



Rural
Assistance
Authority

Rural Assistance Authority Annual Report

2018/2019



www.raa.nsw.gov.au

Annual report for the year ending 30 June 2019

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This annual report summarises the activities and performance of the New South Wales Rural Assistance Authority (RAA) for FY2018–19. This and earlier annual reports are available on the RAA website: www.raa.nsw.gov.au.

No external costs have been incurred in the production of this annual report.

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Rural Assistance Authority

Our Reference: OUT19/14237

Telephone: 1800 678 593 (Toll Free)

The Hon. Adam Marshall, MLA Minister
for Agriculture and Western NSW
52 Martin Place
SYDNEY NSW 2000

Dear Minister

NSW Rural Assistance Authority Annual Report 2018–19

I take pleasure in presenting, on behalf of the members of the Board, the 2018–19 Annual Report for the NSW Rural Assistance Authority, in accordance with the *Annual Reports (Statutory Bodies) Act 1984* and Division 3, section 10 of the *Rural Assistance Act 1989*.

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

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

Yours sincerely

**KATE LORIMER-WARD
CHIEF EXECUTIVE
NSW RURAL ASSISTANCE AUTHORITY**

CHAIR'S REPORT

I am pleased to provide this report on the operations of the NSW Rural Assistance Authority (the RAA) for 2018–19. During this period, the RAA has continued to provide support for primary producers throughout NSW as they manage seasonal conditions in the face of drought across the majority of the state. The RAA's assistance programs also help farmers to respond to opportunities that may arise.

During 2018–19, the RAA approved 11,452 applications and more than \$420 million across all loan, subsidy and rebate schemes.



The Farm Innovation Fund (FIF) has continued to be a major focus of activity for the RAA with 537 applications received during the past year and nearly \$98 million in assistance approved. The FIF continues to be the centre of the NSW Government's 2015 Drought Strategy and subsequent 2019 Emergency Drought Relief and Drought Stimulus Packages.

The Drought Assistance Fund (DAF) has increased in significance with 1347 applications approved and \$64.4 million provided in assistance. The DAF aims to facilitate the implementation of sustainable systems and management practices for primary production during drought conditions.

The RAA administered a new Emergency Water Infrastructure Rebate scheme on behalf of the Commonwealth Government. A total of 998 applications were approved, giving \$6.3 million back to farmers. The RAA administered concessional loan schemes on behalf of the Commonwealth Government until 1 July 2019, when the Regional Investment Corporation commenced operation and began offering those products. The RAA still administers those concessional loans taken up before 1 July 2019 on behalf of the Commonwealth.

The challenges of extreme weather continue to pose difficulties for our farmers with severe storms, flooding, bushfires and hailstorms causing damage to their operations. In 2018–19 there were 30 natural disasters declared in NSW. Applications for 16 Natural Disaster Relief Assistance (NDRA) loans were approved and more than \$1.7 million provided to help affected primary producers and small businesses recover from these devastating events.

Transport Assistance was another area that saw extremely high volumes of applications during 2018–19. The introduction of the Emergency Drought Relief (EDR) Transport Subsidy resulted in high numbers of transport subsidy applications with 7,433 applications and \$214.6 million in assistance approved for the EDR Transport Subsidy. For all other transport subsidies (animal welfare, natural disaster and donated fodder), 716 applications were received and \$14.1 million approved. This is likely to continue through 2019–20 due to continuing drought conditions across the state. The EDR Transport Subsidy has been extended with a second round of funding for the next financial year.

A Forest Industries Innovation Fund (FIIF) was opened in October 2018 as part of the NSW Government's Forestry Industry Roadmap. The FIIF is designed to help improve the profitability of the NSW timber industry and drive employment growth, new investment and innovation to enhance the NSW forest industry and position the NSW forest industry to adjust and capitalise on new opportunities. The RAA received nine applications and approved \$5.9 million under this new scheme.

The RAA continues to play a role in the Commercial Fisheries Business Adjustment Program through the delivery of loans and grants to fishers and fishing cooperatives. During 2018–19, the

RAA received two applications for Commercial Fisheries Business Adjustment program loans with \$80,000 approved. A further five applications for grant assistance were received with \$3,776 approved.

In NSW, the *Farm Debt Mediation Act 1994* (FDM Act) provides a structured negotiation process that enables farmers and their creditors to negotiate with the help of an experienced mediator about debts and other matters, before enforcement action can be taken. The RAA administers the FDM Act and the *Farm Debt Mediation Amendment Act 2018* (NSW), which commenced on 3 September 2018. The amendments aim to improve the operation of the Act, ensure that it continues to deliver on its original intent, and support harmonisation across Australia.

The number of farm debt mediation related matters increased over the past year, with 68 cases, an increase of 32 matters from 2017–18. These matters included mediation kits as well as applications for exemption certificates. Three internal appeals regarding exemption certificate decisions were received over the past year.

The Director of the RAA, John Newcombe, took some well-deserved long service leave in 2018, providing an opportunity for Alli Gartrell, and then Barry Kay, to act in the role. Thank you to both Alli and Barry for their hard work during that time. It strengthens the organisation for staff to learn about different aspects of the business.

I would like to thank Markeeta Gibson whose board appointment ended on 30 June 2018 for her work and contribution to the NSW Rural Assistance Authority Board and particularly the Audit & Risk Committee over the past six years. I welcome Adam Boyton as a new member and I look forward to working with this strong and diverse board in 2019-20.

In closing, as the drought has progressed, the RAA has dealt with a high and growing number of applications, often in complex situations that have called for patience, compassion and efficiency. To align with the increased funding and new programs, the RAA has welcomed a number of new staff members. Leading into the new financial year, the RAA will exist within a new overarching Department of Planning, Industry and Environment cluster, from 1 July 2019. This change may impact service provision arrangements from the cluster.

On behalf of the board, I would like to thank and recognise the staff and management of the RAA who once again have delivered a high standard of service to the farmers and small businesses of NSW. I feel confident that the RAA will continue to provide effective support for farmers and farming communities.



David Palmer

Chair

ABOUT US

Who we are

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

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

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

The RAA board reports to the Minister for Primary Industries, while the Chief Executive reports to the NSW Department of Primary Industries (NSW DPI), which is part of the NSW Department of Industry, Skills and Regional Development (NSW Department of Industry) departmental cluster.

What we do

The RAA focuses on the challenges faced by rural NSW and proactively participates in and contributes to farming and rural policies. The RAA continues to play an important role as a catalyst for change.

Our focus is to help primary producers in NSW to maximise long-term profitability and competitiveness through improved primary production capacity, combined with the sustainable use of natural resources by proactively administering programs.

The RAA administers a wide range of flexible assistance measures to the rural sector through programs that encourage self-reliance, risk management and adaptability.

The RAA has widespread experience and expertise in the assessment and administration of financial assistance schemes to primary producers and small business operators within the state on behalf of both the NSW and Commonwealth Governments.

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

Charter

The NSW Rural Assistance Authority (the RAA) was established by the *Rural Assistance Act 1989* (NSW). The RAA is a statutory body under the *Public Finance and Audit Act 1983* (NSW) and the Chief Executive is a statutory senior executive under the *Government Sector Employment Act 2013* (NSW).

The function of the RAA is to administer a wide range of assistance measures to the rural sector using both Commonwealth and State funding. While the rural sector is its core client, the RAA is also responsible for small businesses that have suffered loss or damage due to natural disaster.

Vision

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

Mission

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

Board activities in 2018–19

The environment in which the RAA operates continues to change and 2018–19 was no exception. The Board oversaw a comprehensive review of governance arrangements for the RAA that resulted in a number of policies and arrangements brought forward for consideration and approval.

The Partnership agreement with the Department of Industry is set for review given that the RAA will come under a new cluster agency, the Department of Planning, Industry and Environment, on 1 July 2019.

Part of good governance is to review Board performance. A consultancy group, Boardroom Partners, was engaged in June 2019 to undertake a review of the RAA Board's performance. That review will proceed through 2019–20 and will deliver advice as to whether the Board is fulfilling its functions and objectives in line with Department of Premier and Cabinet guidelines.

The Board approved updated financial delegations in December 2018 that will help the RAA to keep pace with decision making in the context of more financial assistance being provided with higher dollar values.

The federal election in March 2019 impacted on the continuity of some work for the RAA, as did the introduction of a new NSW Minister for Agriculture and Western NSW.

The Board recommended the commencement of a review of the *Rural Assistance Act 1989* that will assist in providing financial assistance that more closely caters to customer needs.

The Board and the RAA have experienced a busy and intense time during the drought with little relief in sight. The Board has supported the RAA and provided the necessary rigour and scrutiny that will ensure that the RAA is in good shape for the future.

CUSTOMER SERVICE

Providing quality customer service through accessible methods using the latest available innovative technologies

Service delivery

The RAA recognises the importance of excellence in customer service and is committed to improving the quality of the services it offers. The RAA is sensitive to the challenges faced by rural NSW, in particular the varying availability of, and access to, internet and email services as well as services for people with a disability.

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

- providing information about the types of financial assistance available
- assessing applications fairly and impartially
- under normal circumstances, a decision is given to clients within 28 days after all information has been provided
- providing clear decisions
- being honest, courteous and respectful at all times
- not discriminating against a client who has difficulty understanding English and, if necessary, providing access to a free interpreter or translator
- keeping personal information confidential as required by law
- being available for enquiries from 8.30 am to 4.30 pm Monday to Friday, excluding public holidays.

To achieve high service standards the RAA requests that clients:

- treat staff with courtesy and respect
- provide all the information needed to make an accurate decision
- not be threatening or abusive
- let the RAA know if their situation changes and they no longer need help.

If a client is dissatisfied with the level of service that they have received they may:

- discuss the matter with the staff member responsible for handling their application or enquiry
- refer the matter to the staff member's supervisor for investigation
- fill out the 'feedback assist' tab on the RAA website
- if not satisfied, put the complaint in writing to:

The Director, NSW Rural Assistance Authority

OR make a formal complaint to:

Office of the NSW Ombudsman.

Consumer response

The RAA invites feedback on RAA products and services on its website (www.raa.nsw.gov.au/contact). Any feedback received by the RAA is immediately assessed to determine if further action is required. A record of all feedback received is maintained together with all responses generated.

There were four formal complaints relating to client services in 2018–19, which were resolved in line with the RAA's complaints handling process.

Farm Debt Mediation

Objective: Efficient and equitable resolution of farm debt disputes.

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

Demand for farm debt mediation from both credit providers and primary producers increased during 2018–19. Sixty-eight (68) files were opened (60 creditor-initiated and eight farmer-initiated, including one complaint about an alleged adviser's breach of the confidentiality of a mediation that was assessed but not established). Thirty-seven (37) mediation kit letters were sent to mediating parties. Twenty-eight (28) exemption certificates were issued, including in several matters where the Act was found not to apply. Agreement was reached in a majority of the matters that went to mediation.

The amendments to the Act that commenced on 3 September 2018 are working well. The RAA has discretion to extend timeframes where that is reasonable in the circumstances. The definitions in the Act have been clarified, enabling the RAA to determine that the Act does not apply in some circumstances. Three (3) internal appeals concerning exemption certificate decisions were received during the financial year, with one resolved.

Appeal process

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

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

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

The appeal is determined by a senior officer not involved in the initial decision within 30 days of receipt of the written appeal. The appeal decision is final and is advised in writing to the applicant.

During 2018–19, the RAA received 92 requests to review decisions. Of these, the original decision was confirmed in 52 cases, 29 applications were subsequently approved and one was withdrawn.

INFORMATION & EDUCATION

A commitment to providing effective information to stakeholders

Publicity and promotion

The RAA delivers integrated communication strategies to inform NSW farmers and small business operators, as well as their advisers of the RAA and its programs of assistance via:

- the RAA website and RAA Facebook page
- other government sources of information including DroughtHub and the DPI *Managing and preparing for drought handbook*
- public relations with RAA spokespeople participating in print, television and radio interviews
- attendance at industry events including AgQuip Field Days, Australian National Field Days, NSW Farmers Forums and Local Land Services Forums
- partnering with agencies, including the NSW Rural Financial Counselling Services (RFCS), Local Land Services (LLS) and NSW DPI to exchange information and provide improved services to clients.

A key priority for the NSW Government is to improve customer satisfaction by delivering government services and information people need, faster and more conveniently.

Electronic service delivery

All RAA application forms for assistance are available on the website along with information relating to available assistance.

The RAA has implemented a new customer relationship management tool, Salesforce, which has enabled the department to move to a more centralised working system, promote electronic based applications with both our applicants and key stakeholders including RFCs to use and develop a more customer-friendly interface and has enhanced reporting capabilities.

During 2018–19 there were more than 400,000 visits to the RAA website. This increase was due to the release of the Drought Relief Package: Emergency Drought Relief Transport Subsidy and the Emergency Water Infrastructure Rebate.

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

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, communications and administration staff, who have a background suitable to those areas.

Staff are employed in line with job descriptions and their development is managed through formal annual and six-monthly performance development processes (PDP) that include managing to agreed accountabilities, as well as development, to meet knowledge and skill gaps. The PDP is also an opportunity for staff to identify and discuss career goals and how to meet them. The RAA will regularly use internal development opportunities to offer staff upskilling opportunities.

