



Australian Government



REGIONAL
INVESTMENT
CORPORATION

REGIONAL INVESTMENT CORPORATION ANNUAL REPORT 2018-19



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Regional Investment Corporation
Postal address PO Box 653, Orange, NSW 2800
Telephone 1800 875 675
Email info@ric.gov.au
Web ric.gov.au

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TRANSMITTAL LETTER



Australian Government



REGIONAL
INVESTMENT
CORPORATION

The Hon. David Littleproud MP
Minister for Water Resources, Drought, Rural Finance, Natural Disaster & Emergency Management
Parliament House
CANBERRA ACT 2600

Senator the Hon. Mathias Cormann
Minister for Finance
Parliament House
CANBERRA ACT 2600

Dear Ministers,

Regional Investment Corporation Annual Report 2018–19

I am pleased to submit to you the 2018–19 Annual Report for the Regional Investment Corporation (the RIC). This report has been prepared in accordance with the *Regional Investment Corporation Act 2018* (RIC Act), the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule).

The report is made in accordance with a resolution of the Board of the RIC, which is responsible under section 46 of the PGPA Act for presenting an annual report to you, for presentation to the Parliament, on RIC's activities during the period.

As required by sections 10 and 17AG(2)(b) of the PGPA Rule, I certify that I am satisfied that the RIC:

- a) has prepared fraud risk assessments and fraud control plans
- b) has in place appropriate fraud prevention, detection, investigation and reporting mechanisms that meet its specific needs, and
- c) has taken all reasonable measures to appropriately deal with fraud.

Yours sincerely

David Foster
Chair of the Board

cc: Senator the Hon. Bridget McKenzie, Minister for Agriculture

1800 875 675

PO Box 653, Orange
NSW 2800

ric.gov.au
info@ric.gov.au

1 OVERVIEW AND HIGHLIGHTS



1.1 CHAIR'S REPORT

Australia's agriculture sector is integral to our country's social, economic, and environmental fabric. It is our privilege to support the many Australian farmers who need help through our provision of timely and substantial financial assistance. The Regional Investment Corporation (RIC) operating mandate and strategic objectives ensure regional and rural communities have the very best opportunity to grow and prosper.

We are acutely aware that many Australian farmers and regional communities are doing it tough. Some farm businesses need assistance to get through the current drought. Other farm businesses may be seeking funds to better position their business for future growth and increase their resilience in the face of forthcoming challenges. Regardless of the individual drivers, our farm loans aim to help farmers make their businesses stronger, more resilient and more profitable.

We also acknowledge the significance of water infrastructure projects in improving water efficiency, security and sustainability for regional and rural communities. Our National Water Infrastructure Loan Facility (NWILF) provides a mechanism for the Australian Government to work with the states and territories and private sector partners to finance the construction or enhancement of major water infrastructure projects.

In this context, I am privileged to present the RIC Annual Report 2018–19.

Since our establishment, we have worked hard to build the level of awareness around the RIC and our service offering. One of our major achievements was to open our permanent office in Orange, New South Wales, where we are closer to the communities we support. We will build our national network through our business development managers and our assessors, who are based at various locations around the country. I am proud of our achievements over the past year while acknowledging the significant amount of work that is still required.

Our work and the outcomes we have achieved for the year would not have been possible without the close working relationship we had with the Hon. David Littleproud MP, Minister for Water Resources, Drought, Rural Finance, Natural Disaster and Emergency Management. We also welcome the additional engagement we had with the Hon. Bridget McKenzie, Minister for Agriculture, and ministry officials, and we acknowledge the ongoing support of Senator the Hon. Matthias Cormann, Minister for Finance.

We are proud of the collaborative relationships we have fostered with a variety of stakeholders, including state and territory governments, regional community organisations, research partners, local banks, agriculture consultants and the Rural Financial Counselling Service, in delivering and continuing to improve our services.

We will continue to build on work achieved over the past year as well as focus on maturing our business, laying the corporate building blocks for our future and evolving our services and products in line with external pressures and challenges.

I thank the Board, which provides outstanding leadership to the organisation and sets a strong governance example. Board support is critical to the organisation achieving our objectives. Moreover, I am grateful to the small and dedicated team that has worked tirelessly for the sake of our Australian farmers and regional communities for the broader benefit of the nation.

David Foster

Chair of the Board



1.2 CEO'S REPORT

The RIC has delivered significant results in 2018–19, its establishment year. These included setting up a new head office in Orange, New South Wales; establishing sound corporate capacity and capability; maintaining new and improved loan products and services; and building awareness and understanding of our role in regional communities.

