk management register and it is considered and discussed at monthly assurance working group meetings. Control self-assessments and attestations are completed monthly by the management team for all risks and controls on the enterprise risk register.

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

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

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



Pictured: Steph Cooke, one of the RAA's Securities Officers.

IN 2020-21, THE RAA TOOK A FUNDAMENTAL STEP FORWARD IN EMBEDDING THE TOOLS OF A MATURE RISK CULTURE INTO OUR PROCESSES AND SYSTEMS.



CODE OF CONDUCT

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

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

Refresher training on the code is required of all staff members annually. As part of code of conduct training, staff learn about conflicts of interest. The department has a process for declaring conflicts of interest and staff are

taught how to identify them and to make a declaration. The RAA delivered additional training to reinforce the messages relating to conflicts of interest and maintains a register to ensure oversight of appropriate controls, within the authority.

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

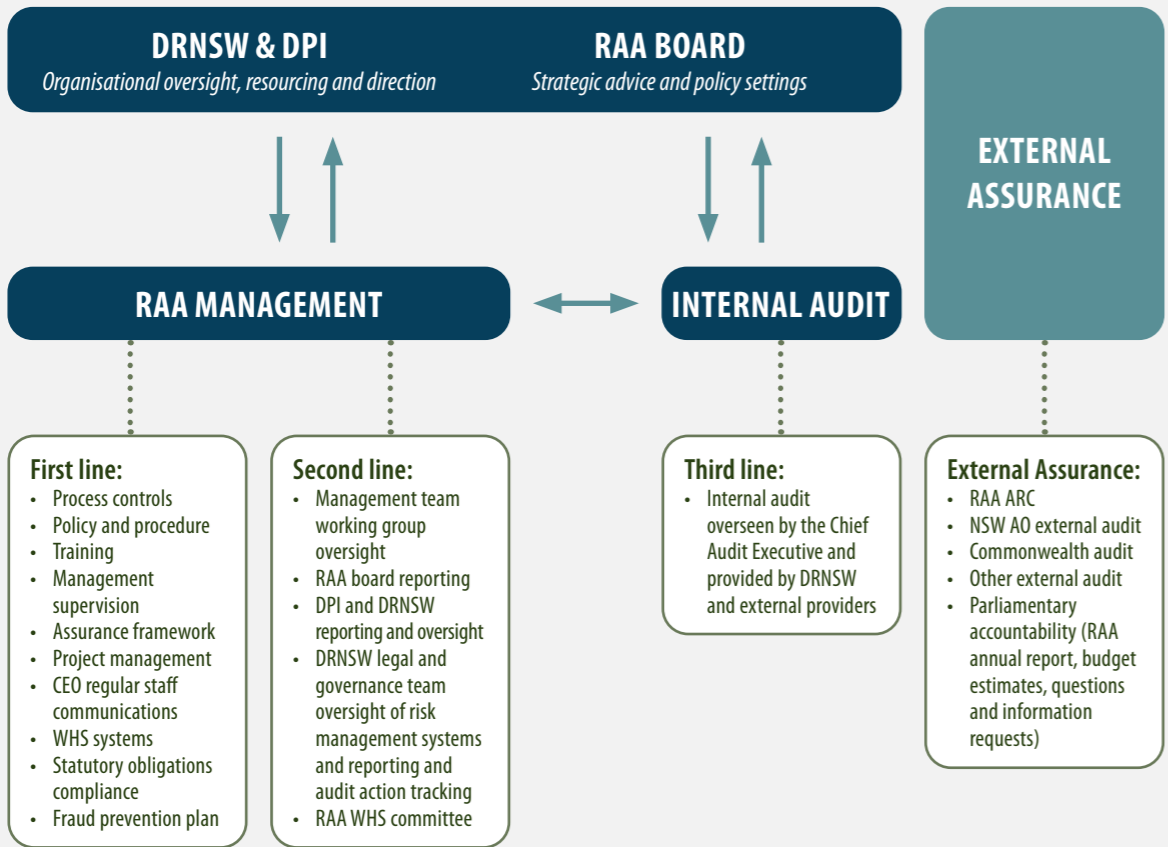
Staff conduct and professional behaviour is monitored by managers and can be supported through actions in the annual work development plan (AWDP) process.

ASSURANCE FRAMEWORK

In 2020-21, the board approved an assurance policy and the CE approved an assurance framework. The activities required through these documents provide an independent assessment on governance, risk management and control processes. Assurance processes provide comfort to senior leadership and the board, that the controls in place to manage risks are adequate and effective.

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

There were lessons from the administration of bushfire grants, that supported improvements in the administration of flood grants.



KEY:

↑ Accountability, reporting ↔ Alignment, communication coordination, collaboration

↓ Delegation, direction, resources, oversight

Figure 7: Three lines of defence model, adapted from the Institute of Internal Auditors’ Australia Three Lines Model



EVALUATING OUR PERFORMANCE

We started a process in 2020-21, to formally evaluate our programs so we can gain a deeper understanding of customer satisfaction with our service, respond quickly to problems, and design programs that respond more effectively to our customers' needs.

A monitoring, evaluation, reporting and improvement (MERI) strategy was drafted in 2020-21 and will be implemented through 2021-22 including surveys at key points in the customer journey to assess satisfaction with processes and service, and also to understand the actual benefits arising from programs. Surveys will be complemented by customer and client interviews and the collection of key performance information.

Aside from helping us to improve our customer service and program offering, evaluation has an important role in demonstrating accountability to government. We have

administered significant funding over recent years and good governance dictates accountability against expenditure, and the ability to describe the benefits for our customers and the broader community.

The RAA MERI is driven by answering three questions for every program we implement:

1. To what extent are our customers satisfied with the services we provide?
2. How and to what extent have our customers benefitted from the services we provide?
3. How well are we communicating with customers and potential customers?

The RAA's goal is to transform the inputs of funding, staff time and programs into the seven outcomes as shown in outline program logic in Figure 8.

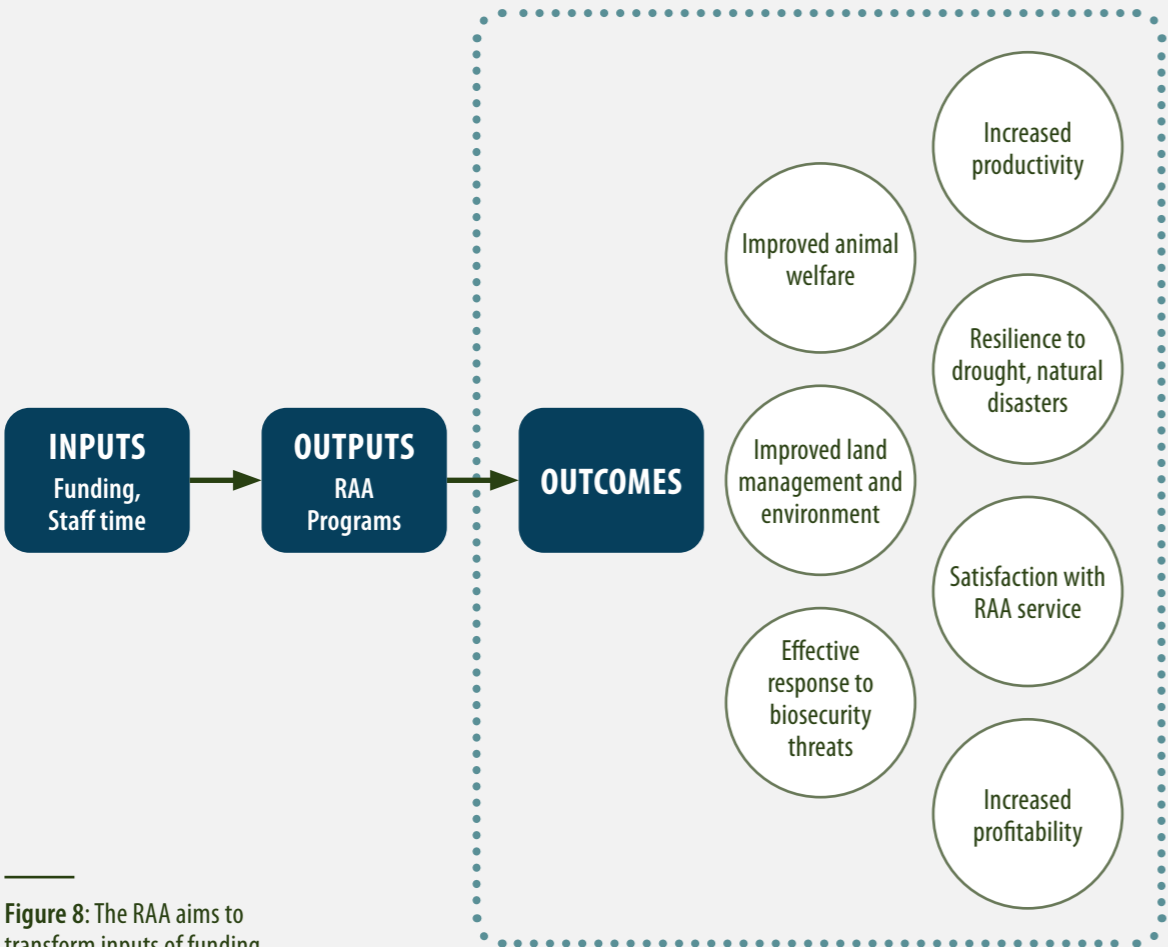


Figure 8: The RAA aims to transform inputs of funding, staff time and programs into the seven identified outcomes

FRAUD AND CORRUPTION

As an administrator of public funds, the RAA is exposed to a risk of fraud and corruption, both internally, and from external parties. In 2020-21, there were 15 instances of allegations of fraud from external parties. In all but two cases, the allegation was dismissed. Two cases involved a NSW Police investigation and these cases are currently before the courts.

The RAA maintains a procedure for reviewing allegations of fraud.

In 2020-21, there was no evidence of corruption from internal parties. The RAA maintains strong internal controls, as detailed under the heading assurance framework, that make it difficult for internal misallocation of funds or corruption to occur. The RAA maintains separation of administration, assessment and financial functions. Delegations controlled through the financial management system also limit the opportunity for corruption. High value disbursements require CE approval. Managers supervise processing staff and have approval at key points. Access to RAA processing systems is via a secure login with password security controlled by the department.