FINANCIAL ASSISTANCE

Help drive economic growth in regional NSW and mitigate the risks that impede this growth

Performance at a glance 2018–19*			
Scheme	Applications received	Applications approved	Assistance (\$)
Farm Innovation Fund Loans	537	518	97,719,071
Drought Assistance Fund Loans	1565	1347	64,410,342
Farm Business – Business Improvement Loans*	1	2	477,915.00
Farm Business – Concessional Drought Loans*	9	24	11,634,737
Farm Business – Concessional Dairy Loans*	0	1	519,000
Natural Disaster Relief Loans	25	16	1,796,700
NSW Fisheries Adjustment Loans	2	2	80,000
Forest Industries Innovation Fund Loans	9	2	5,999,082
Emergency Drought Relief Transport Subsidy	12,919	11,452	214,615,201.41
All other Transport Subsidies	685	665	13,618,361
Natural Disaster Transport Subsidy	52	51	552,876
Emergency Water Infrastructure Rebate	1214	998	6,391,464
NSW Fisheries Adjustment Grants	5	4	3,776
Farm Business Skills Grants	489	383	2,001,342

*The numbers reported in the table above represent both paid and committed applications during 2018/2019 financial year, therefore, they are not directly traceable to the financial statements in this Annual Report.

There were applications on hand at 1/7/18, hence the approval of more applications than were received.

Please refer to Applications for Assistance Summary on Page 20 for further details of applications processed.

Loan advances provided by the RAA increased by \$70.9 million to \$479.2 million, a 17 per cent increase on the previous year. The increase was driven by the demand for both State and Commonwealth loan schemes aimed at primary producers recovering from and meeting challenges from seasonal conditions. Farm Innovation Fund balances have also increased from \$174.7 million over the past 12 months to \$246.8 million, an increase of \$72.1 million.

Total loan arrears as at 30 June 2019 was \$3.15 million, representing 0.65% of loan advances. Arrears at 30 June 2019 show a 183% increase (\$2.04 million) increase from 30 June 2018.

Total loss provisions for impaired loans at 30 June 2018 were \$0.073 million, based on AASB139. From 1 July 2018 AASB139 was replaced by AASB9. The provision for impaired loans at 1 July 2018 (when applying AASB9), was \$3.4 million. The provision for impairment at 30 June 2019 was \$3.8 mill, an increase of \$0.4 million.

Significant events and changes in Operation

In 2018/19, the NSW Government made a number of announcements that have the potential to impact on the Authority's operations and finances. These announcements related to new programs and expansion of existing with a large proportion drought related and providing special purpose funding.

Loans from NSW Treasury are currently provided for under a loan facility agreement effective from 1 July 2002. The new facilities are likely to be subject to new loan arrangements. The existing loan facility is on a limited recourse basis the terms being that the Authority carries neither credit nor interest rate risk and has no liquidity risk. Under the terms of the loan the Authority is only liable to pay to the NSW Treasury by way of principal repayments and interest to the extent that the Authority receives payments of principal and interest from customers to which the Authority has on-lent the funds. The exact terms of the new arrangements are still subject to negotiation. It is, however, likely that under the terms of the new loan facility the Authority will carry credit, interest rate and liquidity risk.

The Authority as currently structured has no capacity to absorb such risks and would need to be reliant on support being provided by Department of Planning, Industry and Environment (Department) on loans being provided based on the current limited recourse basis. In particular the Authority is required to lend for terms up to 20 years at fixed rates, consequently it may be unable to manage a potential interest rate mismatch which would likely result from entering into a variable rate loan agreement. The Authority currently relies on annual Letters of Comfort provided by the Department which ensures the Authority is able to meet its financial obligations under direction from the Minister for Agriculture to administer components of the Emergency Drought Relief Package (which includes the Drought Assistance Fund).

The changed loan facility arrangements relate to the Farm Innovation Fund which also funds the Drought Assistance Fund providing loans to primary producers to implement systems and management practices that enhance the sustainability of their farm business. As regards the Drought Assistance Fund the new arrangements are likely to impact on facilities provided by the Authority from 1 July 2020. The extended Farm Innovation Fund loan funding arrangements on current projections are anticipated to be drawn down in the 2021/22 financial year.

The Authority would need to be satisfied as to the loan terms conditions, support available the Authority and to be satisfied as to its ability to meet obligations prior to executing any new facility agreement or drawing down any additional funds other than under the existing loan facility arrangements.

Farm Innovation Fund Loan

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

The Farm Innovation Fund (FIF) is an incentive-based initiative to assist farmers within NSW to identify and address risks to their farming enterprises, improve permanent farm infrastructure, ensure long-term productivity and sustainable land use and help in meeting changes to seasonal conditions.

The FIF is the primary assistance measure announced as part of the NSW Drought Strategy. Funding for the FIF was increased as part of the Emergency Drought Relief Package (July 2018) and the new Drought Stimulus Package (July 2019). The total funding available for FIF loans is now \$1 billion and applicants can apply for a loan up to \$1 million.

Applicants can apply for funding under four main categories:

- drought preparedness
- environment
- farm infrastructure

NSW Rural Assistance Authority

- natural resources.

During 2018–19, the RAA received 537 FIF applications with \$97.7 million in assistance approved.

Drought Assistance Fund Loan

Objective: To facilitate the implementation of sustainable systems and management practices for primary production during drought conditions

The Drought Assistance Fund (DAF) opened for applications from 1 July 2019 to provide loan assistance for producers in drought affected areas for the cost of transporting livestock, transporting fodder and/or water for stock and domestic supply, water and fodder infrastructure and the banking of genetic material of livestock.

Eligible primary producers are able to loan up to \$50,000 at no-interest over a seven-year repayment period, with the first two years repayment free. Over the past financial year, 1565 applications were approved to the value of \$64.4 million. The DAF scheme will continue into the next financial year due to continuing drought conditions across the state.

Drought Transport Assistance

Objective: Animal welfare through the management of livestock resources during and following adverse conditions

A range of assistance measures are available to help primary producers in grazing industries to manage their livestock resources both during and following adverse conditions and to help in the restoration of that resource.

Emergency Drought Relief Transport Subsidy

The Emergency Drought Relief (EDR) Transport Subsidy provides a subsidy on the transport of fodder and/or water to a property, stock to or from agistment and stock to sale or slaughter. The subsidy was announced on 30 July 2018 and was backdated to 1 January 2018 to enable farmers who had destocked due to the intensifying drought to claim the subsidy.

Under the EDR Transport Subsidy, \$40,000 was available for eligible farm businesses over 18 months from 1 January 2018 to 30 June 2019. The subsidy was available for up to 50 per cent of the total freight cost to a maximum of \$5 per kilometre (GST exclusive), to a maximum distance of 1500 kilometres. On 11 June 2019, an extension to the Emergency Drought Relief Package was announced making this subsidy available for the 2019–20 financial year, with no cap on kilometres.

This subsidy has been extremely valuable to producers because of the need to transport fodder across long distances. The RAA received 8324 applications and approved more than \$214 million to primary producers.

Donated Fodder Transport Subsidy

Assistance with the cost of transporting donated fodder from within NSW to drought affected properties where the donated fodder is organised by community groups or other organisations for the benefit of multiple primary producers.

This program forms part of the NSW Drought Strategy and there was an enormous increase from last financial year due to continuing drought conditions across the state. During 2018–19, the RAA received an exponential increase in applications because of deteriorating seasonal conditions with 632 applications received (up from 80 last year) to the value of \$13.4 million.

Animal Welfare Transport Subsidy

Specific assistance for the transport of stock is permanently available to primary producers where:

- animals are at significant risk in terms of animal welfare
- there is little or no feed and/or water available (this includes both pasture and stored fodder)
- animals leave the farming enterprise permanently (i.e. to sale and/or slaughter); and
- the enterprise demonstrates a significant financial need.

This program forms part of the NSW Drought Strategy and has remained steady this year because of the increasing drought conditions.

During 2018–19, the RAA approved 47 applications (45 last year) for animal welfare transport assistance and approved \$182,697 in assistance.

Emergency Water Infrastructure Rebate

Objective: To provide funding for one-off rebates to eligible primary producers for the costs associated with the purchase and installation of on-farm water infrastructure that addresses animal welfare needs and improves resilience to drought

This scheme began in January 2019 to assist with the cost of purchase, delivery and, if applicable, the labour cost to engage someone to install water infrastructure for animal welfare needs to a maximum of \$25,000 per farm enterprise. The RAA administers the scheme on behalf of the Australian Government. It is open until 30 June 2021 or until funding is exhausted.

The RAA received 1214 applications and approved 998, providing \$6.39 million to primary producers.

Natural Disaster Relief Assistance

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

This scheme provides loans, grants and transport subsidies to primary producers (including fishers), small businesses, non-profit organisations and sporting clubs in rural and regional NSW to allow them to continue their normal farming and business operations following a natural disaster.

Assistance is through concessional, fixed-interest rate loans, transport subsidies and in extreme circumstances recovery grants.

Natural Disaster Declarations are usually made by the Australian Minister for Justice in conjunction with the NSW Minister for Police and Emergency Services, or by the NSW Minister for Primary Industries.

Declarations made by the Australian Minister for Justice in conjunction with the NSW Minister for Police and Emergency Services are open to the following groups within the disaster affected area:

- primary producers
- small business
- non-profit organisations
- sporting and recreation clubs.

A Declaration made by the NSW Minister for Primary Industries is restricted to primary producers within a disaster affected area.

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

and genuine need of assistance.

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

Natural Disaster events 2018–19		
Date of Disaster	Nature of Natural Disaster	Affected Area (Local Government Area)
23/01/2018	Bushfire	Lithgow
12/02/2018	Bushfire	Upper Hunter
11/08/2018	Bushfire	Shoalhaven
12/08/2018	Bushfire	Richmond Valley, Lismore, Kyogle
14/08/2018	Bushfire	Clarence Valley, Glen Innes Severn
15/08/2018	Bushfire	Bega Valley, Eurobodalla
15/08/2018	Bushfire	Cessnock, Port Stephens
30/10/2018	Bushfire	Tamworth Regional Council
22/11/2018	Bushfire	Port Stephens Council, Cessnock City Council
1/12/2018	Bushfire	Armidale
9/12/2018	Severe Storm	Affected Parishes of Federation, Murray River, Murrumbidgee, Edward River, Berrigan
13/12/2018	Storms & Floods	The Hills, Hornsby, Parramatta, Campbelltown, Sutherland
13/12/2018	Storms & Floods	Clarence Valley, Lachlan Shire, Wollondilly Shire
13/12/2018	Storms & Floods	Blacktown City, Canterbury Bankstown, Cabonne, Inverell Shire, Orange City, City of Ryde
13-14/12/2018	Storm	Affected Parishes of Orange LGA and affected Parishes and parts of Parishes in part Cabonne LGA
20/12/2018	Storms & Floods	Clarence Valley, Dungog, Mid-Coast, Walcha, Warrumbungle
20/12/2018	Storms & Floods	Hornsby, Liverpool, Central Coast, Waverley, Woollahra, Tamworth, Lithgow, Dubbo
20/12/2018	Storms & Floods	Armidale Regional Council, Ballina Shire, Camden, Canterbury Bankstown, Bellingen Shire, Blacktown City, City of Canada Bay, Cumberland, Fairfield City, The Hills Shire, Muswellbrook Shire, Nambucca Shire, Northern Beaches, City of Parramatta, Penrith City, City of Ryde, City of Sydney, Upper Hunter Shire, Upper Lachlan Shire
25/12/2018	Bushfire	Glenn Innes Severn
03/01/2019	Bushfire	Tamworth Regional Council
05/01/2019	Bushfire	Parkes, Cabonne
11/01/2019	Severe storm #	Snowy Valleys LGAs: Parishes as follows: Mate, Port Craven, Glenroy, Courabyra, Tumbarumba, Mannua, Burra, Hay, Maragle
11/01/2019	Severe storm	Bathurst, Goulburn Mulwaree, Hilltops, Snowy Valleys
17/01/2019	Bushfires	Snowy Valleys
22/01/2019	Storms and floods	Parkes, Greater Hume Shires

05/02/2019	Storms and floods	Hilltops, Cootamundra-Gundagai
08/02/2019	Storms	City of Parramatta, Hornsby Shire, Cumberland, The Hills Shire, Liverpool City, Wollongong City
11/02/2019	Bushfire	Armidale, Inverell, Kyogle, Tenterfield
11/02/2019	Bushfire	Tamworth Regional & Upper Hunter Shires
09/03/2019	Bushfire	Tenterfield Shire

Indicates Agricultural Natural Disaster Declaration – assistance available to eligible primary producers only

Natural Disaster Loans

Natural Disaster Relief Assistance (NDRA) loans are limited to the minimum amount required to cover normal farming and business activities, replace losses and make repairs not covered by insurance.

In 2018–19 the RAA approved 16 NDRA loan applications at a cost of \$1.79 million.

Natural Disaster Recovery Grants

Additional assistance measures, which include recovery grants, are available as part of a Community Recovery Package (Category C assistance) to provide immediate relief to eligible primary producers and small businesses for clean-up and restoration costs in the aftermath of extreme natural disaster events. Activation of recovery grant provisions of the Natural Disaster Relief and Recovery Arrangements (NDRRA) requires specific approval from the Australian Government.