Of greatest significance was our approval of \$155 million in finance for over 160 farmers; and the launch of our first natural disaster loan for flood-impacted producers—the AgRebuild Loan—in June 2019. The AgRebuild Loan was developed in response to flooding in North Queensland. It provides concessional loans to farm businesses to help them restock, replant and recover from this natural disaster.

As a new organisation, we are focused on improving our business operations and delivering a high level of service, while looking for opportunities to drive investment and growth in rural and regional communities. I am excited about what the future holds for the RIC and the difference we can make to regional communities across Australia.

The challenges of farmers are particularly close to my heart, having grown up in central Queensland. We know that farming is less predictable than it has ever been. We face more frequent extreme weather events than ever before, meaning we need to be more flexible and responsive to the varying challenges.

By working in partnership with industry, banks and government, we can be more flexible in our approach and meet the changing needs of farmers. Our affordable loans allow farmers to improve their balance sheets and bring forward investments that strengthen their operations. Our work can improve the long-term viability of not just individual businesses but also the entire agriculture sector, supporting the government's \$100 billion target to accelerate the growth of the agriculture industry. Working across, and with, the sector will allow us all to make the most of opportunities to provide smart financial solutions.

Our aim is to build upon the strength, resilience and innovation that exists in our regions. By investing in projects that allow us to do more with less, we are providing an avenue for growth and challenging the next productivity frontier. We know the regional areas are full of proud communities underpinned by a successful agricultural sector. The success of our farmers is important not just to these regions but also to the success of the whole nation.

Most of our output has been around our Farm Investment Loans and Drought Loans, but our efforts have also been well spent administering the NWILF. Our focus on NWILF at this foundational stage has been to build awareness, understand the market's appetite for this loan and, in turn, inform government policy changes to help drive uptake. We have developed some valuable relationships and are positive about our future potential to support Australia's investment in necessary water infrastructure.

It has been a big year for us in establishing the RIC and developing and delivering our products, but it really is just the beginning. There is a lot to be excited about in our plan for the next period: the implementation of a revised NWILF, greater insight identified through our expanded engagement program, and the delivery of innovative new loan programs.

We will launch our new AgriStarter Loan, which is a finance solution to kickstart the next generation of farmers. We will implement this loan through an agile program delivery team and use it as a pilot to test the value of agile work delivery for subsequent loan programs.

We are unwavering in our commitment to listening and learning and to improving our products and services. We understand the significance of the responsibility vested in us and the real value we can add for our farmers and our communities.

I thank the Board, which has set a strong strategic agenda and challenges us to keep moving. I would also like to express my appreciation to the Hon. David Littleproud MP, Minister for Water Resources, Drought, Rural Finance, Natural Disaster and Emergency Management, the Hon. Bridget McKenzie, Minister for Agriculture, and Senator the Hon. Matthias Cormann, Minister for Finance, whose commitment to Australian agriculture and national industry sustainability has been critical in the establishment of the RIC.

Finally, our staff continue to inspire me with their flexibility, commitment to service delivery and passion for our work. I thank them for making our valuable achievements possible.



Bruce King
Chief Executive Officer

1.3 AUTHORITY AND DIRECTION

PURPOSE AND FUNCTIONS

The RIC was established on 1 July 2018 and operates under the *Regional Investment Corporation Act 2018* (the RIC Act).

Our purpose is to encourage growth, investment and resilience in Australian farm businesses and rural and regional communities by delivering the Australian Government's farm business concessional loans and the NWILF.

The RIC works to achieve our purpose through our two key legislative functions: administration of farm business loans; and administration of the NWILF.

TABLE 1: THE RIC'S FUNCTIONS

Administration of farm business loans	<p>On behalf of the Australian Government we administer farm business loans, to help farmers support their long-term strength, resilience and profitability.</p> <p>Administration of farm business loans includes:</p> <ul style="list-style-type: none">■ providing such loans to farm businesses, subject to relevant lending criteria being satisfied■ consulting with commercial lenders and other industry bodies representing persons likely to seek a loan■ determining, in accordance with the strategies and policies decided by the Board, the terms and conditions on which approved loans are provided■ managing approved loans.
Administration of the National Water Infrastructure Loan Facility	<p>On behalf of the Australian Government we administer financial assistance to states and territories in relation to water infrastructure projects.</p> <p>Administration of the NWILF includes:</p> <ul style="list-style-type: none">■ liaising, negotiating and cooperating with states and territories and other parties on possible water infrastructure projects■ providing advice to responsible ministers on a water infrastructure project■ implementing directions of the responsible ministers to enter into agreements, on behalf of the Australian Government, for the grant of financial assistance to states or territories in relation to water infrastructure projects■ periodically reviewing financial assistance granted, and the terms and conditions.