BUSINESS CONTINUITY PLANNING

The RAA has used its business continuity plan (BCP) to continue guiding the approach to the COVID-19 pandemic. The BCP was updated following recommendations from an internal audit, amendments that have assisted in the practical delivery of the plan. The broad approach to COVID-19 was driven by the NSW Government and the department, however the RAA's BCP and stepped action plan for the pandemic helped govern the continued approach to working from home, taking into account staffing, health and safety, equipment, program requirements, IT and communications.

CYBER SECURITY

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

Statements for cyber security from the agency perspective are provided in the DRNSW annual report.

Given the number of online transactions undertaken by the RAA, we provided targeted training for our staff and undertook an internal audit of cyber security.

This year 63 staff attended the cyber security essentials training, and senior staff attended the cyber security essentials premium training run by Cyber Security NSW. These sessions were run again in April and July for staff who missed the March session.

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

PRIVACY AND PERSONAL INFORMATION

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

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

In 2020-21 there were four privacy related incidents recorded. Three of these were isolated events which only impacted single customers, all of whom were contacted about the incident. One incident impacted a large group of customers.

On 16 July 2020, an RAA systems error resulted in 504 customers having some of their personal information breached, and 472 other customers receiving some personal details of a customer other than themselves. Immediate steps were taken to contain the breach and all affected parties were contacted. The RAA reported the incident to the NSW Information and Privacy Commissioner, we fixed the cause of this event, improved our privacy controls and applied more resources to privacy training.

SECTION 6

OUR FINANCIAL PERFORMANCE

MANAGER STRATEGIC FINANCE UPDATE

As noted in the CE's report on page 7, the ongoing challenge for RAA is to manage the cyclical ebbs and flows of program funding while maintaining our core financial effectiveness. Our particular focus is the prudential risk associated with the loan book.

I am pleased to report that the consolidation of RAA's financial performance continued over FY2020-21 thanks to our ongoing investment in core competencies, IT platforms, risk management processes and governance.

WORKING MORE EFFICIENTLY IN ANOTHER BUSY YEAR

The RAA loan portfolio has again increased rapidly, growing by 12 per cent from \$566m to \$637m. In total, 1,332 loans were finally determined and 152 were restructured. As the number of finance staff has not increased in line with the loan book, we have focused on system and productivity improvements. For example, we designed, built and implemented automated monthly customer instalment reminders which has seen a steady decrease in the number (although not necessarily the value) of accounts in arrears. Improved program reporting led to increased transparency for RAA management and our internal and external stakeholders.

CONSOLIDATING OUR BUDGET PERFORMANCE

The net result for FY2020-21 was \$9.2 million favourable to original budget. The favourable movement was due an underspend in Emergency Drought Transport subsidies and a timing difference in natural disaster grants for the Black Summer bushfires, where expenditure was provisioned in FY2019-20 and the offsetting revenue reimbursement was received and recognised in FY2020-21.

With seasonal conditions improving and the drought breaking by the end 2020 for most regions of NSW, the demand for the NSW Government's Emergency Drought Transport Subsidy program diminished. The program was closed to applications on 31 December 2020 and for submission of movement claims (ie invoices) by 31 January 2021. The majority of the unspent funds were approved by the NSW Government to be carried forward as co-funding with the Commonwealth Government for the Emergency Water Infrastructure Rebate round 2 program in FY2021-22.

Total equity is \$10.9 million favourable to original budget. The favourable movement relates to \$30 million additional loans receivable than budgeted for, with ongoing high demand for the NSW Government's concessional loans. This was offset by a cash and cash equivalent unfavourable movement of \$17.9 million. The unfavourable cash and cash equivalent movement to original budget is due to the Emergency Drought Transport Subsidies and natural disaster grants being paid to customers in FY2020-21 for funds received in FY2019-20 and held in restricted cash as at 30 June 2020.

This unfavourable cash movement is the offset of FY2019-20 favourable \$25.2 million cash flow.

INCREASED PROVISIONING DESPITE IMPROVING ECONOMIC CIRCUMSTANCES

The RAA is required to calculate and make a provision for expected credit loss (ECL) that is expected to accrue on current active loans in accordance with AASB 9. As at 30 June 2021 the RAA has 6,249 active loans, with a total value of \$637 million, and an average loan balance of \$102,000. The loans are spread across a range of programs, as shown in the notes to the financial statements page 99.

The RAA currently applies the 'simplified approach' (where loss allowance equals lifetime ECL) while we consider the costs and benefits of using the 'general approach' (where impairment is measured as a combination of lifetime ECL where there has been a significant increase in credit risk since initial recognition, and 12-month ECL where there hasn't). Our approach includes three parts: a base risk profile, a forward-looking risk profile and an economic overlay. Note 20 on page 99 of the financial statements shows how this methodology has been applied as well as a breakdown of the \$13.8 million impairment which is an increase of \$1.95 million or 16.5% from the previous year. During the independent audit of the financial statements, the NSW Audit Office advised that loans commitments (contractually approved loans that have not yet been disbursed) also need to be included in ECL calculations with a provision being required for these loan that have not yet been recognised. The ECL provision for committed loans is estimated at \$1.6m and has been agreed is immaterial and has not been corrected in the financial statements. Broadly speaking, RAA's ECL on loans is two-and-half-times that of the big four commercial banks.

Note - For the purpose of the body of the Annual Report, program statistics have been provided on a cash-disbursed-to-customer and approved in-principle basis which does not align with accrual accounting as used in the audited financial statements. Presenting data in this way in the body of the annual report provides readers with the ability to interrogate it more closely at a program level, in a way that is not possible using accrual accounting. Readers should take this into account when comparing figures from the body of the annual report with those in the audited financial statements.

RAA IS BACKED BY THE STRENGTH OF NSW CROWN

The RAA receives approved funding from the Department of Regional NSW (DRNSW) while loan advances provided to clients are funded by the Crown Entity or other government agencies. At the date of this report there is no reason to expect this financial support to not continue. Loans from the Crown Entity are currently provided for under a loan facility agreement effective from 1 July 2002. The existing loan facility is on a limited recourse basis with terms that the RAA carries neither credit nor interest rate risk or reward. Under the terms of the loan, the RAA is required to pay back to the Crown Entity principal and interest repayments that are received from the customer. While T-Corp bond rates are below the interest rate of RAA concessional loan products the benefit sits with the Crown. When bond rates rise above the interest rates of RAA concessional loan products the risk sits with the Crown. RAA's current operational structure and platforms do not have the capacity to manage the complexities arising from any potential interest rate mismatch, particularly over the 20 years of the fixed term loans of the Farm Innovation Fund.

The RAA previously relied on annual letters of comfort provided by DRNSW to provide assurance the RAA is able to meet its financial obligations. The NSW Audit Office has advised the cluster Chief Financial Officer (CFO) that this letter is not required if there are no ongoing issues of concern.

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

James Ovenstone
Manager Strategic Finance

The RAA loan portfolio has again increased rapidly over the last financial year, in response to the floods, mouse plague and other demands, growing by 12 per cent from \$566m to \$637m.



FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT New South Wales Rural Assistance Authority

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of New South Wales Rural Assistance Authority (the Authority), which comprise the Statement by the Chief Executive Officer, the Statement of Comprehensive Income for the year ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Statement of Significant Accounting Policies, and other explanatory information.

In my opinion, the financial statements:

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

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

Basis for Opinion

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

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

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

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

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

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

INDEPENDENT AUDITOR'S REPORT

The Chief Executive Officer's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Min Lee
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

5 October 2021
SYDNEY

FINANCIAL STATEMENTS 30 JUNE 2021



New South Wales Rural Assistance Authority
Statement by the Chief Executive Officer
for the period 1 July 2020 to 30 June 2021

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

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



Signed.....

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

Dated: 29/09/21

FINANCIAL STATEMENTS 30 JUNE 2021

Beginning of the audited financial statements

NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

| | Notes | Actual 2021 \$000 | Budget 2021 \$000 | Actual 2020 \$000 |
|--|-------|-------------------------|-------------------------|-------------------------|
| Expenses excluding losses | | | | |
| Personnel services | 2(a) | 5,831 | 3,670 | 7,240 |
| Operating expenses | 2(b) | 4,989 | 2,748 | 4,804 |
| Depreciation and amortisation | 2(c) | - | 8 | - |
| Grants and subsidies | 2(d) | 126,866 | 156,814 | 252,494 |
| Finance costs | 2(e) | 9,872 | 13,639 | 6,368 |
| Other Expenses | | - | 4,444 | - |
| Total Expenses excluding losses | | 147,558 | 181,323 | 270,906 |
| Revenue | | | | |
| Sales of goods and services | | - | 568 | - |
| Investment revenue | 3(a) | 9,755 | 19,914 | 6,496 |
| Grants and contributions | 3(b) | 150,557 | 161,899 | 293,552 |
| Acceptance by The Crown in right of the State of New South Wales employee benefits and other liabilities | 3(c) | 159 | - | 290 |
| Other revenue | 3(d) | 307 | 1,034 | 674 |
| Total Revenue | | 160,778 | 183,415 | 301,012 |
| Other gains / (losses) | 4 | (1,950) | - | (8,049) |
| Net Result | | 11,270 | 2,092 | 22,057 |
| Other comprehensive income | | | | |
| Total other comprehensive income | | - | - | - |
| TOTAL COMPREHENSIVE INCOME | | 11,270 | 2,092 | 22,057 |

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS 30 JUNE 2021

NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

| | Notes | Actual 2021 \$000 | Budget 2021 \$000 | Actual 2020 \$000 |
|--------------------------------------|-------|-------------------------|-------------------------|-------------------------|
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | 6 | 36,893 | 54,824 | 61,690 |
| Receivables | 7 | 4,981 | 4,127 | 3,975 |
| Other financial assets | 8 | 73,861 | 16,048 | 89,193 |
| Total Current Assets | | 115,735 | 74,999 | 154,858 |
| Non-Current Assets | | | | |
| Other financial assets | 8 | 543,888 | 571,538 | 464,765 |
| Property, plant and equipment | | | | |
| Plant and equipment | 9 | - | 42 | - |
| Intangible assets | 10 | - | 1 | 1 |
| Total Non-Current Assets | | 543,888 | 571,581 | 464,766 |
| Total Assets | | 659,623 | 646,580 | 619,624 |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Payables | 12 | 17,139 | 24,353 | 23,824 |
| Borrowings | 13 | 73,861 | 44,258 | 89,194 |
| Provisions | 14 | 11,252 | 37,754 | 39,019 |
| Total Current Liabilities | | 102,252 | 106,365 | 152,037 |
| Non-Current Liabilities | | | | |
| Borrowings | 13 | 556,387 | 550,121 | 477,875 |
| Provisions | 14 | 4 | 2 | 3 |
| Total Non-Current Liabilities | | 556,391 | 550,123 | 477,878 |
| Total Liabilities | | 658,643 | 656,488 | 629,915 |
| Net Assets | | 980 | (9,908) | (10,291) |
| EQUITY | | | | |
| Accumulated funds | 15 | 980 | (9,908) | (10,291) |
| Total Equity | | 980 | (9,908) | (10,291) |