During 2018–19, zero (0) Category C grant applications were received by the RAA.

Natural Disaster Transport Subsidies

Following declared natural disaster events, a subsidy is available to eligible primary producers to assist with the cost in relation to:

- transport of stock to agistment
- return of stock from agistment
- transport of stock to sale or slaughter
- transport of fodder and/or water to disaster affected properties.

During 2018–19, the RAA approved 51 applications at a cost of \$552,876 for Natural Disaster Transport Assistance.

Forest Industries Innovation Fund Loan

Objective: To assist the forestry industry to adopt new technology and innovative practices to better address the changing demands of the industry

The Forest Industries Innovation Fund (FIIF) was developed as part of the NSW Government's Forestry Industry Roadmap. The FIIF was designed to help improve the profitability of the NSW timber industry and drive employment growth, drive new investment and innovation to enhance the NSW forest industry, and position the NSW forest industry to adjust and capitalise on new opportunities. The FIIF was opened in October 2018 for three rounds of funding:

1. Round 1 – closed 11 November 2019
2. Round 2 – closed 3 May 2019
3. Round 3 – closes 13 September 2019.

Eligible applicants can apply for a loan for up to 100% of the total net cost of the project (GST exclusive) to a maximum of \$3 million.

The RAA received four applications of which two were approved. Funding totalled \$5.99 million for 2018-19.

Farm Business Skills Professional Development Program

Objective: Skills and training

The Farm Business Skills Professional Development Program (FBS Program) has been developed to support farm business in all conditions, but particularly in relation to preparing for and responding to drought. Funding was announced as part of the 2015 NSW Drought Strategy.

The FBS Program provides farm businesses with:

- the opportunity to acquire the knowledge and skills to build improved resilience and adaptability in the agricultural business
- exposure to new ideas, tools and techniques that businesses can use
- a range of products and services that engage the wide diversity of skills, knowledge and experience within the agricultural business sector
- a focus on building the skills and knowledge of agricultural businesses to manage risk, financial and business planning or decision making capacity.

Three professional development priority areas have been identified:

- risk management
- financial and business management
- farm business planning/drought preparedness.

During 2018–19, the RAA paid on 383 claims for reimbursement totaling more than \$2 million.

Commercial Fisheries Business Adjustment Program

Objective: Restructure of the commercial fishing industry

The Commercial Fisheries Business Adjustment Program (BAP), which is delivered by the RAA on behalf of Department of Primary Industries – Fisheries, has been designed to assist the commercial fishing industry to manage restructure impacts with assistance measures available to fishers exiting the industry and for fishers who remain in the industry to expand their operations and improve business viability.

During 2018–19, the RAA received two applications for Commercial Fisheries Business Adjustment program loans with \$80,000 approved. A further five applications for grant assistance were received with four approved for \$3,776. The BAP closed for applications on 31 May 2019.

Commonwealth Government Concessional Loans

Objective: Assisting primary producers struggling with drought and/or high levels of debt

The Commonwealth Government established the Regional Investment Corporation (RIC) on 1 July 2018 to provide concessional loans to farm businesses. Previously, the RAA had administered concessional loans on behalf of the Commonwealth Government.

During 2018–19 the RAA processed a number of applications that were received before the Commonwealth concessional loan program offered by the RAA was closed on 30 June 2019. There 24 Farm Business Concessional Drought loans approved with a value of \$11.63 million. Two Farm Business Improvement Concessional Loan applications were approved for \$477,915.00. One Dairy Concessional Loan was approved for \$519,000.00.

STATISTICS ON APPLICATIONS AND APPROVALS*

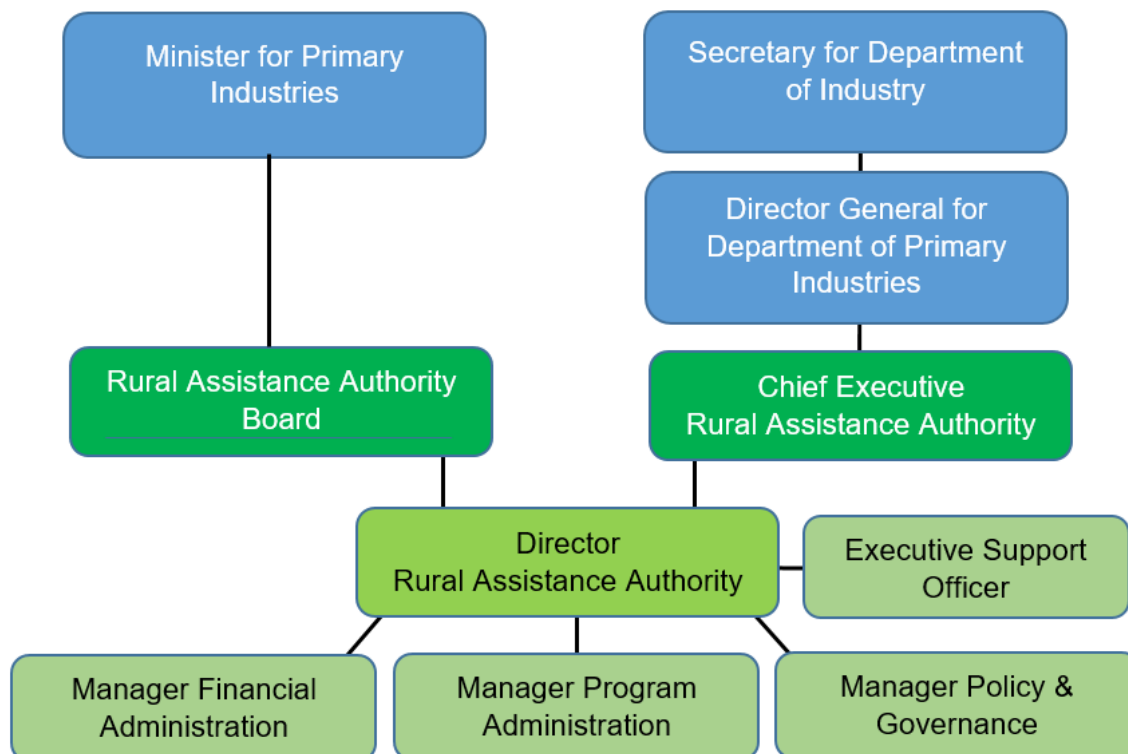
Applications for assistance summary – 2018–19							
	On Hand	Received (No.)	W/drawn (No.)	Declined (No.)	Approved (No.)	Approved \$	Pending 30.06.19
Farm Innovation Fund Loans							
Preparedness	33	192	6	22	184	37,162,646.00	13
Environmental	2	12	1	1	10	1,314,457.00	2
Infrastructure	44	332	8	29	323	59,191,968.97	16
Natural resource		1			1	50,000.00	
Subtotal	79	537	15	52	518	97,719,071.97	31
Drought Transport Fund - Loans							
Transport	1				1	20,000.00	
Drought Assistance Fund Loans							
Transport Subsidies	32	135	11	18	136	6,619,025.00	2
Water Infrastructure	23	801	20	97	665	31,567,894.55	42
Fodder storage	15	624	18	55	541	25,974,423.00	25
Genetic banking	1	5	1	0	5	249,000.00	
Subtotal	71	1565	50	170	1347	64,410,342.55	69
Natural Disaster Relief Assistance - Loans							
Bushfire		6		3	3	385,700.00	
Flood		1			1	121,500.00	
Storm	2	18		3	12	1,289,500.00	5
Small business							
Not for profit							
Subtotal	2	25	0	6	16	1,796,700.00	5
Natural Disaster Relief Assistance – Grants							
Primary producer	2				2	20,000.00	
Small business	1				1	15,000.00	
Not for profit							
Subtotal	3	0	0	0	3	35,000.00	0
Transport Subsidies							
Natural Disaster	1	52	2	0	51	552,876.78	
Animal Welfare	4	53	3	5	47	182,696.54	2
Donated Fodder	7	632	12	8	618	13,435,664.56	1
Sub Total	12	737	17	13	716	14,171,237.88	3
Commonwealth Concessional Loans							
Farm Business Drought	22	9	2	5	24	11,634,737.00	
Farm Business Dairy Recovery	1				1	519,000	
Business Improvement	1	1			2	477,915.00	
Subtotal	24	10	2	5	27	12,631,652.00	

Commercial Fisheries Business Adjustment Program – Loans							
Shareholder		2			2	80,000.00	
Nominated							
Subtotal	0	2	0		2	80,000.00	0
Commercial Fisheries Business Adjustment Program – Grants							
Financial Advice		4			4	3,776.36	
Re-training		1					1
Cooperatives							
Fishing Buyout							
Purchase of shares							
Subtotal	0	5	0	0	4	3,776.36	1
Farm Business Skills – Professional Development Program - Subsidy							
Risk	3	58		1	58	166,341.52	2
Financial	5	94	2	5	66	112,326.87	26
Plan/ Prepare	7	291	1	8	236	510,294.35	53
Risk DFT							
Service Provider	1	46			23	1,212,379.00	24
Subtotal	16	489	3	14	383	2,001,341.74	105
Forest Industries Innovation Fund - Loans							
Subtotal		9		5	2	5,999,081.87	2
Special Conservation - Loans							
Subtotal		2		0	2	152,618.00	
Emergency Water Infrastructure Rebate Scheme							
Subtotal	3	1214	22	74	998	6,391,463.69	123
Emergency Drought Transport Subsidy							
Livestock to agist	1	229	3	4	197	5,610,000.00	26
Livestock fr agist		215		3	117	3,280,000.00	95
Livestock to sale	3	1642	16	16	1470	43,265,576.07	143
Livestock to slaughter		508	1	9	483	14,290,000.00	15
Fodder storage	13	5640	61	108	5086	145,915,282.90	398
Water		90	1	1	80	2,254,342.44	8
Subtotal	17	8324	82	141	7433	214,615,201.41	685
GRAND TOTAL	228	12919	191	480	11452	420,027,487.47	1024

*The numbers reported in the table above represent both paid and committed applications during the 2018/19 financial year, therefore, they are not directly traceable to the financial statements included in this Annual Report.

MANAGEMENT AND STRUCTURE

Organisation structure for management*



* From 1 July 2019, the new Department of Planning, Industry and Environment will commence and the RAA will operate within a different organisational structure.

The Board

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

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

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

The RAA Board consists of six part-time members and the Chief Executive. In accordance with the Act, two of the part-time members are appointed to represent farmers; two must have specific

qualifications and experience in banking or finance, farm management or an associated area; and two must have such backgrounds in social welfare, rural counselling, conservation or other areas the Minister considers necessary to enable the Board to carry out its functions.

The term of office for appointed members is for a period not exceeding three years however members are eligible for re-appointment.

Part-time members with relevant qualifications and experience

CHAIR

Mr David PALMER - Grad Dip Mgmt (AGSM, FAICD), 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).

Appointed – 1 July 2012, reappointed in 1 July 2015

Appointed as Chair – 1 July 2012

Term end – 30 June 2021.

Mr Robert BROWN - BSc PsychSc (Hons), MBA, CFP, Accredited Family Business Adviser and Director Family Strategy at Peppin Consulting based in Deniliquin, southern NSW.

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

Mr Brown is the RAA Board's delegate to the Regional Assistance Advisory Committee (RAAC). He is also a Board member of Intereach Limited: a regional provider of community services and programs throughout southern NSW and northern Victoria, and Chair of Deniliquin Newspapers Pty Ltd.

Appointed – 1 July 2012, reappointed in July 2016

Term end – 30 June 2019

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

Mrs Clark has been a professional company director for 20 years and currently also serves on the board of Hunter New England Health. She has been a member of numerous agricultural boards including the Wheat Export Authority and Export Wheat Commission. She has also been Chair and member of their Audit Committees.

Mrs Clark is a member of RAA's Audit and Risk Committee, has extensive experience as an accountant in both Sydney and rural NSW and is a Fellow of the Australian Institute of Company Directors.

Appointed – 1 July 2012, reappointed July 2017

Term reappointed – 30 June 2020

Ms Diana GIBBS - B.Sc. (Hons) (Agriculture with Economics), M.Env.Stud (Environmental Economics), GAICD, is a resource economist with extensive experience as a consultant, primarily involved with the provision of applied economic analyses such as regional development, strategic planning and project evaluation, often in the context of environmental impact assessments.

Ms Gibbs is currently Chair of the Industry Advisory Panel for the Graham Centre at CSU (Wagga), is a Director of the Riverina Local Land Services, a member of the NSW Climate Change Council, Executive Director of Riverina Wool Growers Pty Ltd, and is a member of a number of other voluntary committees.

Ms Gibbs is a partner in a mixed farming operation in the South West Slopes region of NSW and was the recipient of the 2000 RIRDC Rural Women's Award for NSW for her involvement in the wool industry, and in particular for projects undertaken on behalf of Riverina Wool Growers Pty Ltd.

Appointed – July 2016

Term end – 30 June 2019

Mrs Kerry ADBY - LLM, FAICD, TFASFA is a senior investment banker and commercial lawyer and is currently the Managing Director of Copernican Securities Pty Ltd, a specialist consultancy providing corporate and strategic advisory services in Australia, Asia and Africa.