MINISTERIAL DIRECTION

For the reporting period, two ministers were responsible for the RIC. The Hon. David Littleproud MP was the Minister for Agriculture and Water Resources for the period 1 July 2018 to 29 May 2019, and Senator the Hon. Matthias Cormann, Minister for Finance, was a responsible Minister for the duration of the reporting period. On 29 May 2019, the Hon. David Littleproud MP became the Minister for Water Resources, Drought, Rural Finance, Natural Disaster and Emergency Management and held joint responsibility with Senator the Hon. Bridget McKenzie, Minister for Agriculture, until 30 June 2019. There were no ministerial directions for the reporting period. No government policy orders were issued to the RIC under section 22 of the Public Governance, Performance and Accountability Act 2013 (Cth) (PGPA Act) during the reporting period.

1.4 OUR OPERATING ENVIRONMENT

During 2018–19 we served a range of Australian farmers with acute needs stemming from the current climate. Australia's \$59 billion agriculture sector has undergone considerable change in the past few decades, driven by shifts in consumer demand, market volatility, technological advances and emerging environmental challenges. Farm businesses were afflicted by drought, bushfires, monsoons and floods during the reporting period.

Through our loan delivery, we had the opportunity and responsibility to support existing farm businesses and to deliver benefits for Australian farmers and the broader economy.

Our work involved collaboration and consultation across the Australian Government and with state and territory governments, the agricultural sector and rural and regional communities. Together, we built awareness of the RIC's role and offerings, strengthened our working relationships, and identified opportunities where our financial assistance can build resilience and encourage growth. We also explored water infrastructure projects that align with the National Water Initiative and present an opportunity for co-investment for the states and territories under the NWILF.

The RIC's focus areas included the timely processing of loan requests, supporting the embedding of innovation and climate sustainability into initiatives, and ensuring that our provision of loans is fit for purpose and an appropriate use of government funds.

1.5 YEAR IN REVIEW

FIGURE 1: YEAR IN REVIEW



2 OUR ORGANISATION

2.1 ABOUT OUR ORGANISATION

TYPE OF ENTITY

The RIC is a corporate Commonwealth entity under the PGPA Act. We have annual reporting responsibilities under section 46 of the PGPA Act and a range of reporting and other responsibilities under legislation generally applicable to Commonwealth government authorities.

The RIC is governed by an independent board appointed by the Minister for Agriculture and the Minister for Finance. The role of the Board is to ensure the proper, efficient and effective performance of the RIC's functions. The Board of the RIC is accountable to the Minister for Agriculture and the Minister for Finance.

OUR ROLE

Our role is to administer Commonwealth farm business loans and the NWILF.

Our farm business loans provide breathing space for farmers impacted by events outside their control; and present them with an opportunity to modernise, diversify and head in a new direction. They provide an opportunity for farmers to build and maintain diversity in the markets they supply and to take advantage of new and emerging opportunities across Australia and overseas. These loans replace previous state-delivered loans and streamline the application process, ensuring applications are assessed in a nationally consistent way.

The NWILF provides a mechanism for the Australian Government to work with the states and territories and their private sector partners to finance the construction or enhancement of major water infrastructure projects. Loan funding aims to accelerate the construction of major water infrastructure projects such as dams, weirs, pipelines, managed groundwater (aquifer) recharge and wastewater reuse schemes that deliver broad public benefits.