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS 30 JUNE 2021

NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

| | Notes | Accumulated Funds \$000 | Total \$000 |
|--|-------|----------------------------|-----------------|
| Balance at 1 July 2020 | | (10,291) | (10,291) |
| Net result | | 11,270 | 11,270 |
| Total other comprehensive income | | - | - |
| Total comprehensive income for the period ended | | 11,270 | 11,270 |
| Balance at 30 June 2021 | | 980 | 980 |
| Balance at 1 July 2019 | | (32,348) | (32,348) |
| Net result for the year | | 22,057 | 22,057 |
| Total other comprehensive income | | - | - |
| Total comprehensive income for the year | | 22,057 | 22,057 |
| Balance at 30 June 2020 | | (10,291) | (10,291) |

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS 30 JUNE 2021

NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

| | Notes | Actual 2021 \$000 | Budget 2021 \$000 | Actual 2020 \$000 |
|---|-------|-------------------------|-------------------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Payments | | | | |
| Employee | | - | (3,670) | - |
| Personnel services | | (5,678) | (2,748) | (6,657) |
| Grants and subsidies | | (151,930) | (156,814) | (258,325) |
| Finance costs | | (7,362) | (10,043) | (6,367) |
| Other | | (12,118) | (6,180) | 1,366 |
| Total Payments | | (177,088) | (179,455) | (269,983) |
| Receipts | | | | |
| Sale of goods and services | | - | 568 | - |
| Interest received | | 4,239 | 1,967 | 5,765 |
| Grants and contributions | | 150,266 | 161,899 | 292,890 |
| Other | | 316 | (1,006) | 4,105 |
| Total Receipts | | 154,821 | 163,428 | 302,760 |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | 19 | (22,267) | (16,027) | 32,777 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Advance repayments received | | 58,953 | 102,320 | 49,887 |
| Purchases of plant and equipment | | - | (50) | - |
| Advances made | | (124,663) | (288,879) | (141,309) |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | | (65,710) | (186,609) | (91,422) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Proceeds from borrowings | | 123,044 | 224,322 | 152,223 |
| Repayment of borrowings | | (59,865) | (28,865) | (62,335) |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | | 63,179 | 195,457 | 89,888 |
| NET INCREASE/(DECREASE) IN CASH | | (24,798) | (7,179) | 31,243 |
| Opening cash and cash equivalents | | 61,690 | 62,003 | 30,447 |
| CLOSING CASH AND CASH EQUIVALENTS | 6 | 36,893 | 54,824 | 61,690 |

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS 30 JUNE 2021

NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

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

Section 47A of the *Constitution Act 1902* precludes the Authority from employing staff. Under the *Rural Assistance Act 1989*, the Authority can obtain personnel services from Government agencies who are able to engage staff under the *Government Sector Employment Act 2013* to enable the Authority to exercise its functions. During 2020-21, personnel services were provided by the Department of Regional NSW (DRNSW).

As a result of *Administrative Arrangements (Administrative Changes – Regional NSW and Independent Planning Commission) Order 2020*, in pursuance of part 7 of the *Constitution Act 1902*, the Authority was transferred from Planning, Industry and Environment cluster to the newly created Regional NSW cluster, effective 2 April 2020.

These financial statements for the year ended 30 June 2021 have been authorised for issue by the Chief Executive Officer on the date of the accompanying statement by the Chief Executive Officer was signed.

(b) Basis of preparation

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

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

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

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

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

(c) Going Concern

These Financial Statements of the Authority have been prepared on a going concern basis.

The Authority receives financial support from the Department of Regional NSW, subject to no intervening decisions of Government. Advances and Loans provided to clients are funded by Treasury or other government agencies.

(d) Statement of compliance

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

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

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

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

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

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

(f) Comparative information

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

FINANCIAL STATEMENTS 30 JUNE 2021

NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Deemed appropriation

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

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

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

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

i) Effective for the first time in FY2020-21

The entity applied AASB 1059 *Service Concession Arrangements : Grantors* (AASB 1059) for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard are described below.

Several other amendments and interpretations apply for the first time in FY2020-21, but do not have an impact on the financial statements of the entity.

AASB 1059 Service Concession Arrangements : Grantors

AASB 1059 is effective for the entity from 1 July 2020. At the same time NSW Treasury Policy Guideline and Paper TPP 06-8: Accounting for Privately Financed Projects (TPP 06-8) was withdrawn effective from 1 July 2020.

Service Concession Arrangements are contracts between an operator and a grantor, where the operator provides public services related to a service concession asset on behalf of the grantor for a specified period of time and manages at least some of those services.

Where AASB1059 applies, the grantor recognises the service concession asset when the grantor obtains control of the asset measures the service concession asset at current replacement cost. At the same time the grantor recognises a corresponding financial liability or unearned revenue liability or a combination of both.

The adoption of AASB 1059 did not have an impact of the Statement of Financial Position, Statement of Comprehensive Income or the Statement of Cashflows.

ii) Issued but not effective

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

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

- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*
- AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments*
- AASB 2020-6 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date*
- AASB 2020-7 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions: Tier 2 Disclosures*
- AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2*

(i) Impact of COVID-19 on financial reporting for 2020-2021

As at 30 June 2021, the Authority assessed the impact of COVID-19 on the fair value of its non-current physical and financial assets. These assets include loans receivables, trade receivables and other liabilities. This was based on historical information, expectation of macroeconomic conditions and outlook at the time of assessment. Given continued uncertainty of the COVID-19 factor, it is possible that post 30 June 2021 there may be some new evidence that further impacts the fair value assessment of receivables and borrowings.

FINANCIAL STATEMENTS 30 JUNE 2021

NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2. EXPENSES EXCLUDING LOSSES

| | 2021 \$000 | 2020 \$000 |
|--|---------------|---------------|
| (a) Personnel services | | |
| Salaries and wages (including recreation leave) | 4,919 | 5,897 |
| Redundancy payments | 12 | 175 |
| Superannuation | 441 | 498 |
| Long service leave | 179 | 288 |
| Workers compensation insurance | 13 | 17 |
| Payroll tax and fringe benefits tax | 267 | 365 |
| | 5,831 | 7,240 |
| (b) Operating expenses include the following: | | |
| Administration fees | 449 | 449 |
| Advertising and promotion | 18 | 85 |
| Auditor's remuneration – audit of financial statements | 118 | 119 |
| Auditor's remuneration – other | - | 26 |
| Bad and doubtful debts | 149 | 10 |
| Consultants | 302 | 810 |
| Other contractors | 2,762 | 2,454 |
| Insurance | 10 | - |
| IT & Communication | 859 | 52 |
| Other operating | 215 | 288 |
| Rent | 21 | 338 |
| Purchase assets < \$5,000 | 12 | 52 |
| Training and staff development | 16 | 17 |
| Travel | 58 | 104 |
| | 4,989 | 4,804 |

Insurance

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

(c) Depreciation and amortisation expense

Depreciation and amortisation for the period ended 30 June 2021 is NIL (2020: NIL)

Refer to Note 9 and 10 for recognition and measurement policies on depreciation and amortisation.

FINANCIAL STATEMENTS 30 JUNE 2021

NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2. EXPENSES EXCLUDING LOSSES (continued)

| | 2021 \$000 | 2020 \$000 |
|--|----------------|----------------|
| (d) Grants and subsidies | | |
| Fisheries Adjustment Grants | - | 2 |
| Rural Resilience Program | 1,000 | - |
| Natural Disaster Relief Bushfire | 14,086 | 103,952 |
| Natural Disaster Relief Grants-Floods | 28,304 | - |
| Transport Subsidies | 338 | 332 |
| Dairy Industry Fund | 153 | 203 |
| Emergency Drought Relief | 53,274 | 123,577 |
| Farms Business Skills | 815 | (846) |
| Emergency Water Infrastructure Rebate | 454 | 19,012 |
| Grants expense on low interest loans | 21,161 | 6,262 |
| Grants expense on low interest loans | 4,478 | - |
| Young Farmers Business Program | 1,511 | - |
| Apple and Grape Recovery Grants - Bushfire | 1,292 | - |
| | 126,866 | 252,494 |

Recognition and Measurement**Grants and subsidies paid**

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

(e) Finance costs

| | 2021 \$000 | 2020 \$000 |
|--------------------------------|---------------|---------------|
| Interest on Treasury advance | 5,503 | 1,246 |
| Interest on Commonwealth loans | 1,795 | 3,905 |
| Amortised interest expense | 2,574 | 1,217 |
| | 9,872 | 6,368 |

Recognition and Measurement**Finance Costs**

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

3. REVENUE

Recognition and Measurement

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

(a) Investment revenue

| | 2021 \$000 | 2020 \$000 |
|----------------------------|---------------|---------------|
| Interest | 40 | 141 |
| Interest income on loans | 7,139 | 5,138 |
| Amortised interest revenue | 2,575 | 1,217 |
| | 9,754 | 6,496 |

Recognition and Measurement**Interest Income**

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

FINANCIAL STATEMENTS 30 JUNE 2021

NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 20213. REVENUE (continued)
(b) Grants and contributions

| | 2021 | 2020 |
|---|----------------|----------------|
| | \$000 | \$000 |
| Grants without sufficiently specific performance obligations: | | |
| Recurrent grants | 9,972 | 9,641 |
| Emergency drought package | 65,000 | 173,200 |
| Bushfire Industry Recovery Program | 21,227 | 7,000 |
| Grant revenue on low interest loan | 4,478 | - |
| Emergency water infrastructure rebate | 2,000 | 13,071 |
| Reimbursement for natural disaster relief grants | 47,880 | 90,412 |
| Fisheries target share trading subsidy | - | 6 |
| Other | - | 222 |
| | <u>150,557</u> | <u>293,552</u> |

Recognition and Measurement

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

- Contributions (other than contributions by owners) are recognised at their fair value. Contributions of services are recognised when and only when a fair value of those services can be reliably determined and the services would be purchased if not donated.
- Contributions from other bodies received in advance of the commencement of a grant program are recognised as unearned revenue. The liability is disclosed in Note 12 as part of 'Current Liabilities – Payables'.