Kerry has over 30 years' experience with large development and infrastructure projects in a range of sectors in Australia and internationally including funds management, infrastructure, utilities, agriculture, research and development, technology and property development.

Kerry's breadth of experience covers strategy, governance, audit and risk management, major project financing, capital markets and infrastructure, and these skills have given her a broad understanding of the operations, challenges and economics of primary and rural industries.

Kerry chairs the RAA's Audit and Risk Committee and is a member of several boards including, inaugural Chair of the Superannuation Commission, which is responsible for the investment and administration of the Tasmanian public sector defined benefit scheme and a consultant to the World Bank and Asian Development Bank.

Appointed – September 2017

Term end – 30 June 2020

Mr Adam BOYTON - Grad Dip Applied Finance & Investment, BBus Economics, has over 20 years of experience as a policy advisor and economist. He is a former Managing Director at Deutsche Bank, the Bank's Australian Chief Economist and Head of Fixed Income Research. He started his career at the Federal Treasury and the Department of the Prime Minister and Cabinet. Adam is currently the Chief Economist at the Business Council of Australia.

Adam is also a member of the Rice Marketing Board of NSW and the NSW Skills Board; and was formerly a Trustee of the Centennial Park and Moore Park Trust.

Appointed – 3 August 2018

Term end – 30 June 2021

Chief Executive

Ms Kate LORIMER-WARD, BA (USyd), Grad Cert Climate Change (UMelb), Executive Masters Public Admin (USyd), MAICD, is the NSW Department of Primary Industries (DPI) Deputy Director General, Agriculture (DDG Ag) and Chief Executive of the NSW Rural Assistance Authority. This role is responsible for developing DPI industry focus on increasing productivity and resilience driven by research and development, workforce capacity building and industry insights.

Kate brings to the role a strategic and innovative approach that has been reflected in her previous leadership roles within DPI and prior to that, the NSW Catchment Management Authorities. Kate has a real passion for the agricultural sector, founded in more than 20 years' experience in the public sector in rural and regional NSW.

Kate is also a partner in a farming enterprise near Orange, a member of the Institute of Company Directors, a Director on the Board for the CRC for High Performing Soils and Trustee for the Belgenny Trust.

Appointed – 4 April 2018

Board meetings and attendance

During 2018–19, the Board held meetings as follows:

- 7–8 August 2018 – The Gate, Forest Road, Orange
- 13–14 November 2018 – Hyde Park Inn, Elizabeth Street, Sydney
- 26–27 March 2019 – Head Office, 161 Kite Street, Orange

Due to Board member availability, the June meeting was moved to 2-3 July 2019 – Hyde Park Inn, Elizabeth Street, Sydney

Board member	Meetings eligible to attend	Meetings attended
Mrs Barbara Clark	4	4
Ms Diana Gibbs	4	4
Mr David Palmer	4	3
Mrs Kerry Adby	4	4
Mr Adam Boyton	3	3
Mr Robert Brown	4	4
Mrs Kate Lorimer-Ward	4	4

Audit and Risk Committee

The RAA Board has an Audit and Risk Committee that held meeting as follows:

- 20 July 2018 – Teleconference
- 24 September 2018 - Teleconference
- 26 October 2018 – Teleconference

- 13 November 2018 – Hyde Park Inn, Elizabeth St, Sydney
- 22 February 2019 - Teleconference
- 26 March 2019 – Head office, 161 Kite St, Orange
- 1 May 2019 - Teleconference
- 25 June 2019 – 161 Kite St Orange

Audit & Risk Committee member	Meetings eligible to attend	Meetings attended
Ms Kerry Adby (Chair)	8	8
Mrs Barbara Clark	8	8
Mr Rob Brown *Interim member, 24/09/2018, 26/10/2018, 13/11/2018,	6	5
Mr Adam Boyton *Mr Boyton attended 5 meetings as an observer	1	6*

Senior officers

Mr John Newcombe, BSc, MAICD

Director

Mr Newcombe commenced with the RAA as acting General Manager in October 2013 and was appointed as Director in July 2015. Prior to this, he was Executive Officer for the Regional Assistance Advisory Committee (RAAC) and brings expertise in community engagement, business management and structural reform. He manages the day-to-day operations of the RAA and provides a link between the RAA Board, senior members of the public service and central government agencies.

Mrs Katrina Sweetapple, BSc, BE (Chem), GAICD

Manager Policy and Governance

Mrs Sweetapple joined the Authority in October 2016. Prior to this Katrina was at VERTO Ltd for nearly 10 years, as the Senior Manager, Quality & Risk.

Mrs Sweetapple is responsible for leading the achievement of strategic goals for the Authority through business planning, assessment of new business and fostering strong links with key central agencies and other stakeholders. She also leads policy development and delivery, and with her team provides advice to the Authority's CEO and Board, Ministers and Department on programs, financial assistance and rural adjustment schemes. Mrs Sweetapple also supports the Board secretariat and oversees the Farm Debt Mediation Unit.

Ms Lisa Southwood
Manager Financial Administration

Ms Southwood joined the Authority in March 2019. Prior to this she was the Senior Financial Accountant with the Department of Industry. Ms Southwood leads the delivery of finance and accounting functions, financial systems and reporting requirements of the Authority using appropriate practices and tools; and provides comprehensive financial advice to the Chief Executive, Board, Director, NSW Treasury and a number of external funding providers.

Ms Alli Gartrell, BCom (Hons)
Manager Programs Administration

Ms Gartrell joined the Authority in September 2016. Prior to this, she was a Senior Manager with ANZ, managing the Retail Branch Network in Central West NSW.

Ms Gartrell leads and manages the delivery of the Authority's program portfolio including loans, grants and other funding programs. She is also responsible for leading and developing her team to embed best practice operational tools and processes to support efficient program delivery aligned to governance and risk frameworks. Ms Gartrell works closely with her team to implement performance development frameworks to align workforce capability with the organisation's current and future priorities and objective.

CORPORATE SERVICES

The NSW Department of Industry provides corporate services to the RAA under the Government's corporate services reform program. Services include personnel, payroll, industrial relations, finance and information communications technology. On 1 July 2019, the RAA will operate under the newly formed Department of Planning, Industry and Environment (DPIE). The services that the RAA receives from the cluster will be continued under DPIE and a new Partnership agreement will be considered in the new financial year.

The RAA uses the SAP Client Loans Module in providing financial assistance to farmers and small business operators. In 2018–19, work commenced to migrate the RAA loans module to a new platform that will provide greater flexibility and ability to improve the customer experience. The new platform aligns to the NSW Digital Government Strategy.

New South Wales
Rural Assistance Authority

Financial Statements

30 JUNE 2019



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 the New South Wales Rural Assistance Authority (the Authority), which comprise the Statement of Comprehensive Income for the year ended 30 June 2019, the Statement of Financial Position as at 30 June 2019, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Summary of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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' (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.

Other Information

The Authority's annual report for the year ended 30 June 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Chief Executive of the Authority is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Chief Executive.

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

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

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

I have nothing to report in this regard.

The Chief Executive's Responsibilities for the Financial Statements

The Chief Executive is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Chief Executive 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 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.

My opinion does *not* 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.



C J Giumelli
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

3 October 2019
SYDNEY

NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY

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

- (a) the accompanying financial statements have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the provisions of the *Public Finance and Audit Act 1983*, the applicable clauses of the *Public Finance and Audit Regulation 2015*, and the Financial Reporting Directions mandated by the Treasurer;
- (b) the accompanying financial statements exhibit a true and fair view of the financial position and the financial performance of New South Wales Rural Assistance Authority for the year ended 30 June 2019;
- (c) at the date of signing we are not aware of any circumstances that would render the financial statements materially misleading or inaccurate.



Kate Lorimer Ward
Chief Executive

Date 02/10/2019

Beginning of audited financial statements

NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY
STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2019

	Notes	Actual 2019 \$000	Budget 2019 \$000	Actual 2018 \$000
Expenses excluding losses				
Operating expenses				
Personnel services	2(a)	5,250	-	2,974
Other operating expenses	2(b)	5,458	5,233	1,643
Depreciation and amortisation	2(c)	6	9	17
Grants and subsidies	2(d)	138,829	20,796	20,733
Finance costs	2(e)	17,155	14,524	11,868
Total Expenses excluding losses		166,698	40,562	37,235
Revenue				
Sales of goods and services				
Investment revenue	3(a)	17,462	23,888	12,009
Grants and contributions	3(b)	114,173	11,951	22,947
Acceptance by the Crown Entity of employee benefits and other liabilities	3(c)	219	-	112
Other revenue	3(d)	895	1,034	187
Total Revenue		132,749	37,613	36,119
Other gains / (losses)	4, 8	(390)	-	247
Net Result		(34,339)	(2,949)	(869)
Other comprehensive income				
Total other comprehensive income		-	-	-
TOTAL COMPREHENSIVE INCOME		(34,339)	(2,949)	(869)

The accompanying notes form part of these financial statements.

**NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019**

	Notes	Actual 2019 \$000	Budget 2019 \$000	Actual 2018 \$000
ASSETS				
Current Assets				
Cash and cash equivalents	6	30,447	44,587	39,893
Receivables	7	5,279	1,618	7,646
Other financial assets	8	78,294	2,363	36,326
Total Current Assets		114,020	48,568	83,865
Non-Current Assets				
Other financial assets	8	392,282	403,047	348,645
Plant and equipment	9	-	142	7
Intangible assets	10	1	9	1
		392,283	403,198	348,653
Total Assets		506,303	451,766	432,518
LIABILITIES				
Current Liabilities				
Payables	12	59,733	5,732	17,019
Borrowings	13	78,294	56,884	59,517
Provisions	14	1,736	3,526	1,900
Total Current Liabilities		139,763	66,142	78,436
Non-Current Liabilities				
Borrowings	13	398,886	382,825	348,744
Provisions	14	4	13	3
Total Non-Current Liabilities		398,890	382,838	348,747
Total Liabilities		538,653	448,980	427,183
Net Assets		(32,348)	2,786	5,335
EQUITY				
Accumulated funds		(32,348)	2,786	5,335
Total Equity		(32,348)	2,786	5,335

The accompanying notes form part of these financial statements.

NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY
STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2019

	Accumulated Funds	Total
	\$000	\$000
Balance at 1 July 2018	5,335	5,335
Changes in accounting policy (AASB 9)	7, 8 (3,344)	(3,344)
Net result for the period	(34,339)	(34,339)
Total other comprehensive income	-	-
Total comprehensive income for the year	<u>(32,348)</u>	<u>(32,348)</u>
Balance at 30 June 2019	<u>(32,348)</u>	<u>(32,348)</u>
Balance at 1 July 2017	6,204	6,204
Net result for the year	(869)	(869)
Total other comprehensive income	-	-
	<u>(869)</u>	<u>(869)</u>
Balance at 30 June 2018	<u>5,335</u>	<u>5,335</u>

The accompanying notes form part of these financial statements.

**NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY
STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2019**

	Notes	Actual 2019 \$000	Budget 2019 \$000	Actual 2018 \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Personnel services		(5,155)	-	(3,073)
Grants and subsidies		(139,664)	(20,796)	(16,981)
Finance costs		(18,101)	(10,595)	(11,790)
Other		38,325	(5,863)	(26,598)
Total Payments		(124,595)	(37,254)	(58,442)
Receipts				
Sale of goods and services		-	882	864
Interest received		17,929	9,615	11,986
Grants and contributions		113,300	11,951	22,710
Other		4,342	(106)	15,386
Total Receipts		135,571	22,342	50,946
NET CASH FLOWS FROM OPERATING ACTIVITIES	19	10,976	(14,912)	(7,496)
CASH FLOWS FROM INVESTING ACTIVITIES				
Advance repayments received		183,743	96,205	35,165
Purchases of plant and equipment		-	(50)	-
Advances made		(273,082)	(206,928)	(97,345)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(89,339)	(110,773)	(62,180)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings		191,588	177,827	93,867
Repayment of borrowings		(122,669)	(47,777)	(33,497)
NET CASH FLOWS FROM FINANCING ACTIVITIES		68,919	130,050	60,370
NET INCREASE/(DECREASE) IN CASH		(9,444)	4,365	(9,306)
Opening cash and cash equivalents		39,893	40,222	49,198
CLOSING CASH AND CASH EQUIVALENTS	6	30,447	44,587	39,893

The accompanying notes form part of these financial statements.

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.

These financial statements for the period ended 30 June 2019 have been authorised for issue by the Chief Executive on the date of the accompanying statement in accordance with section 41C (1B) & (1C) of the *Public Finance and Audit Act 1983 (the Act)* 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 *Public Finance and Audit Act 1983 (the Act)* and *Public Finance and Audit Regulation 2015*;
- Treasurer's Directions issued under the Act.

Going Concern

These financial statements have been prepared on a going concern basis, as the Authority will receive Recurrent Cluster Grants as outlined in the NSW Budget Papers for 2019-2020 and the forward years.

The Authority has a deficit in accumulated funds at 30 June 2019. This deficit is primarily due to \$31 million in unpaid Recurrent Cluster Grants not received at 30 June 2019. These outstanding Grants, which were received in July and August 2019 have been treated in line with *AASB 1004 Contributions* and will be reported in the 2019-2020 financial year.

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 at fair value. 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) Statement of compliance

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

(d) 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 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 Australian Tax Office 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.