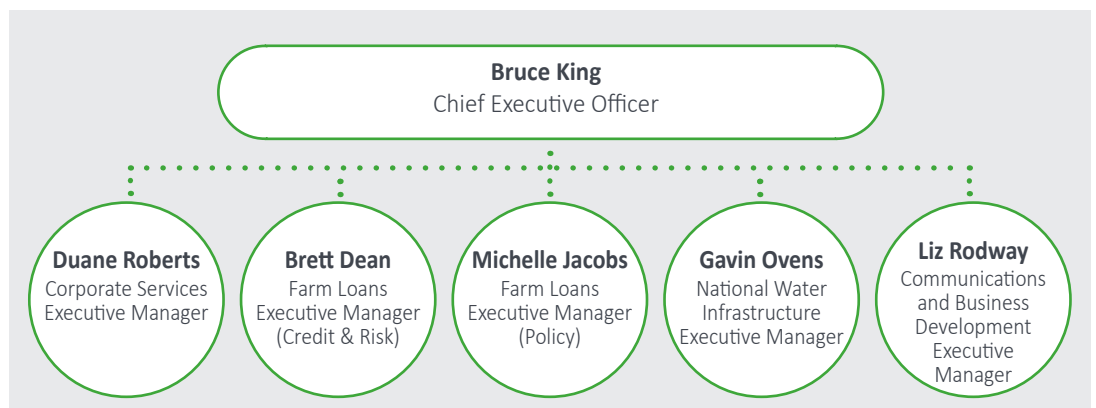
For farm business loans, the RIC works with individual applicants. However, our primary stakeholders in managing the NWILF are state and territory governments. The RIC also provides independent recommendations on water projects to the Minister for Water Resources, Drought, Rural Finance, Natural Disaster and Emergency Management, the Hon. David Littleproud MP, and the Minister for Agriculture, Senator the Hon. Bridget McKenzie.

2.2 OUR PEOPLE

Our people are our most important resource in delivering our work. Our workforce is accountable, collaborative and future oriented. Through high levels of engagement and support, we have successfully delivered on our strategic objectives and will continue to do so over the next reporting period.

ORGANISATIONAL STRUCTURE

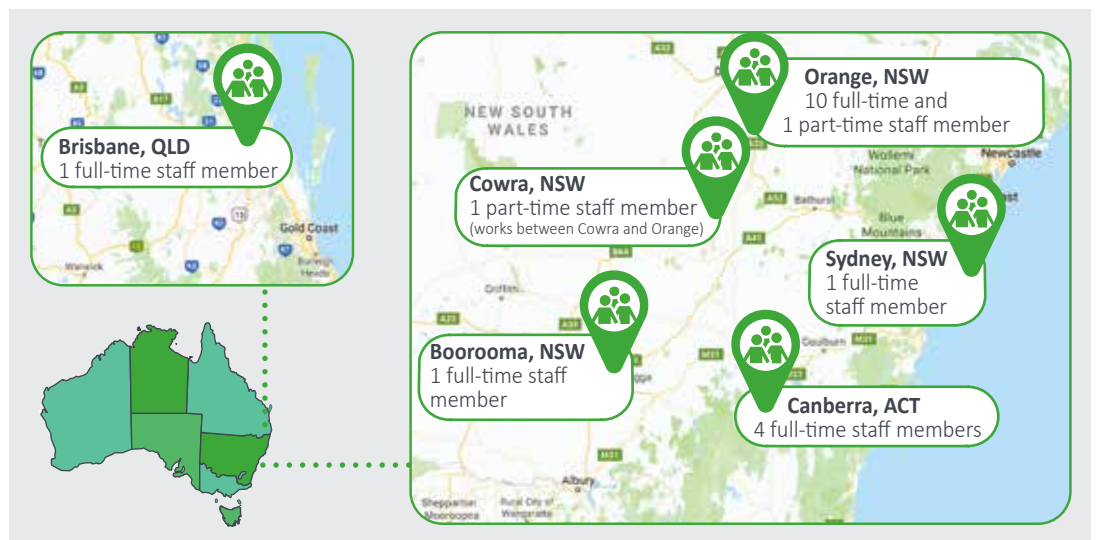
FIGURE 2: THE RIC'S ORGANISATIONAL STRUCTURE



WORKFORCE PROFILE

At 30 June 2019, the RIC employed 19 people in New South Wales, Queensland and the Australian Capital Territory (see Figure 3). Our staff are located across six locations. Our head office is in Orange, New South Wales.

FIGURE 3: THE RIC'S WORKFORCE PROFILE



DIVERSITY

The RIC is committed to fostering diversity and a workplace where all employees are treated with respect and their contribution embraced. The diversity of our workforce helps us to better innovate, anticipate and respond to a changing environment and engage with our stakeholders.

We use policies and behavioural expectations to keep our workplace fair and encourage a culture of mutual respect. We do this by:

- promoting and encouraging a diverse workforce
- fostering an environment for mutual learning, respect and appreciation of differences
- ensuring our business practices encourage equal opportunity within the RIC and complement our measures to improve diversity and inclusion
- using fair and transparent recruitment processes
- providing employees with equal opportunity access to professional development and training opportunities
- consistently applying performance review processes to all employees
- providing flexible work arrangements for employees to balance personal and work responsibilities
- ensuring there is no discrimination towards or against employees in the workplace.