(c) Acceptance by the Crown in right of the State of New South Wales employee benefits and other liabilities

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

| | 2021 | 2020 |
|------------------------------|------------|------------|
| | \$000 | \$000 |
| Long service leave provision | 159 | 290 |
| | <u>159</u> | <u>290</u> |

(d) Other revenue

| | 2021 | 2020 |
|-----------------------------------|------------|------------|
| | \$000 | \$000 |
| Loan and grant administration fee | 307 | 674 |
| | <u>307</u> | <u>674</u> |

4. GAIN / (LOSS) ON DISPOSAL

| | 2021 | 2020 |
|---|----------------|----------------|
| | \$000 | \$000 |
| Impairment losses on financial assets | (1,950) | (8,049) |
| Impairment of property, plant and equipment | - | - |
| | <u>(1,950)</u> | <u>(8,049)</u> |

6. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

| | 2021 | 2020 |
|--------------------------|---------------|---------------|
| Cash at bank and on hand | 36,893 | 61,690 |
| | <u>36,893</u> | <u>61,690</u> |

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank, cash on hand, and short term cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of the period ended 30 June 2021 to the statement of cash flows as follows:

| | 2021 | 2020 |
|---|---------------|---------------|
| Cash and cash equivalents (per statement of financial position) | 36,893 | 61,690 |
| Closing cash and cash equivalents (per statement of cash flows) | <u>36,893</u> | <u>61,690</u> |

Refer to Note 11 for a list of restricted cash and their balances at 30 June 2021.

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

FINANCIAL STATEMENTS 30 JUNE 2021

NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

7. CURRENT ASSETS - RECEIVABLES

| | 2021 | 2020 |
|--|--------------|--------------|
| | \$000 | \$000 |
| Other debtors | 2,484 | 54 |
| Trade debtors | 124 | 1,774 |
| Less: Allowance for expected trade credit losses | (10) | (9) |
| Interest receivable - on loans | 2,317 | 2,076 |
| Net GST | 49 | 80 |
| Personnel services | 17 | - |
| | <u>4,981</u> | <u>3,975</u> |
| | 2021 | 2020 |
| | \$000 | \$000 |
| Balance at the beginning of the period | 9 | 11 |
| Amounts restated through opening accumulated funds | - | - |
| Increase/(decrease) in allowance recognised in net results | 1 | (2) |
| Balance at the end of the period | <u>10</u> | <u>9</u> |

Movement in the allowance for expected credit losses

| | 2021 | 2020 |
|--|-----------|----------|
| | \$000 | \$000 |
| Balance at the beginning of the period | 9 | 11 |
| Amounts restated through opening accumulated funds | - | - |
| Increase/(decrease) in allowance recognised in net results | 1 | (2) |
| Balance at the end of the period | <u>10</u> | <u>9</u> |

Details regarding credit risk of trade receivables that are neither past due nor impaired, are disclosed in Note 20.

Recognition and Measurement

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

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

Subsequent measurement

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

Impairment

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

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

FINANCIAL STATEMENTS 30 JUNE 2021

NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

| CURRENT | 2021 \$000 | 2020 \$000 |
|---|----------------|----------------|
| Advances receivable - loans to clients secured | 73,861 | 89,193 |
| | <u>73,861</u> | <u>89,193</u> |
| NON-CURRENT | | |
| Advances receivable - loans to clients secured | 539,000 | 465,773 |
| Advances receivable - loans to clients unsecured | 18,685 | 10,839 |
| Less: Allowance for expected credit losses 20(d) | (13,797) | (11,847) |
| | <u>543,888</u> | <u>464,765</u> |
| | 2021 \$000 | 2020 \$000 |
| Movement in the allowance for expected credit losses | | |
| Balance at the beginning of the period | 11,847 | 3,795 |
| Amounts restated through opening accumulated funds | - | - |
| Increase/(decrease) in allowance recognised in net result | 1,950 | 8,052 |
| Balance at the end of the period | <u>13,797</u> | <u>11,847</u> |

Refer to Note 20 for further information regarding fair value measurement, credit risk, and market risk arising from financial instruments.

Recognition and Measurement

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

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

Subsequent measurement*Financial assets at amortised cost*

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

Impairment

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

FINANCIAL STATEMENTS 30 JUNE 2021

NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

9. NON-CURRENT ASSETS – PROPERTY PLANT AND EQUIPMENT

| | Plant and Equipment \$000 |
|---|------------------------------|
| At 1 July 2020 - fair value | |
| Gross carrying amount | 120 |
| Accumulated depreciation and impairment | (120) |
| Net carrying amount | - |
| At 30 June 2021 - fair value | |
| Gross carrying amount | 120 |
| Accumulated depreciation and impairment | (120) |
| Net carrying amount | - |
| The property, plant and equipment does not include any right-of-use assets. | |
| Reconciliation | |
| A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below. | |
| Period ended 30 June 2021 | |
| Net carrying amount at beginning of period | - |
| Depreciation expense | - |
| Net carrying amount at end of period | - |
| At 1 July 2019 - fair value | |
| Gross carrying amount | 120 |
| Accumulated depreciation and impairment | (120) |
| Net carrying amount | - |
| At 30 June 2020 - fair value | |
| Gross carrying amount | 120 |
| Accumulated depreciation and impairment | (120) |
| Net carrying amount | - |
| Reconciliation | |
| A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the prior reporting period is set out below: | |
| Year ended 30 June 2020 | |
| Net carrying amount at beginning of year | - |
| Depreciation expense | - |
| Net carrying amount at end of year | - |

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

Property, plant and equipment are initially measured at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

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

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. deferred payment amount is effectively discounted over the period of credit.

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

Capitalisation thresholds

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

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NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

Recognition and Measurement (continued)

Depreciation of property, plant and equipment

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

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

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

Depreciation rates are reviewed and determined on an annual basis.

Revaluation of property, plant and equipment

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

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

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

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

Impairment of property, plant and equipment

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

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

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

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

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

FINANCIAL STATEMENTS 30 JUNE 2021

NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

10. INTANGIBLE ASSETS

| | Software \$000 |
|--|-------------------|
| At 1 July 2020 | |
| Cost (gross carrying amount) | 5 |
| Accumulated amortisation and impairment | (4) |
| Net carrying amount | <u>1</u> |
| At 30 June 2021 | |
| Cost (gross carrying amount) | 1 |
| Accumulated amortisation and impairment | (1) |
| Net carrying amount | <u>-</u> |
| Period ended 30 June 2021 | |
| Net carrying amount at start of year | 1 |
| Amortisation (recognised in 'depreciation and amortisation') | (1) |
| Net carrying amount at end of the period | <u>-</u> |
| At 1 July 2019 | |
| Cost (gross carrying amount) | 5 |
| Accumulated amortisation and impairment | - |
| Net carrying amount | <u>5</u> |
| At 30 June 2020 | |
| Cost (gross carrying amount) | 5 |
| Accumulated amortisation and impairment | (4) |
| Net carrying amount | <u>1</u> |
| Year ended 30 June 2020 | |
| Net carrying amount at start of year | 5 |
| Amortisation (recognised in 'depreciation and amortisation') | (4) |
| Net carrying amount at end of year | <u>1</u> |

Recognition and Measurement

The Authority recognises intangible assets only if it is probable that future economic benefits will flow to the Authority 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. Following initial recognition intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Authority's software assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

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. The Authority's intangible assets are amortised using the straight line method over a period of 10 years.

Intangible assets are tested for impairment where 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.

FINANCIAL STATEMENTS 30 JUNE 2021

NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

11. RESTRICTED ASSETS

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

| | 2021 | 2020 |
|---------------------------------------|---------------|---------------|
| | \$000 | \$000 |
| CURRENT | | |
| Commonwealth Concessional Loans | 922 | 1,213 |
| NSW Treasury | 13,092 | 13,257 |
| Dairy Industry Fund | 387 | 497 |
| Emergency Drought Relief Package | - | 38,148 |
| Emergency Water Infrastructure Rebate | - | 601 |
| Flying Fox Netting subsidy | 222 | 222 |
| Jobs for NSW Fund | - | 1,833 |
| Young Farmers | - | 2,000 |
| Bushfire Industry Recovery Program | 806 | 1,164 |
| Loans Module Upgrade | 1,525 | 1,525 |
| | 16,954 | 60,460 |

12. CURRENT LIABILITIES - PAYABLES

| | 2021 | 2020 |
|-------------------------------|---------------|---------------|
| | \$000 | \$000 |
| Unearned Income | 922 | 1,213 |
| Personnel services payable | 111 | 180 |
| Creditors - Capital Emergency | - | 6,508 |
| Creditors - Others | 16,106 | 15,923 |
| | 17,139 | 23,824 |

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

Recognition and measurement

Payables represent liabilities for goods and services provided to the Authority and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

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

13. CURRENT/NON CURRENT LIABILITIES - BORROWINGS

CURRENT

Unsecured

| | | |
|-----------------------------|---------------|---------------|
| Commonwealth loan repayable | 39,239 | 63,422 |
| Treasury loan repayable | 34,622 | 25,772 |
| | 73,861 | 89,194 |

NON-CURRENT

Unsecured

| | | |
|-----------------------------|----------------|----------------|
| Commonwealth loan repayable | 46,827 | 62,694 |
| Treasury loan repayable | 509,560 | 415,181 |
| | 556,387 | 477,875 |