(e) 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.

(f) Adoption of new and revised accounting standards

The accounting policies applied in the preparation of this financial report are consistent with those of the previous financial year unless otherwise stated. The following new Australian Accounting Standards are mandatorily applicable for the first time at 30 June 2019.

- AASB 9 Financial Instruments
- AASB 2016-5 Amendments to Australian Accounting Standards - Classification and Measurement of Share-based Payment Transactions
- AASB 2016-6 Amendments to Australian Accounting Standards - Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts (1 July 2018)
- AASB 2017-3 Amendments to Australian Accounting Standard - Clarifications to AASB 4 (1 July 2018)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(g) Changes in accounting policies, including new or revised Australian Accounting Standards***(i) Effective for the first time in 2018-19*

The Authority has adopted AASB 9 Financial Instruments (AASB 9), which resulted in changes in accounting policies in respect of recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments and impairment of financial assets. AASB 9 also significantly amends other standards dealing with financial instruments such as the revised AASB 7 Financial Instruments: Disclosures (AASB 7R).

The Authority applied AASB 9 retrospectively but has not restated the comparative information which is reported under AASB 139 Financial Instruments: Recognition and Measurement (AASB 139). Any differences arising from the adoption of AASB 9 have been recognised directly in accumulated funds and other components of equity.

The effect of adopting AASB 9 on the statement of financial position as at 1 July 2018 was a decrease in receivables as disclosed in Note 7 and Note 8 and a corresponding adjustment to accumulated funds in the statement of changes in equity. The change in methodology is reflected in the impairment section below.

The Authority's classification and measurement of other financial assets and financial liabilities under AASB 9 is substantially the same as in AASB 139. There were no differences recognised in accumulated funds and other components of equity in adopting AASB 9.

Classification and measurement of financial instruments

On 1 July 2018 (the date of initial application of AASB 9), the Authority's management has assessed which business models apply to the financial assets held by the entity and has classified its financial instruments into the appropriate AASB 9 categories.

Under AASB 9, subsequent measurement of debt financial assets is based on assessing the contractual cash flow characteristics of the debt instrument and the Authority's business model for managing the instrument.

The assessment of the Authority's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have a significant impact to the Authority. The Authority continued measuring at fair value, all financial assets previously held at fair value under AASB 139.

The following are the changes in the classification of the entity's financial assets:

- Trade and other financial assets classified as 'Loans and receivables' under AASB 139 as at 30 June 2018 are held to collect contractual cash flows representing solely payments of principal and interest. At 1 July 2018, these are classified and measured as debt instruments at amortised cost.

In summary, upon the adoption of AASB 9, the Authority had the following required or elected reclassifications as at 1 July 2018:

	Measurement category		Carrying amount		
	AASB 139	AASB 9	Original \$000	New \$000	Difference \$000
Receivables	L&R	Amortised Cost	7,646	7,646	-
Other financial assets	L&R	Amortised Cost	384,971	384,971	-

Impairment

The adoption of AASB 9 has changed the Authority's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with forward-looking expected credit loss (ECL) approach. AASB 9 requires the Authority to recognise an allowance for ECLs for all debt instruments not held at fair value through profit and loss. As mandated by NSW Treasury the Authority has applied the simplified impairment approach under AASB 9. This model measures the impairment loss as the lifetime Expected Credit Loss (ECL).

In determining the ECL the Authority took into account the following:

- Base Default Risk (BDR) - Review of past write off's
- Industry Risk (IR) - Risk adjusted due to industry risk, loan type and security held
- Arrears Risk (AR) - Review of current and historical arrears
- Forecast Risk (FR) - Analysis of expected future credit conditions

The majority of loans held by the Authority are secured loans with a Statutory Charge, resulting in limited historical loss. The Authority maintains a manual write off register. On review of the past three full fiscal years the data confirms that actual write off on debts on the loan books have been immaterial with percentage of write offs over the three years averaging 0.043%.

The impact to the Authority on adopting the new impairment model, resulted in an adjustment to accumulated losses as disclosed in Note 8 (advances receivable) and a corresponding adjustment to accumulated funds in the statement of changes in equity thus causing the Authority to be in a negative equity position.

ii) Issued but not yet 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, unless otherwise detailed below:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

- AASB 16 Leases
- AASB 2018-8 Amendments to Australian Accounting Standards - Right-of-use Assets of Not-for-profit-Entities
- AASB 15 Revenue from Contracts with Customers
- AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15
- AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities
- AASB 2018-4 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors
- AASB 1058 Income of Not-for-Profit Entities
- AASB 1059 Service Concession Arrangements - Grantors
- AASB 2017-1 Amendments to Australian Accounting Standards - Transfer of Investment Property, Annual Improvements 2014 -2016 Cycle and Other Amendments
- AASB 2017-6 Amendments to Australian Accounting Standards - Prepayment Features with Negative Compensation
- AASB 2017-7 Amendments to Australian Accounting Standards - Long-term Interests in Associates and Joint Ventures
- AASB 2018-1 Annual Improvements to IFRS Standards 2015-2017 Cycle
- AASB 2018-2 Amendments to Australian Accounting Standards - Plan Amendment, Curtailment or Settlement
- AASB 2018-6 Amendments to Australian Accounting Standards - Definition of a Business
- AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material
- AASB 17 Insurance Contracts
- AASB 2014-10 Sale of Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to AASB 10 and AASB 128)

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and four Interpretations issued by the AASB and amends the principles for recognising revenue from contracts with customers. The Standard is expected to apply to the Authority for financial periods beginning 1 July 2019. The Standard requires an entity to recognise revenue on a basis that depicts the transfer of promised goods and services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. Consequential amendments have also been made to AASB 15 by AASB 2016-3.

AASB 1058 *Income of Not-for-profit Entities* and AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation* provides additional guidance on applying the principles in AASB 15 to not-for-profit entities as well as replacing the requirements in AASB 1004 *Contributions*.

The application of AASB 15 and AASB 1058 is not expected to have a material impact on the Authority's revenue recognition policies.

AASB 16 Leases

AASB 16 replaces AASB 117 Leases and will apply to the Authority for financial years beginning 1 July 2019.

AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset and a lease liability. For lessors, the Standard provides accounting requirements that a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. Furthermore, amendments to AASB 16 introduced by AASB 2018-8 provides the option for the not-for-profit entities to recognise right-of-use lease assets at either cost or fair value for leases with significantly below-market terms and conditions principally to enable the entity to further its objectives (concessionary leases).

The financial effects of initially adopting AASB 16 will depend on the extent of the arrangements subject to the Standard and the transition options mandated by Treasury. The Standard will be first applied to the Authority's 30 June 2020 financial statements and is not expected to have a material impact. The leasing transactions of the Authority are restricted to an operating lease for the accommodation.

2. EXPENSES EXCLUDING LOSSES

	2019	2018
	\$000	\$000
(a) Personnel services		
Salaries and wages (including recreation leave)	4,362	2,341
Redundancy Payments	-	170
Superannuation	375	168
Long service leave	245	129
Workers compensation insurance	13	9
Payroll tax and fringe benefits tax	255	157
	5,250	2,974
(b) Other operating expenses include the following:		
Administration fees	449	449
Advertising and promotion	13	38
Auditor's remuneration – audit of financial statements	113	106
Auditor's remuneration – other	56	-
Bad and doubtful debts	2	75
Computer software fees	16	18
Consultancy	3,116	245
Contractors and other fees	617	223
Insurance	11	-
Legal fees	1	-
Other operating	453	156
Rent	305	231
Computer Consumables	135	4
Courier and freight	-	4
Telecommunication	12	2
Training and staff development	19	2
Travel	140	90
	5,458	1,643
Consultancy		
Financial System upgrade	2,992	-
Other	124	245
	3,116	245
Insurance		
The Authority's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claims experience.		
Operating leases		
The leasing transactions of the Authority are restricted to an operating lease for office accommodation. Operating lease payments are recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.		
(c) Depreciation and amortisation expense		
Plant and equipment	6	16
Amortisation of intangible assets	-	1
	6	17

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

2. EXPENSES EXCLUDING LOSSES (continued)

	2019	2018
	\$000	\$000
(d) Grants and subsidies		
Fisheries Adjustment Grants	1	3,404
Natural Disaster Relief Grants	539	12,543
Transport Subsidies	2,681	-
Dairy Industry Fund	186	-
Emergency Drought Relief Package:		
Emergency Transport Subsidies	86,000	-
Farm Innovation Fund Interest Waiver	8,648	-
Donated Fodder	20,000	-
Program administered outside the Authority	11,000	-
Farm Business Skills	1,727	1,399
Drought Regional Initiatives	1,500	2,803
Emergency Water Infrastructure Rebate	6,047	-
Off Shore Fisheries Program	500	-
Grant Expense on low interest loans	-	584
	138,829	20,733

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.

(e) Finance costs

Interest on Treasury advance	2,041	5,757
Interest on Commonwealth loans	5,430	4,624
Amortised interest expense	9,684	1,487
	17,155	11,868

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.

The Farm Innovation Fund (FIF) is part of the NSW Government's Drought Strategy and is a long term, low interest rate loan administered by the Authority for NSW farmers for permanent on-farm infrastructure. As a result of the Emergency Drought Relief Package announcement on 30 July 2018 all existing Farm Innovation Fund customers, and all applicants have had applicable interest charges for the 2017/2018 financial year refunded and interest for 2018/2019 financial year waived.

As of 30 June 2019 interest on 2017/2018 FIF loans has been refunded to customers. Interest charged from 1 July 2018 to 30 September 2018 has also been refunded. From 1 October 2018 interest has been waived on all existing and new FIF loans until 30 June 2020.

3. REVENUE**Recognition and Measurement**

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

	2019	2018
	\$000	\$000
(a) Investment revenue		
Interest	309	284
Interest income on loans	7,469	10,238
Amortised interest revenue	9,684	1,487
	17,462	12,009

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).

The interest income on loans has reduced due to the NSW Government's decision to waive interest on Farm Innovation Fund loans in the 2018/2019 financial year.

	2019	2018
	\$000	\$000
(b) Grants and contributions		
Recurrent Grants - Department of Industry	7,882	7,452
Emergency Drought Relief Package - Department of Industry	100,003	-
Grant revenue on low interest loan	-	584
Emergency Water Infrastructure Rebate	6,142	-
Reimbursement for Natural Disaster Relief Grants	(4)	12,452
Fisheries target share trading subsidy	38	2,459
Other	112	-
	114,173	22,947

Grants and Contributions

Grants and contributions include grants from Department of Industry. Except as specified below, income from grants (other than contribution by owners) is recognised when the Authority obtains control over the contribution. 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 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 Entity of employee benefits and other liabilities

The following liabilities and/or expenses have been assumed by the Crown Entity or other Government agencies:

	2019	2018
	\$000	\$000
Superannuation	-	7
Long service leave	219	105
	219	112
(d) Other revenue		
Forgiveness of liabilities - Treasury	-	105
Reduction in doubtful debts	11	-
Loan and grant administration fee	884	82
	895	187

4. OTHER GAINS / (LOSSES)

	2019	2018
	\$000	\$000
Impairment of receivables	(390)	247
Net other gains / (losses)	(390)	247

5. PROGRAM GROUPS OF THE NSW RURAL ASSISTANCE AUTHORITY**Risk managed for natural resources, farming and food**

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

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

6. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2019	2018
	\$000	\$000
Cash at bank and on hand	30,447	39,893
	30,447	39,893

For the purpose of the statement of cash flows, cash and cash equivalents include cash at bank, cash on hand, and short term deposits.

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

Cash and cash equivalents (per statement of financial position)	30,447	39,893
Closing cash and cash equivalents (per statement of cash flows)	30,447	39,893

Refer to Note 11 for a list of restricted cash and their balances at 30 June 2019.

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

7. CURRENT ASSETS - RECEIVABLES

	2019	2018
	\$000	\$000
CURRENT		
Other debtors	3,758	5,765
Trade debtors	187	-
Less: Allowance for impairment	(11)	-
Interest receivable - on loans	1,344	1,811
Net GST	-	70
Personnel services	1	-
	5,279	7,646

Movement in the allowance for impairment

Balance at 1 July 2017	-	-
Amounts written off during the year	-	-
Increase/(decrease) in allowance recognised in profit or loss	-	-
Balance at 30 June 2018	-	-

Movement in the allowance for credit losses

Balance at 30 June 2018 under AASB 139	-	-
Amounts restated through opening accumulated funds	12	-
Balance at 1 July 2018 under AASB 9	12	-
Amounts written off during the year	-	-
Increase/(decrease) in allowance recognised in net results	(1)	-
Balance at 30 June 2019	11	-

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 under AASB 9 (from 1 July 2018)

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.

Subsequent measurement under AASB 139 (for comparative period ended 30 June 2018)

Subsequent measurement is 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.