We value differences, promote inclusiveness, encourage our employees to achieve their potential, and abide by the *Equal Employment Opportunity (Commonwealth Authorities) Act 1987* (Cth).

WORK HEALTH AND SAFETY

This section is presented in accordance with the requirements of the *Work Health and Safety Act 2011* (Cth).

The RIC continues to develop a health, safety and wellbeing (HSW) management system to discharge our legislative obligations and ensure safe outcomes for our employees and for others to whom we owe a duty of care.

HSW policies and procedures continue to be drafted to ensure all areas of HSW risk are identified and mitigated. Standard risk assessment templates have been and continue to be developed to tailor the identification and mitigation of risks against key areas of the RIC's business. Key areas include remote travel, attendance at third-party premises, and isolated and remote working arrangements.

There were no notifiable HSW issues reported during the period.

2.3 BOARD AND COMMITTEES

BOARD MEMBERS AND ACTIVITY

The RIC Board is the Accountable Authority under the PGPA Act. The Board decides the objectives and strategies of the RIC and ensures that it fulfils its statutory functions in a proper, efficient and effective manner. The Board also oversees a range of RIC governance and compliance-related matters, such as the endorsement of the RIC's financial statements, performance statements, annual report and corporate plan.

In accordance with the RIC Act, the Board must meet at least four times per year. In the reporting period it met on 10 occasions in order to make key decisions and progress priority work during establishment.

During 2018–19, the fifth and final board member for the RIC was announced. On 4 April 2019, Ms Sharon Starick was appointed for a three-year term.

The Board played a significant decision-making and advisory role throughout the RIC's establishment phase, including appointing the CEO and approving all policy frameworks and governance material for the Board and Audit Committee. The Board regularly evaluates its own performance and the performance of its committees.

Appendix 1 provides details of the Accountable Authority during the reporting period.

AUDIT COMMITTEE

The Audit Committee is a subcommittee of the Board. It was established in July 2018. The committee consists of two Board members—Ms Lucia Cade and Mr Mark Lewis—and two independent members—Mr Tim Youngberry (Chair) and Ms Emily Canning.

The Audit Committee's role is to provide independent assurance and advice to the Board and to assist in maintaining reliable financial and performance reporting, as well as effective systems for risk management and internal control. The committee helps the Board to ensure the RIC complies with all relevant legislative and regulatory obligations, including those under the RIC Act and PGPA Act.

During the reporting period, the Audit Committee played an important role during the RIC's establishment phase in advising on many components of the RIC's assurance framework, such as risk management, fraud control and Accountable Authority Instructions. The committee also oversaw the RIC's internal audit program to ensure compliance and continuous improvement in our operations.

Membership of the Audit Committee has remained constant during the reporting period.

In this reporting period the Audit Committee met on five occasions and all members attended each meeting.

TABLE 2: INDEPENDENT AUDIT COMMITTEE MEMBERS AS AT 30 JUNE 2019

TIM YOUNGBERRY CHAIR OF THE AUDIT COMMITTEE	<p>Mr Youngberry has extensive experience in the successful implementation of public financial management reforms. He has held senior executive roles in the Australian Government with responsibilities covering whole-of-government financial reporting, accounting policies, budget framework and appropriations management.</p> <p>From 2010 to 2015, Tim was a member of the International Public Sector Accounting Standards Board. He has also completed the Executive Fellows Program at the Australia and New Zealand School of Government.</p>
EMILY CANNING AUDIT COMMITTEE MEMBER	<p>After five years in private practice, Ms Canning joined the Australian Public Service in 2001, with the Australian Quarantine Inspection Service. Since this time, Ms Canning has had the opportunity to work for the then Department of Family and Community Services; Compeer; the then Department of Education, Employment, and Workplace Relations; and the then Department of Human Services.</p> <p>Ms Canning is currently the First Assistant Secretary—Biosecurity Operations Division for the Department of Agriculture.</p>

DIRECTORS AND OFFICERS INDEMNITIES AND INSURANCE

In 2018–19, the RIC held Directors and Officers Liability Insurance and premiums are paid up to date. There have been no claims against the liability insurance for the reporting period.

2.4 CORPORATE GOVERNANCE

Our governance framework provides the context within which the organisation operates to achieve its objectives, ensuring transparent, ethical and accountable evidence-based decision making, and effectively managing risk and key stakeholder relationships.