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

FINANCIAL STATEMENTS 30 JUNE 2021

NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

13. CURRENT/NON CURRENT LIABILITIES - BORROWINGS (continued)

Recognition and measurement

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

Changes in liabilities arising from financing activities

| 2021 | 1-Jul-20 | Net cash | 30-Jun-21 |
|--|----------------|---------------|----------------|
| | \$000 | Flows | \$000 |
| | | \$000 | |
| Treasury Loan Repayable | | | |
| Current | 25,772 | 8,850 | 34,622 |
| Non Current | 415,181 | 94,379 | 509,560 |
| Commonwealth Loan Repayable | | | |
| Current | 63,422 | (24,183) | 39,239 |
| Non Current | 62,694 | (15,867) | 46,827 |
| Total Liabilities from financing activities | 567,069 | 63,179 | 630,248 |
| | | | |
| 2020 | 1-Jul-19 | Net cash | 30-Jun-20 |
| | \$000 | \$000 | \$000 |
| Treasury Loan Repayable | | | |
| Current | 23,227 | 2,545 | 25,772 |
| Non Current | 297,552 | 117,629 | 415,181 |
| Commonwealth Loan Repayable | | | |
| Current | 55,067 | 8,355 | 63,422 |
| Non Current | 101,334 | (38,640) | 62,694 |
| Total Liabilities from financing activities | 477,180 | 89,889 | 567,069 |

FINANCIAL STATEMENTS 30 JUNE 2021

NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

14. CURRENT/NON-CURRENT LIABILITIES - PROVISIONS

| CURRENT | 2021 \$000 | 2020 \$000 |
|--|---------------|---------------|
| Personnel Services Liabilities | | |
| Annual leave | 493 | 462 |
| Long service leave | 88 | 65 |
| Payroll tax | 12 | 9 |
| Other on-costs | 60 | 55 |
| | 653 | 591 |
| Other Provisions | | |
| NSW Government Grants | 10,599 | 38,428 |
| | 10,599 | 38,428 |
| Total current provisions | 11,252 | 39,019 |
| NON-CURRENT | | |
| Personnel Services Liabilities | | |
| Long service leave | 3 | 2 |
| Payroll tax | 1 | 1 |
| | 4 | 3 |
| Total non-current provisions | 4 | 3 |
| Aggregate Personal Services Liabilities | | |
| Provisions – current | 653 | 591 |
| Provisions – non-current | 4 | 3 |
| Personnel services payable (Note 12) | 111 | 180 |
| | 768 | 774 |
| Movement in provisions (other than personal services) | | |
| Movements in each class of provision during the financial year, other than personal services, are set out below: | | |
| Grants Payment | 2021 | |
| | \$000 | |
| Balance at 1 July 2020 | 38,428 | |
| Amounts used | (27,829) | |
| Balance at 30 June 2021 | 10,599 | |

Recognition and Measurement**Personnel services arrangement****Salaries and wages, annual leave and sick leave**

Liabilities for personnel services are stated as liabilities to the service provider, Department of Regional NSW. Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

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

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

FINANCIAL STATEMENTS 30 JUNE 2021

NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

14. CURRENT/NON-CURRENT LIABILITIES - PROVISIONS (continued)

Recognition and Measurement (continued)**Long service leave and superannuation**

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

Long service leave is measured at the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using Commonwealth government bond rate at the reporting date.

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

Consequential on-costs

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

Other Provisions

Provisions are recognised when: the Authority has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. When the Authority expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

15. EQUITY

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

16. COMMITMENTS FOR EXPENDITURE

| | 2021 \$000 | 2020 \$000 |
|--|---------------|---------------|
| (a) Other expenditure commitments | | |
| (i) Loan commitments | | |
| The total of loan commitments does not include GST as they are financial supplies. | | |
| (i) Commitments for the payments of Special Conservation Scheme and Natural Disaster Loans | | |
| Not later than one year | 5,244 | 11,170 |
| Later than one year and not later than five years | - | - |
| Later than five years | - | - |
| Total (excluding GST) | 5,244 | 11,170 |
| (ii) Commitments for the payments of Farm Innovation Fund and Seafood Industry Innovation Fund Loans | | |
| Not later than one year | 55,325 | 83,398 |
| Later than one year and not later than five years | - | - |
| Later than five years | - | - |
| Total (excluding GST) | 55,325 | 83,398 |

FINANCIAL STATEMENTS 30 JUNE 2021

NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

16. COMMITMENTS FOR EXPENDITURE (continued)

| | 2021 \$000 | 2020 \$000 |
|--|---------------|---------------|
| (iii) Commitments for the payments of Drought Assistance Fund Loans | | |
| Not later than one year | 16,836 | 40,051 |
| Later than one year and not later than five years | - | - |
| Later than five years | - | - |
| Total (excluding GST) | 16,836 | 40,051 |
| (iv) Commitments for the payments of Drought Transport Fund Loans | | |
| Not later than one year | | 151 |
| Later than one year and not later than five years | - | - |
| Later than five years | - | - |
| Total (excluding GST) | - | 151 |
| (v) Commitments for the payments of NSW Fisheries Adjustment Loan | | |
| Not later than one year | | 18 |
| Later than one year and not later than five years | - | - |
| Later than five years | - | - |
| Total (excluding GST) | - | 18 |
| (vi) Commitments for the payments of Forestry Industry Innovation Funds | | |
| Not later than one year | 763 | 6,155 |
| Later than one year and not later than five years | - | - |
| Later than five years | - | - |
| Total (excluding GST) | 763 | 6,155 |
| (vii) Partnership Agreement - Department of Planning, Industry and Environment | | |
| Not later than one year | - | 449 |
| Later than one year and not later than five years | - | - |
| Later than five years | - | - |
| Total (including GST) | - | 449 |

Under the Partnership Agreement, the Authority 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 | - | 79 |
| Total (including GST) | - | 79 |

17. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Authority did not have any contingent liabilities or contingent assets as at 30 June 2021 (2020: Nil).

FINANCIAL STATEMENTS 30 JUNE 2021

NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

18. BUDGET REVIEW

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

Net result

The Authority's net result at 30 June 2021 is \$9.2m favourable to budget. The favourable movement is due to an underspend in Emergency Drought Transport Subsidies and timing difference in Natural Disaster grants for the Black Summer Bushfires where expenditure was provisioned in 2019/2020 and the offsetting revenue reimbursement was recognised in 2020/2021. With seasonal conditions improving and the drought breaking by the end of 2020 for most regions of NSW, the demand for the NSW Government's Emergency Drought Transport subsidy program diminished. The program was closed to applications on 31 December 2020 and for submission of movement claims (i.e. invoices) by 31 January 2021. The majority of the unspent fund were approved by the Expenditure Review Committee to be carried forward as co-funding with the Commonwealth Government for the Emergency Water Infrastructure Rebate round 2 program 2021/2022.

Assets and liabilities

Total equity is \$10.9m favourable to budget. The favourable movement relates to \$30M additional loans receivable than budgeted with ongoing high demand for the NSW Government's concessional loans. This was offset by a cash & cash equivalent unfavourable movement of \$17.9M. The unfavourable cash & cash equivalent movement to budget is due to the payment of Emergency Drought Transport Subsidies and Natural Disaster grants being paid to Customer in 2020/21 financial year for funds received in year 2019/2020 and held in restricted cash at 30 June 2020.

Cash flows

The net cash flow from cash & cash equivalent was unfavourable by \$17.6M. This unfavourable cash movement is the offset of 2019/2020 favourable \$25.2 million cash flow and is the grant payment to applicants of funds held in restriction in 2019/2020 and paid to 2020/2021.

19. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES NET RESULT

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

| | 2021 \$000 | 2020 \$000 |
|--|-----------------|---------------|
| Net cash used on operating activities | (22,267) | 32,777 |
| Depreciation and amortisation expense | - | - |
| Decrease / (increase) in provisions | 27,767 | (37,283) |
| Increase / (decrease) in receivables | 1,035 | (1,296) |
| Decrease / (increase) in payables | 6,685 | 35,908 |
| Other gain / (loss) | (1,950) | (8,049) |
| Net Result | 11,270 | 22,057 |

FINANCIAL STATEMENTS 30 JUNE 2021

NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

20. FINANCIAL INSTRUMENTS

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

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

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

(a) Financial instrument categories

| Class: | Notes | Category | Carrying Amount | |
|------------------------------|-------|--|-----------------|---------|
| | | | 2021 | 2020 |
| | | | \$000 | \$000 |
| Financial Assets | | | | |
| Cash and cash equivalents | 6 | Amortised Cost | 36,893 | 61,690 |
| Receivables ¹ | 7 | Amortised Cost | 4,932 | 3,895 |
| Other financial assets | 8 | Amortised Cost | 617,749 | 553,958 |
| Financial Liabilities | | | | |
| Payables ² | 12 | Financial liabilities measured at amortised cost | 16,217 | 22,611 |
| Borrowings | 13 | Financial liabilities measured at amortised cost | 630,248 | 567,069 |

Notes

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

(b) Derecognition of financial assets and financial liabilities

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

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

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

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

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

(c) Offsetting financial instruments

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

(d) Financial risks

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

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NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

20. FINANCIAL INSTRUMENTS (continued)

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

Farm Innovation Fund - the Authority may be liable to meet a net interest expense between the 2.5% paid by the client and the TCorp interest rate for the NSW Government's 20 year bond commencing in the 2021/22 Financial Year.

The Authority's exposure to risk may increase if the above requirements of NSW Treasury come into effect based on prior periods' data and current assessment of risk. The Authority has no reason to believe this risk will materialise in the coming period.

(i). Credit risk

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

Credit risk arises from the financial assets of the Authority, including cash, receivables and authority deposits. Advances receivable - loans to clients comprises mainly of Disaster and Special Scheme Loans. Disaster Loans are secured by registered mortgages over land and Special Scheme Loans are by Statutory Charge and registered caveat over the land on which the proposed works are to be carried out. The Authority has not granted any financial guarantees.

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

Cash and cash equivalents

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

Accounting policy for impairment of trade receivables and other financial assets

Receivables - trade receivables

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

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

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

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

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

The loss allowance for trade receivables as at 30 June 2021 and 30 June 2020 was determined as follows:

| | 30 June 2021 | | | | | Total |
|---|--------------|----------|------------|------------|----------|-------|
| | Current | <30 days | 30-60 days | 61-90 days | >91 days | |
| Expected credit loss rate % | 4% | 4% | 4% | 4% | 8% | |
| Estimated total gross carrying amount (\$000) | - | - | - | - | 124 | 124 |
| Expected credit loss (\$000) | - | - | - | - | 10 | 10 |
| | 30 June 2020 | | | | | Total |
| | Current | <30 days | 30-60 days | 61-90 days | >91 days | |
| Expected credit loss rate % | 4% | 4% | 4% | 4% | 8% | |
| Estimated total gross carrying amount (\$000) | - | - | - | - | 116 | 116 |
| Expected credit loss (\$000) | - | - | - | - | 9 | 9 |

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

FINANCIAL STATEMENTS 30 JUNE 2021

NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

20. FINANCIAL INSTRUMENTS (continued)

(d) Financial risks (continued)

Authority Deposits

The Authority has placed no funds on deposit with TCorp.