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

	2019	2018
	\$000	\$000
CURRENT		
Advances receivable - loans to clients	78,294	36,326
	78,294	36,326
NON-CURRENT		
Advances receivable - loans to clients	396,077	348,718
Less: Allowance for impairment	-	(73)
Less: Allowance for expected credit losses	20(c) (3,795)	-
	392,282	348,645
Movement in the allowance for impairment		
Balance at 1 July 2017	-	332
Amounts written off during the year	-	(12)
Increase/(decrease) in allowance recognised in profit or loss	-	(247)
Balance at 30 June 2018	-	73
Movement in the allowance for credit losses		
Balance at 30 June 2018 under AASB 139	73	-
Amounts restated through opening accumulated funds	3,332	-
Balance at 1 July 2018 under AASB 9	3,405	-
Increase/(decrease) in allowance recognised in net results	4 390	-
Balance at 30 June 2019	20(c) 3,795	-

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

8. CURRENT / NON-CURRENT ASSETS - OTHER FINANCIAL ASSETS (continued)**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.

Subsequent measurement under AASB 9 (from 1 July 2018)

AASB 9 requires the adoption of a different methodology for the calculation impairment to that previously required. The new methodology requires the calculation on a discounted basis of the expected credit loss over the whole life of the loan.

Application of AASB 9 results in a significant increase in the impairment recorded in the Financial Statements due to the change in methodology.

Bad debts are written off as incurred. With the exception of the drought assistance fund loans (refer note 20), when loan principal or interest is written off, the obligation for the Authority to repay Treasury or Commonwealth is forgiven.

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) together with foreign exchange gains and losses.

Classification and measurement under AASB 139 (for comparative period ended 30 June 2018)*Loans and receivables*

Loans and receivables are measured 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.

The Authority has a loan facility with the Crown which makes available to the Authority funds from which the Authority may recoup for advances it has made under various schemes of assistance. In accordance with the Loan Facility Agreement effective from 1 July 2002, the Authority must repay to the Crown on a monthly basis both the principal and interest on the advances in line with the principal and interest that the Authority collects from re-lending the funds for approved purposes. Accordingly, the value of this facility is determined by the value of the re-loaned funds.

In accordance with various Loan Agreements the Authority has a loan advance from the Commonwealth to fund concessional loans schemes to farmers affected by drought conditions. The Authority must repay to the Commonwealth on a monthly basis both the principal and interest on the advances in line with the principal and interest that the Authority collects from re-lending the funds for approved purposes. Interest revenue earned on the yet to be expended portion of the loan advance is repayable to the Commonwealth on receipt of same.

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

Impairment under AASB 9 (from 1 July 2018)

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.

Impairment under AASB 139 (for comparative period ended 30 June 2018)

Other financial assets are subject to an annual review for impairment. These are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the asset, the estimated future cash flows have been affected.

The Authority first assesses whether impairment exists individually for other financial assets that are individually significant, or collectively for those that are not individually significant. Further, other financial assets are assessed for impairment on a collective basis if they were assessed not to be impaired individually.

The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the impairment loss is recognised in 'other gains / (losses)'.

Any reversals of impairment losses are reversed through the net result for the year, where the decrease in impairment losses can be related objectively to an event occurring after the impairment was recognised. Reversals of impairment losses cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

9. NON-CURRENT ASSETS – PROPERTY PLANT AND EQUIPMENT

	Plant and Equipment \$000
At 1 July 2018 - fair value	
Gross carrying amount	120
Accumulated depreciation and impairment	(113)
Net carrying amount	7
At 30 June 2019 - 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 current reporting period is set out below.

Period ended 30 June 2019

Net carrying amount at start of year	7
Depreciation expense	(7)
Net carrying amount at end of year	0

At 1 July 2017 - fair value

Gross carrying amount	134
Accumulated depreciation and impairment	(111)
Net carrying amount	23

At 30 June 2018 - fair value

Gross carrying amount	120
Accumulated depreciation and impairment	(113)
Net carrying amount	7

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 2018

Net carrying amount at start of year	23
Depreciation expense	(16)
Net carrying amount at end of year	7

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.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at 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.

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.

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

Recognition and Measurement (continued)

Major inspection costs

When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

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.

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.

10. INTANGIBLE ASSETS

	Total \$000
At 1 July 2018 - fair value	
Cost (gross carrying amount)	5
Accumulated amortisation and impairment	(4)
Net Carrying amount	<u><u>1</u></u>
At 30 June 2019 - fair value	
Cost (gross carrying amount)	5
Accumulated amortisation and impairment	(4)
Net Carrying amount	<u><u>1</u></u>
Year ended 30 June 2019	
Net carrying amount at start of year	1
Amortisation (recognised in 'depreciation and amortisation')	-
Net carrying amount at end of year	<u><u>1</u></u>
At 1 July 2017 - fair value	
Cost (gross carrying amount)	5
Accumulated amortisation and impairment	(3)
Net Carrying amount	<u><u>2</u></u>
At 30 June 2018 - fair value	
Cost (gross carrying amount)	5
Accumulated amortisation and impairment	(4)
Net Carrying amount	<u><u>1</u></u>
Year ended 30 June 2018	
Net carrying amount at start of year	2
Amortisation (recognised in 'depreciation and amortisation')	(1)
Net carrying amount at end of year	<u><u>1</u></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 intangible 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.

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.

	2019	2018
	\$000	\$000
CURRENT		
Commonwealth Concessional Loans	7,080	26,398
NSW Treasury	6,149	7,144
Dairy Industry Fund	536	722
Emergency Drought Relief Package	12,110	-
Flying Fox Netting subsidy	222	222
Jobs for NSW Fund	2,433	4,962
	<u>28,529</u>	<u>39,448</u>

12. CURRENT LIABILITIES - PAYABLES

	2019	2018
	\$000	\$000
CURRENT		
Unearned revenue	1,875	2,748
Personnel services payable	78	42
Net GST	68	-
Creditors - Emergency Drought Relief Package *	42,923	-
Creditors - Others	14,789	14,229
	<u>59,733</u>	<u>17,019</u>

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

***Creditors Emergency Drought Relief Package**

Grants - Donated Fodder	9,596
Grants - Emergency Transport Subsidy	16,327
Grants - Programs administered outside the Authority	11,000
Emergency Drought Relief Package - Farm Innovation Fund Interest Waiver	6,000
	<u>42,923</u>

Recognition and measurement***Payables***

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

	2019	2018
	\$000	\$000
CURRENT		
Unsecured		
Commonwealth Loan Agreement	55,067	38,740
NSW Treasury, Loan Capital	23,227	20,777
	78,294	59,517
NON-CURRENT		
Unsecured		
Commonwealth Loan Agreement	101,334	126,597
NSW Treasury, Loan Capital	297,552	222,147
	398,886	348,744

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**Financial liabilities at amortised cost**

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

2019	1-Jul-18	Cash Flows	Other*	30-Jun-19
	\$000	\$000	\$000	\$000
NSW Treasury, Advances Repayable				
Current	20,777	2,450	-	23,227
Non Current	222,147	75,405	-	297,552
Commonwealth Advances Repayable				
Current	38,740	16,327	-	55,067
Non Current	126,597	(25,263)	-	101,334
Total Liabilities from financing activities	408,261	68,919	-	477,180
<hr/>				
2018	1-Jul-17	Cash Flows	Other*	30-Jun-18
	\$000	\$000	\$000	\$000
NSW Treasury, Advances Repayable				
Current	19,140	1,637	-	20,777
Non Current	175,515	45,726	906	222,147
Commonwealth Advances Repayable				
Current	20,675	18,065	-	38,740
Non Current	132,934	(6,337)	-	126,597
Total Liabilities from financing activities	348,264	59,091	906	408,261

*Other includes non cash movements including loan write-off's and net present value adjustments

14. CURRENT/NON-CURRENT LIABILITIES - PROVISIONS

	2019	2018
	\$000	\$000
CURRENT		
Personnel Services Liabilities		
Annual leave	304	149
Long service leave	50	23
Payroll Tax	15	13
Other on-costs	31	-
	400	185
Other provisions		
Natural Disaster Relief Grants	-	1,476
Other	1,336	239
	1,336	1,715
Total current provisions	1,736	1,900
Movement in provisions for grant payments		
Balance at 1 July	1,715	1,764
Additional provisions	1,336	1,715
Amounts used	(1,715)	(1,764)
Balance at 30 June	1,336	1,715
NON-CURRENT		
Employee benefits and related on-costs		
Long service leave	3	2
Payroll tax	1	1
	4	3
Total non-current provisions	4	3
Aggregate employee benefits and related on-costs		
Provisions – current	400	185
Provisions – non-current	4	3
Personnel services payable (Note 12)	78	42
	482	230

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

Under clause 8 (1) of the *Administrative Arrangement Order 2014*, effective from 24 February 2014, the staff employed by the Office of the Rural Assistance Authority to provide personnel services to the Authority were transferred to Department of Industry. From this date all payments to employees and related obligations are processed in Department of Industry and are classified as 'Personnel services expense' in the financial statements.

Liabilities for personnel services are stated as liabilities to the service provider, Department of Industry. 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.

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 Industry. 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 present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSW TC18-13) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

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

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

	2019	2018
	\$000	\$000
(a) Other expenditure commitments		
(i) Loan commitments		
(i) Commitments for the payments of Special Conservation Scheme and Natural Disaster Loans		
Not later than one year	1,401	463
Later than one year and not later than five years	-	-
Later than five years	-	-
Total (excluding GST)	1,401	463
The total of loan commitments does not include GST as they are financial supplies.		
(ii) Commitments for the payments of Commonwealth Farm Finance, Drought Concession Loans and Drought Recovery Loans		
Not later than one year	1,000	8,533
Later than one year and not later than five years	-	-
Later than five years	-	-
Total (excluding GST)	1,000	8,533
The total of loan commitments does not include GST as they are financial supplies.		
(iii) Commitments for the payments of Farm Innovation Loans		
Not later than one year	65,962	55,840
Later than one year and not later than five years	-	-
Later than five years	-	-
Total (excluding GST)	65,962	55,840
The total of loan commitments does not include GST as they are financial supplies.		

16. COMMITMENTS FOR EXPENDITURE (continued)

	2019	2018
	\$000	\$000
(iv) Commitments for the payments of Drought Assistance Fund Loans		
Not later than one year	39,107	1,315
Later than one year and not later than five years	-	-
Later than five years	-	-
Total (excluding GST)	39,107	1,315
(v) Commitments for the payments of Drought Transport Fund Loans		
Not later than one year	181	335
Later than one year and not later than five years	-	-
Later than five years	-	-
Total (excluding GST)	181	335
(vi) Commitments for the payments of NSW Fisheries Adjustment Loan		
Not later than one year	80	4,028
Later than one year and not later than five years	-	-
Later than five years	-	-
Total (excluding GST)	80	4,028
(vii) Commitments for the payments of Forestry Industry Innovation Funds		
Not later than one year	5,999	-
Later than one year and not later than five years	-	-
Later than five years	-	-
Total (excluding GST)	5,999	-
The total of loan commitments does not include GST as they are financial supplies.		
(ii) Partnership Agreement - Department of Industry		
Not later than one year	561	512
Later than one year and not later than five years	-	511
Later than five years	-	-
Total (including GST)	561	1,023

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	308
Later than one year and not later than five years	-	308
Later than five years	-	-
Total (including GST)	79	616

17. CONTINGENT LIABILITIES

The Authority did not have any contingent liabilities or contingent assets as at 30 June 2019 (2018: Nil).

18. BUDGET REVIEW

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements are explained as follows:

Net Result

The net result was \$31.4 million unfavourable to budget. At 30 June 2019 the Authority had \$31 million in unpaid Recurrent Cluster Grants. These Recurrent Cluster Grants were paid in July and August 2019.

Assets and liabilities

The total equity was \$35 million unfavourable to budget. This variance resulted primarily from \$31 million in unpaid Recurrent Cluster Grants at 30 June 2019. In addition AASB 9 was adopted as at 1 July 2018 which changed the Authority's accounting for impairment losses for financial assets. The impact to the Authority on adopting the new impairment model resulted in an adjustment to accumulated funds in the statement of changes in equity.

Cash

The net cash flow from cash and cash equivalents was \$14 million unfavourable. This was due to a greater than expected uptake of the Farm Innovation Fund and Drought Assistance Fund.

19. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES NET RESULT

	2019	2018
	\$000	\$000
Net cash used on operating activities	10,976	(7,496)
Depreciation and amortisation	(6)	(17)
Non-cash finance costs against loan assets	-	75
Non-cash debtor movements against borrowings	-	(384)
Non-cash grant and subsidies	-	(3,929)
Decrease / (increase) in provisions	163	134
Increase / (decrease) in receivables	(2,368)	(14,352)
Decrease / (increase) in creditors	(42,714)	24,853
Other gain / (loss)	(390)	247
Net Result	(34,339)	(869)

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

(i) As at 30 June 2019 under AASB 9

Financial Assets	Notes	Category	Carrying Amount 2019	Carrying Amount 2018
Class:			\$000	\$000
Cash and cash equivalents	6	N/A	30,447	
Receivables	7	Amortised Cost	5,279	
Other financial assets	8	Amortised Cost	470,576	
Financial Liabilities	Notes	Category	Carrying Amount 2019	Carrying Amount 2018
Class:			\$000	\$000
Payables ²	12	Financial liabilities measured at amortised cost	57,790	
Borrowings	13	Financial liabilities measured at amortised cost	477,180	

Notes

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

(ii) As at 30 June 2018 under AASB 139 (comparative period)

Financial Assets	Notes	Category	Carrying Amount 2019	Carrying Amount 2018
Class:			\$000	\$000
Cash and cash equivalents	6	N/A		39,893
Receivables ¹	7	Amortised Cost		7,576
Other financial assets	8	Amortised Cost		384,971
Financial Liabilities	Notes	Category	Carrying Amount 2019	Carrying Amount 2018
Class:			\$000	\$000
Payables ²	12	Financial liabilities measured at amortised cost		14,271
Borrowings	13	Financial liabilities measured at amortised cost		408,261

Notes

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

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.