Other financial assets

Other financial assets represent loans advanced by the Authority to eligible primary producers, not for profit organisations and small businesses under various schemes. The carrying amount of advances receivable - loans to clients represents the present value of the outstanding principal and interest raised not accrued. Collectability of advances receivable - loans to clients is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. The credit risk is the carrying amount of advances receivable - loans to clients (net of any allowance for impairment).

The Farm Business Concessional Loans (Drought Assistance & Dairy Recovery) have a variable interest rate which is set and reviewed by the Commonwealth in accordance with the Scheme Guidelines. The current concessional interest rate for Farm Business Concessional Loans (Drought Assistance & Dairy Recovery) is 1.67% (2020: 1.63%).

The interest rate on Natural Disaster Loans is currently 0.45% (2020: 0.82%). The Farm Innovation Fund Loan is currently 2.5% (2020: 0%) - interest waived until 31 December 2020. The rates are fixed at 50% of the 10-year Bond Rate. The interest rate on Accelerated Growth Loans (administered by the Authority on behalf of Jobs for NSW Fund) is 9.2% (2020: 9.20%). NSW Fisheries adjustment loans fixed interest rate of 2.5% (2020: 2.50%) over a maximum of 12 years.

The Drought Recovery Loans have a variable interest rate which is set and reviewed by the Commonwealth in accordance with the Scheme Guidelines. The current concessional interest rate for Drought Recovery Loans is 1.2% (2020: 1.23%). The Farm Finance Concessional Loans have a variable interest rate which is set and reviewed by the Commonwealth in accordance with the Scheme Guidelines. The current concessional interest rate for Farm Finance Concessional Loan is 1.72% (2020: 2.27%).

The Drought Concessional Loans have a variable interest rate which is set and reviewed by the Commonwealth in accordance with the Scheme Guidelines. The current concessional interest rate for Drought Concessional Loans is 1.22% (2020: 1.77%).

Farm Innovation Fund 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 (2021: \$94.913M; 2020: \$83.472M). Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any expected credit loss of receivables.

The Authority recognises that the external environment continues to shift, with economic impacts brought on by the COVID 19 pandemic, impacts of the widespread and catastrophic bushfires of 2019/2020 and ongoing drought. With anticipation of continued susceptibility to these and other climatic key vulnerabilities, the Authority has reviewed the forward looking expected loss approach for the 2021 financial year.

In recognition of the added risk, the Authority has applied two overlays to the provisions under the Simplified Approach.

An economic adjustment has been applied to account for macroeconomic uncertainty and negative outlook. A secondary overlay, forward looking adjustment, has then been applied for targeted parts of the portfolio that represent elevated risk.

FINANCIAL STATEMENTS 30 JUNE 2021

NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

20. FINANCIAL INSTRUMENTS (continued)

(d) Financial risks (continued)

The Authority recognised provision for expected credit losses on its other financial assets at fair value through other comprehensive income in the amount of \$13.797m in 2021 (2020: \$11.847m).

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

| 2021 | 30 June 2021 | | Expected | Base | Economic | Forward | Estimated |
|---|----------------|--------------|--------------|--------------|--------------|---------------|-----------|
| | Balance | Risk Profile | | | | | |
| Product | \$000 | % | \$000 | \$000 | \$000 | \$000 | \$000 |
| Disaster Loans | | | | | | | |
| Bushfire | 13,173 | 1.59% | 209 | 114 | 79 | 402 | |
| Flood | 17,545 | 1.59% | 279 | 27 | 105 | 412 | |
| Storm | 6,516 | 1.59% | 104 | 9 | 39 | 152 | |
| Small Business | 24,099 | 1.59% | 383 | 351 | 145 | 878 | |
| Sporting, Church & Non Profit Organisations | 400 | 1.59% | 6 | 3 | 2 | 12 | |
| Forest Indust Innov Fund Loan | 10,544 | 1.07% | 113 | 96 | 63 | 272 | |
| DECA | 22 | 100.00% | 22 | - | - | 22 | |
| NSW Fisheries Adjustment Loan | 1,607 | 1.07% | 17 | 14 | 10 | 41 | |
| Farm Innovation Fund | 362,583 | 1.07% | 3,873 | 1,381 | 2,176 | 7,429 | |
| Drought Assistance Fund | 102,499 | 1.07% | 1,095 | 309 | 615 | 2,019 | |
| Drought Transport Fund Loan | 135 | 1.07% | 1 | 2 | 1 | 4 | |
| Seafood Innovation Fund Loan | 5,279 | 1.07% | 56 | 41 | 32 | 129 | |
| Special Conservation Scheme | 6,608 | 1.07% | 71 | 20 | 40 | 130 | |
| Farm Finance Concessional Loan | 7,376 | 1.07% | 79 | 81 | 44 | 204 | |
| Business Improvement Conc. Loan | 5,049 | 1.07% | 54 | 5 | 30 | 89 | |
| Drought Concessional Loan | 31,339 | 1.07% | 335 | 322 | 188 | 845 | |
| Drought Recovery Concess Loan | 12,358 | 1.07% | 132 | 11 | 74 | 217 | |
| Dairy Recovery Concess Loan | 4,503 | 1.07% | 48 | 5 | 27 | 80 | |
| Farm Business Scheme Drought | 19,799 | 1.07% | 212 | 28 | 119 | 359 | |
| Farm Business Scheme Dairy Rec | 5,641 | 1.07% | 60 | 6 | 34 | 101 | |
| | 637,078 | 1.12% | 7,151 | 2,823 | 3,822 | 13,797 | |

| | 2021 | 2020 |
|---------------------|-------|-------|
| | \$000 | \$000 |
| Purchase card limit | 50 | 50 |

(ii). Liquidity risk

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

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

FINANCIAL STATEMENTS 30 JUNE 2021

NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

20. FINANCIAL INSTRUMENTS (continued)

(d) Financial risks (continued)

(ii). Liquidity risk (continued)

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

| | Weighted Average Effective Int. Rate | Nominal Amount ¹ | Interest Rate exposure | | | Maturity Dates | | |
|--------------------|--------------------------------------|-----------------------------|------------------------|--------------------|----------------------|----------------|----------------|----------------|
| | | | Fixed Int. Rate | Variable Int. Rate | Non-interest Bearing | < 1 yrs | 1 to 5 yrs | > 5 yrs |
| | | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| 2021 | | | | | | | | |
| Payables | 0.0% | 16,217 | - | - | 16,217 | 16,217 | - | - |
| Borrowings: | | | | | | | | |
| Advances repayable | 3.0% | 635,782 | 549,716 | 86,066 | - | 75,906 | 202,760 | 357,116 |
| | | 651,999 | 549,716 | 86,066 | 16,217 | 92,123 | 202,760 | 357,116 |
| 2020 | | | | | | | | |
| Payables | 0.0% | 22,611 | - | - | 22,611 | 22,611 | - | - |
| Borrowings: | | | | | | | | |
| Advances repayable | 3.0% | 567,069 | 440,953 | 126,116 | - | 89,193 | 144,033 | 333,843 |
| | | 589,680 | 440,953 | 126,116 | 22,611 | 111,804 | 144,033 | 333,843 |

Notes:

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

(iii). Market risk

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

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Authority operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposure in existence at the statements of financial position date. The analysis is performed on the same basis as for 2020. The analysis assumes that all other variables remain constant.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the Authority's interest-bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with NSW TCorp. The Authority does not account for any fixed rate financial instruments at fair value through profit or loss or as at fair value through other comprehensive income. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). In the event that the new loan arrangements with NSW Treasury include a provision to alter the interest rate during the term of the loan then the Authority would potentially have a significant interest rate mismatch risk which would be beyond its capacity as a long term fixed rate lender to manage.

FINANCIAL STATEMENTS 30 JUNE 2021

NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

20. FINANCIAL INSTRUMENTS (continued)

(d) Financial risks (continued)

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

| | Carrying Amount \$000 | Net Result \$000 | Equity \$000 | Net Result \$000 | Equity \$000 |
|--|-----------------------|------------------|--------------|------------------|--------------|
| | | -1% | | +1% | |
| 2021 | | | | | |
| Financial Assets | | | | | |
| Cash and cash equivalents | 36,893 | (369) | (369) | 369 | 369 |
| Receivables | 4,932 | - | - | - | - |
| Other financial assets (Fixed rate) | 545,487 | - | - | - | - |
| Other financial assets (Variable rate) | 72,262 | (723) | (723) | 723 | 723 |
| Financial Liabilities | | | | | |
| Payables | 16,217 | - | - | - | - |
| Borrowings (Fixed rate) | 544,182 | - | - | - | - |
| Borrowings (Variable rate) | 86,066 | (861) | (861) | 861 | 861 |
| 2020 | | | | | |
| Financial Assets | | | | | |
| Cash and cash equivalents | 61,690 | (617) | (617) | 617 | 617 |
| Receivables | 3,975 | - | - | - | - |
| Other financial assets (Fixed rate) | 427,192 | - | - | - | - |
| Other financial assets (Variable rate) | 126,766 | (1,268) | (1,268) | 1,268 | 1,268 |
| Financial Liabilities | | | | | |
| Payables | 23,824 | - | - | - | - |
| Borrowings (Fixed rate) | 440,953 | - | - | - | - |
| Borrowings (Variable rate) | 126,116 | (1,261) | (1,261) | 1,261 | 1,261 |

(e) Fair value measurement

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

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

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

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

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

FINANCIAL STATEMENTS 30 JUNE 2021

NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

21. Trust Funds

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

| | 2021 \$000 | 2020 \$000 |
|---|---------------|---------------|
| Trust funds at the beginning of the period | 317 | 324 |
| Add: Receipts | - | - |
| Less: Payments | (164) | (7) |
| Trust funds at the end of the period | 153 | 317 |

22. RELATED PARTY DISCLOSURE

During the year, the Authority expensed \$292,950 (2020:\$221,600) in respect of key management personnel services that were provided by a separate management entity, Department of Regional NSW.

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

| | 2021 \$000 | 2020 \$000 |
|-------------------------------|---------------|---------------|
| Short-term employee benefits: | | |
| Salaries | 3 | 14 |
| Total remuneration | 3 | 14 |

During the period, the Authority entered into transactions on arm's length terms and conditions with key management personnel, their close family members and controlled or jointly controlled entities thereof. The aggregate value of the material transactions and related outstanding balance with key management personnel for the year ended 30 June 2021 are as follows:

| | 2021 \$000 | | 2020 \$000 | |
|---------------------------|-------------------|--------------|-------------------|--------------|
| | Transaction value | Loan Balance | Transaction value | Loan Balance |
| Loans | | | | |
| Farm Innovation Fund | 422 | 1,175 | 20 | 418 |
| Special Conservation Fund | 15 | 25 | 5 | 22 |
| Drought Assistance Fund | 68 | 142 | | 50 |
| | 505 | 1,342 | 25 | 490 |
| Grants | | | | |
| Farm Business Skills | 54 | | 9 | |
| Drought Transport Subsidy | 10 | | 1 | |
| | 64 | | 10 | |

FINANCIAL STATEMENTS 30 JUNE 2021

NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

22. RELATED PARTY DISCLOSURE (continued)

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

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

23. EVENTS AFTER THE REPORTING PERIOD

As at 30 June 2021, the Authority assessed the impact of COVID-19 on the fair value of its non-current physical and financial assets. These assets include land, buildings, receivables and other liabilities. This was based on historical information, expectation of macroeconomic conditions and outlook at the time of assessment. Given continued uncertainty of the COVID-19 factor, it is possible that post 30 June 2021 there may be some new evidence that impacts this fair value assessment materially.

As part of the NSW Government 2021/22 Budget, the Authority will be administering a Zinc Phosphide Rebate Program to assist Primary producers with addition cost of the current mouse plague that is affecting NSW. The program will go live in late July to early August 2021. Eligible applicants will be able to claim a rebate for Zinc Phosphide expensed back to the start of the calendar year 1 January 2021.

Additionally, as part of the NSW Government 2021/22 Budget, two flood programs for the February and March 2020 NSW Storm and Flood event have been announced - Primary Producer Flood Industry Recovery grants and Rural Landholder Flood grants.

The Authority did not record a provision in relation to the Zinc Phosphide purchased and spread before 30 June 2021 by primary producers or provision for the Primary Producer Flood Industry Recovery grants and Rural Landholder Flood grants where damage and restoration happened pre-30 June 2021 as programs were announced as part of the 2021/22 budget and are not yet live and no application have been received in the 2020/21 financial year.

The Authority will apply a 2.5 percent wage increase in the calculation of leave provisions at 30 June 2021.

There are no other events subsequent to the balance date that affect the financial information disclosed in these financial

End of audited financial statements

SECTION 7

APPENDICES

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- 02 DISABILITY INCLUSION PAGE 105
- 03 HUMAN RESOURCES PAGE 105
- 04 INSURANCE PAGE 105
- 05 INTERNAL AUDIT AND RISK MANAGEMENT ATTESTATION PAGE 106
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01 CONSULTANTS

The RAA engaged twenty-nine (29) consultancies in 2020-21, with a total value of \$345,046.59. All of these consultancies were under \$50,000.

02 DISABILITY INCLUSION

The RAA is not a public authority bound by the requirement to have a disability inclusion action plan (DIAP). The RAA's approach to disability is considered as part of DRNSW's DIAP.

The RAA aims to be an inclusive employer and accessible to the public.

We ensure that web material meets online accessibility standards to optimise access for all users, including the vision impaired.

No staff have required adjustment to their workplace in regard to a permanent disability however it is known that staff do not always choose to declare their status as a person with a disability. There can be a perception or fear of stigma about disability that means the RAA could be under-reporting the statistics. Disability inclusion forms part of the induction program for RAA staff.

03 HUMAN RESOURCES

The RAA's approach to human resources in terms of recruitment, retention, performance management and release of staff, is directed by DRNSW, in accordance with a partnership between the department and the RAA, and also in line with the *Government Sector Employment Act 2013*.

The RAA seeks assistance and advice from DRNSW but must undertake most HR activities itself.

04 INSURANCE

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

| STAFF NUMBERS | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|--------------------------------|-----------|-----------|-----------|-----------|
| Senior executive | | | | |
| Senior officers | 5 | 5 | 7 | 5 |
| Numbers filled by women | 4 | 4 | 4 | 1 |
| Administrative | | | | |
| Other staff including managers | 22 | 39 | 45 | 31 |
| TOTAL | 27 | 44 | 52 | 36 |

▲ Table 11: Staff numbers by category for current year compared with three previous years including fixed term and ongoing roles

05 INTERNAL AUDIT AND RISK MANAGEMENT ATTESTATION



INTERNAL AUDIT AND RISK MANAGEMENT ATTESTATION STATEMENT 2020-2021 FINANCIAL YEAR RURAL ASSISTANCE AUTHORITY

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

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



AUDIT AND RISK COMMITTEE – MEMBERSHIP

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

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

SHARED ARRANGEMENTS

I, Sean O'Connell, Chief Executive Officer, advise that the Rural Assistance Authority has entered into an approved shared arrangement with the following agencies:

- Regional NSW – Principal Department
- NSW Food Authority
- Regional Growth and Development Corporation

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

Sean O'Connell
CHIEF EXECUTIVE OFFICER
RURAL ASSISTANCE AUTHORITY

06 LEGAL CHANGES

There was one legislative change in 2020-21. An amendment was made to the *Rural Assistance Act 1989*, to permit electronic transmission of documents both to and from the RAA. No amendments were made to the RAA's two other pieces of legislation: the Rural Assistance Regulation 2016, and the *Farm Debt Mediation Act 1994*.

07 MULTICULTURAL POLICIES

In providing services to mostly primary producers, the RAA caters to a sub-group of the broader population. People from culturally and linguistically diverse (CALD) backgrounds represented approximately 11% of all agriculture industry employees in 2016. Official statistics are likely to underestimate the contribution of some temporary agricultural workers such as working holiday makers, skilled workers on 457 Visas and seasonal workers such as Pacific Island seasonal workers (ABARES, Snapshot of Australia's Agricultural Workforce). It should be noted that all of these categories of workers would also have been impacted by COVID-19 in 2020-21, further reducing the likely multicultural diversity of the primary production sector.

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

The RAA has a staffing profile that matches our customer base and includes some members of staff who were born in another country or who have a cultural heritage going back to another country. It is known that staff do not always choose to declare their cultural heritage when first joining the organisation. The RAA's statistics in relation to multicultural policy and planning are included in the DRNSW Annual Report.

08 PAYMENT PERFORMANCE

ALL PROGRAMS

There were no instances of penalty interest incurred or paid during 2020-21. The majority of invoices were paid on time for all suppliers.

There were no instances of penalty interest incurred or paid in 2020-21 for small businesses*. While payment performance fell to 33% by dollar value on time for the March quarter, the amounts outstanding were still paid within 30 days. Similarly, for the June quarter, while payment performance was 56% on time by dollar value, the amounts outstanding were paid within 30 days.

PAYMENT PERFORMANCE - ALL PROGRAMS

| Measure | Sep (Q3) | Dec (Q4) | Mar (Q1) | June (Q2) |
|--|--------------|--------------|--------------|--------------|
| Number of accounts due for payment | 189 | 169 | 190 | 172 |
| Number of accounts paid on time | 185 | 165 | 179 | 162 |
| Percentage of accounts paid on time | 97% | 97% | 94% | 94% |
| Dollar amount of accounts for payments | \$24,705,074 | \$26,819,762 | \$34,035,440 | \$44,755,992 |
| Dollar amount of accounts paid on time | \$24,672,626 | \$26,759,862 | \$31,501,443 | \$44,732,201 |
| Percentage of accounts paid on time (\$) | 99% | 99% | 92.5% | 99% |
| Interest paid on overdue accounts | 0 | 0 | 0 | 0 |

▲ Table 12: Summary of RAA payment performance by quarter

PAYMENT PERFORMANCE - SMALL BUSINESS

| Measure | Sep (Q3) | Dec (Q4) | Mar (Q1) | June (Q2) |
|--|----------|----------|----------|-----------|
| Number of accounts due for payment | 9 | 1 | 8 | 4 |
| Number of accounts paid on time | 8 | 1 | 4 | 3 |
| Percentage of accounts paid on time | 88% | 100% | 50% | 75% |
| Dollar amount of accounts for payments | \$65,547 | \$2,278 | \$43,701 | \$19,724 |
| Dollar amount of accounts paid on time | \$58,727 | \$2,278 | \$14,680 | \$11,078 |
| Percentage of accounts paid on time (\$) | 89% | 100% | 33% | 56% |
| Interest paid on overdue accounts | 0 | 0 | 0 | 0 |

▲ Table 13: Summary of RAA payment performance for small businesses by quarter

*A small business is a business with 20 or fewer Full Time Equivalents (FTE) including sole traders and start-ups

PAYMENT ON TIME - ALL SUPPLIERS

| Quarter | Current | < 30 days | 30-60 days | 60-90 days | > 90 days |
|-----------|--------------|-------------|------------|------------|-----------|
| Sep (Q3) | \$24,672,626 | \$32,400 | \$41,250 | 0 | \$48.00 |
| Dec (Q4) | \$26,759,862 | \$18,650 | \$41,250 | 0 | 0 |
| Mar (Q1) | \$31,501,443 | \$2,533,998 | 0 | 0 | 0 |
| June (Q2) | \$44,732,201 | \$21,545 | 0 | \$2,246 | 0 |

▲ Table 14: Summary of payments made to suppliers on time

PAYMENT ON TIME - SMALL BUSINESS

| Quarter | Current | < 30 days | 30-60 days | 60-90 days | > 90 days |
|-----------|----------|-----------|------------|------------|-----------|
| Sep (Q3) | \$56,449 | \$6,820 | 0 | 0 | 0 |
| Dec (Q4) | \$2,278 | 0 | 0 | 0 | 0 |
| Mar (Q1) | \$14,680 | \$29,020 | 0 | 0 | 0 |
| June (Q2) | \$11,078 | \$8,645 | 0 | 0 | 0 |

▲ Table 15: Summary of payments made to small business customers on time



09 PUBLIC INTEREST DISCLOSURE

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

10 RECORDS AND INFORMATION MANAGEMENT

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

The RAA has previously commissioned an internal audit of record management and accepted recommendations from it. Records and information held by the RAA are managed in accordance with the *State Records Act 1998* and in compliance with the standards established by the State Records Authority of NSW (State Records). This includes

maintenance of existing records and information and destruction of records and information in accordance with the RAA's general disposal authority.