20. FINANCIAL INSTRUMENTS (continued)**(b) 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.

(c) Financial risks**(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 loans as identified in Note 8.

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 the 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 debtors under AASB 9**Receivables - trade debtors**

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

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

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 debtors as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows:

	30 June 2019					Total
	Current	<30 days	\$000 30-60 days	61-90 days	>91 days	
Expected credit loss rate	4%	4%	4%	4%	8%	
Estimated total gross carrying amount at default	77	-	-	-	110	187
Expected credit loss	3	-	-	-	9	12
	1 July 2018					Total
	Current	<30 days	\$000 30-60 days	61-90 days	>91 days	
Expected credit loss rate	4%					
Estimated total gross carrying amount at default	46	-	-	-	137	183
Expected credit loss	2	-	-	-	11	13

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

20. FINANCIAL INSTRUMENTS (continued)**(c) Financial risks (continued)**

Accounting policy for impairment of trade debtors under AASB 139 (comparative period only).

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

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.

The Authority is not materially exposed to concentration of credit risk to a single loan debtor or group of loan debtors. For the comparative to 30 June 2018 the aging analysis is as follows:

	Total ^{1,2} \$000`	Past due but not impaired ^{1,2} \$000`	Considered impaired ^{1,2} \$000`
2018			
<3 months overdue	429	380	49
3 months - 6 months overdue	141	141	-
> 6 months overdue	707	683	24

Notes

1. Each Column in the table reports "gross receivables".
2. The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the "total" will not reconcile to the receivables total recognised in the statement of financial position.

Authority Deposits

The Authority has placed no funds on deposit with TCorp.

Other financial assets

Accounting policy for impairment of other financial assets under AASB 9

Other financial assets represents loans advanced by the Authority to primary producers and small businesses under various schemes. The carrying amount of advances receivable - loans to clients represents the present value of the outstanding principal and interest raised not accrued. Collectability of advances receivable - loans to clients is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. The credit risk is the carrying amount 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 3.09% (2018: 3.09%).

The interest rate on Natural Disaster Loans is currently 1.37% (2018: 1.32%). The Farm Innovation Fund Loan is currently 0% (2018: 2.50%). 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) is 9.20% (2018: 9.20%). NSW Fisheries adjustment loans fixed interest rate of 2.50% (2018: 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 2.69% (2018: 2.69%).

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 3.66% (2018: 3.66%).

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 3.16% (2018: 3.16%).

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 (2019: \$65.962m; 2018: \$60.364m). Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any expected credit loss of receivables.

The Authority is not materially exposed to concentration of credit risk to a single loan debtor or group of loan debtors.

20. FINANCIAL INSTRUMENTS (continued)**(c) Financial risks (continued)**

For the comparative to 30 June 2018 the expected credit loss for other financial assets is as follows:

	2019			2018		
	%	\$000`	\$000`	%	\$000`	\$000`
	Expected Credit Loss	Estimated Total Gross	Expected Credit Loss	Expected Credit Loss	Estimated Total Gross	Expected Credit Loss
Disaster Loan	3.74	48,253	1,805	3.74	57,417	2,147
Farm Innovation Fund	0.29	246,828	716	0.29	175,351	509
Farm Finance Concessional	0.16	28,739	46	0.16	32,148	51
Drought Concessional	0.32	64,857	208	0.32	71,535	229
Drought Recovery	0.17	17,238	29	0.17	17,238	29
Dairy Recovery Concessional	0.26	5,509	14	0.26	5,569	14
Farm Business Drought Concessional	0.34	21,913	75	0.34	6,886	23
Farm Business Dairy Concessional	0.34	7,728	26	0.34	5,845	20
NSW Commercial Fisheries BAP	0.40	2,195	9	0.40	2,320	9
Other	1.96	44,262	868	1.96	18,955	372
Totals		487,522	3,795		393,264	3,405
					2019	2018
					\$000	\$000
MasterCard Limit					50	50

(ii.) Liquidity risk

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

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

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.

Drought Assistance Fund - This facility is subject to new loan arrangements. The exact terms of the new arrangements are still subject to negotiation. It is, however likely that under the new loan facility the Authority will carry credit, interest rate and liquidity risk. The Authority as currently structured has no capacity to absorb such risks and would need to be reliant on support being provided by the Department of Planning, Industry and Environment.

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 Governments 20 year bond commencing in the 2021/22 Financial Year.

The Authority's exposure to liquidity risk may increase if the above requirements of NSW Treasury come into effect based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which 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.

20. FINANCIAL INSTRUMENTS (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 - 5 yrs	> 5 yrs
		\$000	\$000	\$000	\$000			
2019								
Payables	0.0%	57,790	-	-	57,790	57,790	-	-
<i>Borrowings:</i>								
Advances repayable	3.0%	477,180	320,779	156,401	-	78,294	137,555	261,331
		534,970	320,779	156,401	57,790	136,084	137,555	261,331
2018								
Payables	0.0%	14,271	-	-	14,271	14,271	-	-
<i>Borrowings:</i>								
Advances repayable	3.00%	408,261	242,925	165,337	-	46,611	215,004	146,647
		422,532	242,925	165,337	14,271	60,882	215,004	146,647

Notes:

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

(iii.) Market risk

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

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Authority operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposure in existence at the statements of financial position date. The analysis is performed on the same basis as for 2018. The analysis assumes that all other variables remain constant.

(iv.) 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 or available-for-sale (until 30 June 2019). 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.

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

	Carrying Amount \$000	Net Result \$000 -1%	Equity \$000	Net Result \$000 +1%	Equity \$000
2019					
Financial Assets					
Cash and cash equivalents	30,447	(304)	(304)	304	304
Receivables	5,279	-	-	-	-
Other financial assets (Fixed rate)	319,380	-	-	-	-
Other financial assets (Variable rate)	151,196	(1,512)	(1,512)	1,512	1,512
Financial Liabilities					
Payables	57,790	-	-	-	-
Borrowings (Fixed rate)	320,779	-	-	-	-
Borrowings (Variable rate)	156,401	(1,564)	(1,564)	1,564	1,564
2018					
Financial Assets					
Cash and cash equivalents	39,893	(399)	(399)	399	399
Receivables	7,576	-	-	-	-
Other financial assets (Fixed rate)	243,232	-	-	-	-
Other financial assets (Variable rate)	141,739	(1,417)	(1,417)	1,417	1,417
Financial Liabilities					
Payables	14,271	-	-	-	-
Borrowings (Fixed rate)	242,924	-	-	-	-
Borrowings (Variable rate)	165,337	(1,653)	(1,653)	1,653	1,653

20. FINANCIAL INSTRUMENTS (continued)

(d) 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.

21. RELATED PARTY DISCLOSURE

During the year, the Authority expensed \$166.3k (2018:\$52.2k) in respect of the key management personnel services that were provided by a separate management entity, Department of Industry. Of the \$166.3k amount expensed \$112.1K was provided in-kind.

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

	2019 \$000	2018 \$000
Short-term employee benefits		
Salaries	26	25
	26	25

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 period ended 30 June 2019 are as follows:

Nature of transaction	2019		2018	
	Transaction value	Loan Balance	Transaction value	Loan Balance
	\$000	\$000	\$000	\$000
Loans - Farm Innovation Fund	5	208	5	229
Loans - Special Conservation Fund	4	27	4	31
	9	235	9	260

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
Audit Office of NSW	Provides independent audit services on Authority's financial statements.
Crown Finance Entity	Borrowing from Crown Finance Entity to assist various rural assistance programs and repayment of the same.
Crown Solicitor's Office	Provides legal services to the Authorities
Department of Industry	Provision of administrative, secretarial support and operational assistance. The Authority's recurrent and capital grants are received through Department of Industry.
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.
NSW Department of Justice	The Authority act as grants administrator in relation to emergency assistance payments.

22. EVENTS AFTER THE REPORTING PERIOD

There has been a recent amendment to the Drought Transport Subsidy Program which allows farmers to claim a portion of their transport costs for fodder, water for stock or domestic use, and livestock to agistment, slaughter or sale. On application of the amendment, any new applications for the drought subsidy program, including those that have lodged their application since 30 June 2019, will now be able to submit invoices dated 1 January 2018 to 30 June 2019 under their 2019-20 financial year subsidy cap of \$40,000. The distance limit of 1,500km still applies to all invoices dates from 1 January 2018 - 30 June 2019. This amendment commences as per Ministerial direction from 15 July 2019.

On 1 July 2019 the Department of Industry was abolished and a new Department of Planning, Industry and Environment was established. All the payables to and receivables from Department of Industry as at 30 June 2019 are payable to and receivable from the Department of Planning, Industry and Environment.

End of financial statements

APPENDICES

1. Legislation
2. Budget initiatives: 2019–20
3. Risk management and insurance
4. Consultants
5. Credit card certification
6. Resource efficiency
7. Payment performance
8. Records and information management
9. Public interest disclosures
10. Release of government information
11. Ombudsman
12. Privacy management
13. Work health and safety
14. Human resources
15. Workforce diversity
16. Disability inclusion
17. Multicultural planning

1. Legislation

State

There were no amendments to the *Rural Assistance Act 1989*. The *Farm Debt Mediation Amendment Act 1918* was passed in parliament in May 2018 and commencement of the amended *Farm Debt Mediation Act 1994* in September 2018. There were no significant judicial decisions affecting the RAA or its clients.

Commonwealth

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

Administration of the Commonwealth funded Emergency Water Infrastructure Rebate Scheme introduced in January 2018, is delivered subject to a Project Agreement between the Australian and NSW Governments . This assistance is provided in accordance with the *Rural Assistance Act 1989* and the *Public Authorities (Financial Arrangements) Act 1987*.

The terms and conditions applicable to payments of financial assistance for the purpose of natural disaster relief and recovery are established under Commonwealth-State Disaster Recovery Funding Arrangements 2018.

2. Budget initiatives: 2019-20

The following table highlights the published budget Financial Indicators for 2019-20.

Financial Indicators	2019-2020 Budget* \$000
Total expenses excluding losses	112,339
Total expenses include the following	
Other operating expenses	5,170
Depreciation and amortisation	9
Grants and subsidies	93,700
Finance costs	13,460
Capital expenditure	50

Total expenses

The RAA's total expenses for the 2019-20 published budget are \$112 million.

The following are provided for in the 2019-20 budget:

- \$1 billion for concessional loans under the Farm Innovation Fund to assist primary producers under the Emergency Drought Package 2019-20
- \$30 million for concessional loans under the Forest Industries Innovation Fund to drive sustainable growth across NSW forestry industries
- \$12 million for Australian government rebates to drought affected livestock farmers for the purchase and upgrade of on farm water infrastructure through the Emergency Water Infrastructure Rebate Scheme

- \$5.5 million for the Drought Regional Initiatives Program, which includes scholarships for farmers to undertake vocational training and farm business planning to prepare for future droughts; Young Farmers Business Program and the Transport Subsidy for Animal Welfare.

** Since the publication of the budget as part of the Emergency Drought Relief Package an additional \$350 million for Farm Innovation Fund and \$70 million for Drought Transport Subsidy has been announced.

Capital expenditure

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

Internal Audit and Risk Management Attestation Statement for the 2018-2019 Financial Year for NSW Rural Assistance Authority

I, Kate Lorimer-Ward, agency head, New South Wales Rural Assistance Authority, am of the opinion that the New South Wales Rural Assistance Authority has internal audit and risk management processes in operation that are, excluding the exceptions or transitional arrangements described below, compliant with the eight (8) core requirements set out in the Internal Audit and Risk Management Policy for the NSW Public Sector, specifically:

Core Requirements	For each requirement, please specify whether compliant, non-compliant, or in transition(3)
<p>Risk Management Framework</p> <p>1.1 The agency head is ultimately responsible and accountable for risk management in the agency</p> <p>1.2 A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009</p>	<p>Compliant</p> <p>Compliant</p>
<p>Internal Audit Function</p> <p>2.1 An internal audit function has been established and maintained</p> <p>2.2 The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing</p> <p>2.3 The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'</p>	<p>Compliant</p> <p>Compliant</p> <p>Compliant</p>
<p>Audit and Risk Committee</p> <p>3.1 An independent Audit and Risk Committee with appropriate expertise has been established</p> <p>3.2 The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations</p> <p>3.3 The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'</p>	<p>Compliant</p> <p>Compliant</p> <p>Compliant</p>

Membership

The Chair and members of the Audit and Risk Committee are:

- Independent Chair, Kerry Adby, appointment term – 1 July 2018 to 30 June 2019 (reappointed as Independent Chair 1 July 2019 to 30 June 2020).
- Independent Member, Barbara Clark, appointment term – 1 July 2018 to 30 June 2019 (reappointed as Independent Member 1 July 2019 to 30 June 2020).
- Independent Member, Robert Brown, appointment term - 1 July 2018 to 15 May 2019
- Independent Member, Adam Boyton, appointment term - 15 May 2019 to 30 June 2019 (reappointed as Independent Member 1 July 2019 to 30 June 2021).