During 2020-21 the RAA continued conversion of physical (paper) client files to digital records in compliance with the standard on records management, which was issued by State Records on 2 March 2015. This project involved new applications received being managed as digital files. All active client files are progressively scanned and saved to the RAA's electronic document records management system (EDRMS). The physical files are archived and together with inactive physical files, which have already been archived, are held until they are destroyed in accordance with the RAA's general disposal authority. All new documentation received or generated by the RAA is saved to the EDRMS. This includes applications for assistance together with supporting documentation.

The RAA's Manager of Risk, Policy and Governance has a formal role in relation to records management as "Special Records Officer."

13 WORKFORCE DIVERSITY

| Workforce Diversity Group | Benchmark | 2020 | 2021 |
|---|-----------|-------|-------|
| Women | 50% | 81.1% | 75.7% |
| Aboriginal and/or Torres Strait Islander people | 3.3% | 3.8% | 0.0% |
| People whose first language spoken as a child was not English | 23.2% | 1.9% | 5.0% |
| People with disability | 5.6% | 3.8% | 5.0% |
| People with disability requiring work-related adjustment | N/A | 0.0% | 0.0% |

▲ Table 16: Trends in the representation of workforce diversity groups

Note 1: The benchmark of 50% for representation of women across the sector is intended to reflect the gender composition of the NSW community.

Note 2: The NSW Public Sector Aboriginal Employment Strategy 2014-17 introduced an aspirational target of 1.8% by 2021 for each of the sector's salary bands. If the aspirational target of 1.8% is achieved in salary bands not currently at or above 1.8%, the cumulative representation of Aboriginal employees in the sector is expected to reach 3.3%.

11 RELEASE OF GOVERNMENT INFORMATION

The RAA received one Government Information (Public Access) Act 2009 (GIPA) request in 2020-21. This GIPA application about 'bushfire recovery assistance programmes' was released in full and is currently on DRNSW's disclosure log.

12 WORKPLACE HEALTH AND SAFETY (WH&S)

There were seven WH&S incidents reported in 2020-21 with four relating to distressing phone calls, one related to Covid-19 and two relating to slips, trips and falls. Staff reporting distressing phone calls were offered de-briefing and formal counselling.

Note 3: A benchmark from the Australian Bureau of Statistics (ABS) Census of Population and Housing has been included for people whose first language spoken as a child was not English. The ABS Census does not provide information about first language, but does provide information about country of birth. The benchmark of 23.2% is the percentage of the NSW general population born in a country where English is not the predominant language.

Note 4: In December 2017 the NSW Government announced the target of doubling the representation of people with disability in the NSW public sector from an estimated 2.7% to 5.6% by 2027.

14 RAA KEY PROGRAM INFORMATION

This schedule aims to provide information about all key programs and how they contributed to various events and outcomes (like resilience) over recent years.

KEY PROGRAM DATES

| Program | Date Commenced | Date Closed |
|---|-----------------|---|
| Farm Innovation Fund loan | 2014 | Still open in 2021 |
| Drought Assistance Fund loan | 1 July 2018 | 30 June 2021 |
| Emergency Water Infrastructure Rebate – Round 1 | January 2019 | 14 May 2021 |
| Emergency Water Infrastructure Rebate – Round 2 | 1 July 2021 | Still open in 2021 |
| Emergency Drought Transport Subsidies | 6 August 2018 | 31 December 2020 |
| Special Disaster Assistance (Bushfire) | 21 January 2020 | 15 December 2020 |
| Special Disaster Assistance (Floods) | 1 April 2021 | 31 October 2021 (for most LGAs - some later) |

▲ Table 17: Key program dates

NATURAL DISASTER ASSISTANCE - TOTAL

| Program | 2020-21 Disbursed (\$) | 2019-20 Disbursed (\$) | Total Disbursed (\$) |
|--------------------------------------|------------------------|------------------------|----------------------|
| Category D Loans (Bushfires) | \$19,823,715 | \$11,642,505 | \$31,466,220 |
| Category D Grants (Bushfires) | \$28,279,025 | \$89,755,147 | \$118,034,172 |
| Category D Grants (Floods) | \$17,704,754 | | \$17,704,754 |
| Concessional loans | \$2,524,928 | \$4,320,500 | \$6,845,428 |
| Natural Disaster Transport Subsidies | \$304,643 | \$192,633 | \$497,276 |
| Bushfire Industry Recovery Program | \$21,587,105 | \$5,836,264 | \$27,423,369 |
| Commonwealth Smoke & Apple | \$1,291,553 | | \$1,291,553 |
| TOTAL | \$91,515,723 | \$111,749,049 | \$203,374,782 |

▲ Table 18: Total natural disaster assistance

BLACK SUMMER BUSHFIRES

| Program | 2020-21 Disbursed (\$) | 2019-20 Disbursed (\$) | Total Disbursed (\$) |
|--|------------------------|------------------------|----------------------|
| Bushfire grants Category D | \$28,279,025 | \$89,755,147 | \$118,034,172 |
| Natural Disaster Transport Subsidy | \$304,643 | \$192,633 | \$497,276 |
| Bushfire Industry Recovery Program | \$21,587,106 | \$5,836,265 | \$27,423,371 |
| Commonwealth Smoke & Apple | \$1,291,553 | | \$1,291,553 |
| Bushfire Special Disaster loans Category D | \$19,823,715 | \$11,642,505 | \$31,466,220 |
| Bushfire concessional loans | \$2,524,928 | \$4,320,500 | \$6,845,425 |
| TOTAL | \$73,810,969 | \$111,747,050 | \$185,558,019 |

▲ Table 19: Black Summer bushfire assistance

BUSHFIRE INDUSTRY RECOVERY PROGRAM

| Description | 2020-21 Disbursed (\$) | 2019-20 Disbursed (\$) | Total Disbursed (\$) |
|----------------|------------------------|------------------------|----------------------|
| Sugar & Pollen | \$241,584 | \$829,628 | \$1,071,212 |
| Dairy Repairs | \$8,552,866 | \$1,487,939 | \$10,040,805 |
| Vine/Trellis | \$615,000 | \$132,925 | \$747,925 |
| Smoke Taint | \$116,550 | \$460,000 | \$576,550 |
| Shellfish | \$254,999 | \$2,677,117 | \$2,932,116 |
| Apples & Pears | \$9,206,412 | \$78,075 | \$9,284,487 |
| Nuts | \$228,535 | | \$228,535 |
| Berries | \$540,798 | \$55,138 | \$595,935 |
| Stonefruit | \$523,771 | | \$523,771 |
| Other Hort | \$1,306,591 | \$115,443 | \$1,422,034 |
| TOTAL | \$21,587,106 | \$5,836,265 | \$27,423,370 |

▲ Table 20: Bushfire Industry Recovery Program assistance

DROUGHT

| Description | 2020-21 Disbursed (\$) | 2019-20 Disbursed (\$) | 2018-19 Disbursed (\$) |
|----------------------------------|------------------------|------------------------|------------------------|
| Farm Innovation Fund | \$78,463,712 | \$80,010,108 | \$83,343,353 |
| Drought Assistance Fund loan | \$42,110,730 | \$39,012,824 | \$26,389,165 |
| EWIR 2019 | \$2,590,350 | \$12,870,263 | \$5,770,845 |
| EDTS | \$67,408,272 | \$118,432,380 | \$69,669,667 |
| Farm Innovation fund waiver | \$4,350,638 | \$6,507,821 | |
| Donated Fodder | \$2,786,470 | \$9,215,690 | \$12,538,136 |
| Animal Welfare Transport Subsidy | | \$13,326 | |
| TOTAL | \$197,710,172 | \$266,062,411 | \$197,711,167 |

▲ Table 21: Drought assistance

DROUGHT (CONTINUED)

| Description | 2017-18 Disbursed (\$) | 2016-17 Disbursed (\$) | Total Disbursed (\$) |
|----------------------------------|---------------------------|---------------------------|-------------------------|
| Farm Innovation Fund | \$60,365,488 | \$55,987,010 | \$358,169,671 |
| Drought Assistance Fund Loan | \$1,315,000 | | \$108,827,719 |
| EWIR 2019 | | | \$21,231,458 |
| EDTS | | | \$255,510,319 |
| Farm Innovation fund waiver | | | \$10,858,459 |
| Donated Fodder | \$569,597 | \$141,445 | \$25,251,338 |
| Animal Welfare Transport Subsidy | | | \$13,316 |
| TOTAL | \$62,250,085 | \$56,128,455 | \$779,862,280 |

▲ Table 21: Drought assistance (continued)

RESILIENCE/ SUSTAINABILITY

| Description | 2020-21 Disbursed (\$) | 2019-20 Disbursed (\$) | 2018-19 Disbursed (\$) |
|---------------------------------|---------------------------|---------------------------|---------------------------|
| Forest Industry Innovation Fund | \$7,441,259 | \$3,132,625 | |
| Farm Innovation Fund | \$78,463,712 | \$80,010,108 | \$83,343,353 |
| Seafood Innovation fund | \$2,529,505 | \$2,896,515 | |
| Farm Business Skills | \$815,366 | \$1,062,513 | \$598,186 |
| Young Farmers Business Program | \$11,351 | \$92,577 | |
| EWIR | \$2,590,350 | \$12,870,263 | \$5,770,845 |
| TOTAL | \$91,851,543 | \$100,064,601 | \$89,712,384 |

▲ Table 22: Resilience/sustainability programs assistance

| Description | 2017-18 Disbursed (\$) | 2016-17 Disbursed (\$) | Total Disbursed (\$) |
|---------------------------------|---------------------------|---------------------------|-------------------------|
| Forest Industry Innovation Fund | | | \$10,573,884 |
| Farm Innovation Fund | \$60,365,488 | \$55,987,010 | \$358,169,671 |
| Seafood Innovation fund | | | \$5,426,020 |
| Farm Business Skills | \$601,454 | \$375,519 | \$3,453,038 |
| Young Farmers Business Program | | | \$103,928 |
| EWIR | | | \$21,231,458 |
| TOTAL | \$60,966,942 | \$56,362,529 | |

▲ Table 22: Resilience/sustainability programs assistance (continued)





Rural
Assistance
Authority