These processes demonstrate that the NSW Rural Assistance Authority has established and maintained frameworks, including systems, processes and procedures for appropriately managing audit and risk within the NSW Rural Assistance Authority.



Kate Lorimer-Ward
Chief Executive
NSW Rural Assistance Authority
30 September 2019

Significant improvements in internal control

The RAA supplies information to clients and external bodies in accordance with the *Government Information (Public Access) Act 2009* and the *Privacy and Personal Information Protection Act 1998*.

Staff complete training in work health and safety, and the code of conduct, which includes fraud awareness, on a regular basis.

Two key reviews were undertaken during 2018–19 to assess the controls in place in relation to loan applications, assessments and administration, and grants and validations for the Farm Innovation Fund. Both reviews have resulted in process improvements to both areas.

A procedure for Assessing allegations of fraud was formalised and communicated to staff in 2018–19.

Business continuity

The RAA has Business Continuity Plans in place to ensure services remain available to clients in the event of a failure of delivery of essential services.

Disaster recovery

Disaster recovery of the RAA's critical business systems is undertaken by the NSW Department of Industry Corporate Support Partners under the Partnership Agreement.

Testing of the disaster recovery function was undertaken in 2018.

Cyber security

The RAA is part of the NSW Department of Industry departmental cluster and information technology services are provided by NSW Department of Industry under a Service Level Agreement. Cyber security risk assessments have been conducted for specific RAA systems. Please refer to the consolidated Annual Report for the NSW Department of Industry for details of the Cyber Security Annual Attestation Statement.

Insurance

The RAA participates in an insurance scheme administered on behalf of the Government by GIO and Allianz to include insurance cover for workers' compensation, motor vehicles, public liability, property and miscellaneous insurance.

The RAA's 2018–19 Workers' Compensation premium is included in the NSW Department of Industry cluster premium because RAA staff are employed by the lead cluster agency.

There were no workers' compensation claims received in 2018–19.

4. Consultants

Fourteen contractors were engaged by the RAA in 2018-19 for a total cost of \$523,384. Given the number and scope of programs administered due to drought, the Authority significantly increased the number of contractors during the year.

During the 2018-2019 financial year the Authority commenced work on Financial System Upgrade. Consultants were engaged in relation to this upgrade at a cost of \$2.99 million.

5. Credit card certification

The RAA has seven credit card holders. The maximum total limit is \$45,000. These cards are managed in accordance with the Premier's memoranda and Treasurer's directions.

6. Resource efficiency

The RAA is co-located with the NSW Department of Industry and operates under the Department's energy management plan in accordance with the NSW Government Resource Efficiency Policy (GREP), which aims to reduce the NSW Government's operating costs and lead by example in increasing resource efficiency. The GREP aims to drive resource efficiency in NSW Government agencies in energy, water, waste and air emissions.

The GREP will ensure that NSW Government agencies:

- meet the challenge of rising costs for energy, water, clean air and waste management
- use purchasing power to drive down the cost of resource efficient technologies and services
- show leadership by incorporating resource efficiency in decision-making.

7. Payment performance

Accounts paid on time within each quarter				
Measure	September	December	March	June
All suppliers				
Number of accounts due for payment	147	137	2,509	209
Number of accounts paid on time	146	112	2,462	202
Actual percentage of accounts paid on time (based on number of accounts)	99.3%	81.8%	98.1%	96.7%
Dollar amount of accounts for payment	\$15,277,894	\$13,013,055	\$17,465,510	\$13,180,770
Dollar amount of accounts paid on time	\$15,027,894	\$12,787,275	\$17,354,492	\$13,119,156
Actual percentage of accounts paid on time (based on \$)	98.4%	98.3%	99.4%	99.5%
Number of payments for interest on overdue accounts	0	0	0	0
Interest paid on overdue accounts	\$0	\$0	\$0	\$0

Small business suppliers				
Measure	September	December	March	June
Number of accounts due for payment	0	5	5	3
Number of accounts paid on time	0	4	5	3
Actual percentage of accounts paid on time (based on number of accounts)	NA	80%	100%	100%
Dollar amount of accounts for payment	\$0	\$35,605	\$9,640	\$11,145
Dollar amount of accounts paid on time	\$0	\$31,008	\$9,640	\$11,145
Actual percentage of accounts paid on time (based on \$)	NA	87.1%	100.0%	100.0%
Number of payments for interest on overdue accounts	0	0	0	0
Interest paid on overdue accounts	\$0	\$0	\$0	\$0

Aged analysis at the end of each quarter					
Quarter	Current (within due date) \$	Less than 30 days overdue \$	Between 30 and 60 days overdue \$	Between 60 and 90 days overdue \$	More than 90 days overdue \$
All suppliers					
September	15,027,894	0	250,000	0	0
December	12,787,275	193,992	20,789	0	11,000
March	17,354,492	68,249	3646	0	39,122
June	13,119,156	58,102	3465	48	0
Small business suppliers					
September	0	00			
December	31,008	0	4597	0	0
March	9640	0	0	0	0
June	11,145	0	0	0	0

Commentary on payment performance

- There were no instances of penalty interest paid or incurred during 2018–19.
- The terms of payment on suppliers are reviewed to ensure that sufficient and reasonable time is afforded the RAA for payment.
- Small business suppliers have been determined from those businesses which have identified as being a small business under Department of Premier and Cabinet guidelines.

8. Records and information management

Records and information held by the RAA are managed in accordance with the *State Records Act 1998* and in compliance with the standards put in place by the State Records Authority of NSW (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 2018–19 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.

As files are converted to digital records, all new documentation received or generated by the RAA is saved to the EDRMS. This includes applications for assistance together with supporting documentation.

9. Public Interest Disclosure

The RAA uses policies and procedures to comply with the *Public Interest Disclosure Act 1994*, to manage any public interest disclosures by staff.

The RAA is part of the NSW Department of Industry departmental cluster. Statistics related to Public Interest Disclosures are included in the consolidated annual report for the NSW Department of Industry.

10. Release of Government information

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

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

Applications

The RAA is part of the NSW Department of Industry departmental cluster. Applications under the GIPA Act for the RAA are managed centrally and included in the consolidated GIPA information published in the annual report for the NSW Department of Industry.

11. Ombudsman

The RAA did not receive any enquiries from the NSW Ombudsman during 2018–19 in relation to schemes administered.

12. Privacy management

The RAA is part of the NSW Department of Industry cluster and compliance with the *Privacy and Personal Information Protection Act 1998* follows the Department of Industry policies and procedures and reporting requirements, details of which are included in the NSW Department of Industry annual report.

13. Work Health and Safety (WHS)

The RAA is committed to providing a safe and supportive working environment. Staff are employed through the Department of Industry, and the RAA has a representative participating in the NSW Department of Primary Industries' Agriculture Division Work Health & Safety Committee.

WHS policy and procedures form part of the induction program for RAA staff. Staff are required to repeat online training periodically to comply with the *Work Health and Safety Act 2011*.

Health and safety representatives (HSRs) work closely with and report any incidents to RAA management. During 2018–19 there were no WHS issues reported.

The RAA is part of the NSW Department of Industry cluster. WHS matters for the RAA are managed centrally and included in the consolidated WHS information published in the annual report for the NSW Department of Industry.

The RAA has been particularly concerned about mental health issues for staff during this time of drought. In 2018–19, staff were offered several mental health awareness training events and were also offered tools for dealing with issues they may have arising from their work.

14. Human Resources

Following the introduction of the *Government Sector Employment Act 2013*, *Government Sector Regulation 2014* and *Government Sector Rules 2014* RAA employees are employed by the NSW Department of Industry.

Staff numbers				
Category	2016	2017	2018*	2019**
Senior executive				
Band 1	1	1	2	2
Number filled by women	0	0	1	1
Administrative and clerical				
Assessment staff	7	9	10	21
Legal	2	2	2	2
Finance, administration and other	9	12	13	19
TOTAL	19	24	27	44

*From 2017/18 employee numbers included the Chief Executive. Previous years did not.

** Staff numbers include staff categorised as fixed term and ongoing.

Representation of workforce diversity target groups within levels									
Remuneration level of substantive position	2016/17			2017/18			2018/19*		
	Total Staff	Female	Nesb ⁽¹⁾	Total Staff	Female	Nesb ⁽¹⁾	Total Staff	Female	Nesb ⁽¹⁾
\$0 - \$44,683	0	0	0	0	0	0	0	0	0
\$44,683 - \$58,687	0	0	0	0	0	0	0	0	0
\$58,687 - \$63,801	1	1	0	0	0	0	0	0	0
\$63,801 - \$79,891	8	3	0	14	10	0	27	17	1
\$79,891 - \$110,560	8	6	1	8	7	0	9	7	0
\$110,560 - \$134,202	5	5	0	3	3	0	4	4	0
\$134,202 > (Non SE)	1	0	0	0	0	0	2	2	0
\$134,202 > (SE)	1	0	0	2	1	0	2	1	-
Total	24	15	1	27	21	0	44	31	0

1. Non-English speaking background

*2017/18 employee numbers onward, include the Chief Executive. Previous years did not.

** Staff numbers include staff categorised as fixed term and ongoing.

Staff education and training

RAA staff participate in the Department of Industry's Performance and Development Plan process, a process that is used to determine work priorities together with the skills development, education or training that staff may need to achieve their agreed priorities.

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

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

Staff induction

The Department of Industry provides a standard onboarding and induction package for all staff. This is complemented by steps that RAA managers take to ensure that new staff understand the conditions of their employment, are aware of key policies and guidelines relating to their work, and know where to get advice and support when needed.

Industrial relations

Consultation on industrial relations issues is undertaken through the Department of Industry. There were no significant industrial relations issues during the year.

Flexible working arrangements

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

15. Workforce diversity

The RAA is committed to fostering a diverse workforce which is free of discrimination and reflective of the NSW community.

Trends in the representation of workforce diversity groups					
Workforce diversity group	Benchmark/target	% of Total staff			
		2016	2017	2018	2019*
Women	50%	63.1	62.5	77.8	68.0
Aboriginal people and Torres Strait Islanders	2.60%	0	0	0	0
People whose first language was not English	19%	10.5	4.2	0	.02
People with a disability	N/A	0	0	0	.02
People with a disability requiring work related adjustment	1.50%	0	0	0	0

Trends in the distribution of workforce diversity groups*					
Distribution index					
EEO group	Benchmark or target	2016	2017	2018	2019
Women	100	n/a	n/a	n/a	n/a
Aboriginal people and Torres Strait Islanders	100	n/a	n/a	n/a	n/a
People whose first language was not English	100	n/a	n/a	n/a	n/a
People with a disability	100	n/a	n/a	n/a	n/a
People with a disability requiring work-related adjustment	100	n/a	n/a	n/a	n/a

Notes:

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

Representation and recruitment of Aboriginal employees and employees with physical disabilities									
	2016/2017			2017/2018			2018/2019		
	Total staff	Aboriginal people	PWPD	Total staff	Aboriginal people	PWPD	Total staff	Aboriginal people	PWPD
Total employees	24	0	00	27	0	0	44	0	0
Recruited in the year	16	0		4	0	0	41	0	0

*2017/18 onward, employee numbers include the Chief Executive. Previous years did not.

16. Disability inclusion

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

Disability inclusion forms part of the induction program for RAA staff and is regularly reviewed to comply with the *Disability Inclusion Act 2014*.

The RAA is part of the NSW Department of Industry departmental cluster and is included in the Disability Inclusion Plan released by the Department of Industry. Details can be found in the Department of Industry annual report.

No complaints have been received from people with a disability regarding the RAA's actions or access to its premises. No staff have required adjustment to their workplace in regards to a permanent disability.

17. Multicultural planning

The RAA is committed to the *Multicultural NSW Act 2000* and the NSW Government's aims and objectives for multiculturalism as set out in the Multicultural Policies and Services Program to ensure that all members of society have access to government services and programs.

As part of the NSW Department of Industry departmental cluster the RAA has been included in the department's multicultural plan and reports activity through the Department of Industry annual report.

ABBREVIATIONS

BAP	Commercial Fisheries Business Adjustment Program
CDS	NSW Container Deposit Scheme
DAFF	Department of Agriculture, Fisheries and Forestry
DRFA	Disaster Recovery Funding Arrangements
EEO	Equal Employment Opportunity
EDRMS	Electronic Document Records Management System
FBS Program	Farm Business Skills Professional Development Program
FIF	Farm Innovation Fund
GIPA	Government Information Public Access
GREP	NSW Government Resource Efficiency Policy
LGA	Local Government Area
LLS	Local Land Services
NDRA	Natural Disaster Relief Assistance
NDRRA	Natural Disaster Relief and Recovery Arrangements
NSW DPI	NSW Department of Primary Industries
NSW Department of Industry	NSW Department of Industry, Skills and Regional Development
PWPD	People with a physical disability
RAA	NSW Rural Assistance Authority
RAAC	Regional Assistance Advisory Committee
RFCS	Rural Financial Counselling Service
State Records	State Records Authority of NSW
WHS	Work Health and Safety

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