OUR APPROACH TO RISK MANAGEMENT

The RIC has established a Risk Management Framework which follows best practice principles and aligns with the requirements of the Commonwealth Risk Management Policy and ISO 31000:2018 Risk Management—Principles and Guidelines.

Our Risk Management Framework is connected with our planning, monitoring and reporting processes. We will continue to evolve our risk management practices in line with the RIC operating environment.

We face a wide range of operating risks that are inherent to our responsibilities as both a service provider and a policy adviser. These include risks in our core business areas of farm business lending and complex water infrastructure project advice, as well as in our corporate and governance functions. We recognise it is not feasible or desirable to eliminate all risks inherent in our work. Establishing a culture that engages in, and accepts, some degree of risk across business practices will promote efficiency and innovation. In other areas, particularly the financial risk to the farm businesses we support, the level of risk the RIC is willing to accept is low.

OUR INTEGRITY

We take our exposure to fraud seriously and have a zero-tolerance approach. We take all reasonable measures to control fraud and properly manage public resources in a way that assures the integrity of the RIC's activities while maximising benefits for the Australian people. Our staff are expected to demonstrate high standards of professionalism, integrity and ethics. Fraud awareness forms part of the RIC's mandatory training requirements. All current staff have undertaken training on understanding, recognising and reporting fraud and corruption and are required to refresh this awareness each reporting period. Fraud awareness training is also included in the RIC's new starter induction arrangements.

Our Fraud and Corruption Control Plan provides a comprehensive framework for identifying, deterring, investigating and reporting fraud and corruption and meets the requirements of the Commonwealth Fraud Control Guidelines. Fraud and corruption risk assessments were also undertaken to identify risks, treatment strategies, responsibilities, target dates and reporting obligations.

OUR SECURITY

Successfully managing our security risks and protecting people, information and assets requires an understanding of what needs protecting, what the threat is and how assets will be protected. Our security plan specifies the approach, responsibilities and resources applied to managing protective security risks. Our security plan allows us to review the degree of security risk that exists in different areas of our operations and take mitigating action. Our security has been developed in accordance with the Australian Government's Protective Security Policy Framework.

As part of our recruitment processes for identified roles, staff are required to obtain an appropriate security clearance. All staff are required to complete security training in recognising security vulnerabilities, applying security protocols and reporting security incidents.

In May 2019, representatives from the Department of Agriculture conducted a session for the RIC staff on government security and integrity obligations to raise general awareness across these areas.

The RIC reports annually on our compliance with the Protective Security Policy Framework to the Attorney-General's Department and other key stakeholders.

ENVIRONMENTAL SUSTAINABILITY

During 2018–19, we delivered programs supporting technologically and ecologically sustainable development. Our farm loans can be used by farm businesses to implement modernised and increasingly efficient technologies, infrastructure, farm production systems and sustainable resource management techniques such as employing proactive water management measures and water-efficient cropping techniques.

The NWILF will fund projects that produce public benefits to the broader economy, community and environment. As part of our assessment, the RIC will require that relevant environmental approvals have been or will be obtained. We will also take environmental impact assessments into account when considering the viability of the project over its operational life. We will deliver our water loans in a manner consistent with the *Water Act 2007* (Cth), the Murray–Darling Basin Plan and broader national water policy, which contribute directly to ecologically sustainable development. We will seek out projects that bring innovation to the forefront, use water in a more sustainable and efficient manner and maximise the value added with the water's ultimate use.

JUDICIAL DECISION AND REVIEWS BY OUTSIDE BODIES

In 2018–19, the RIC was not subject to any judicial decisions or decisions of administrative tribunals or the Information Commissioner that have had, or may have, a significant effect on the RIC's operations.

There were also no reports made about the RIC by the Commonwealth Ombudsman, the Office of the Australian Information Commissioner or the Auditor-General.

The RIC was not subject to any parliamentary inquiries outside of attendance at Senate Estimates hearings.

3 ANNUAL PERFORMANCE STATEMENTS

3.1 STATEMENT OF PREPARATION

I, on behalf of the Board of the Regional Investment Corporation, present the 2018–19 annual performance statements of the Regional Investment Corporation, as required under the *Public Governance, Performance and Accountability Act 2013* (Cth) (PGPA Act) (paragraph 39(1)(a)).

In our opinion, at the date of this statement, based on the material provided to the Board, these annual performance statements accurately reflect the performance of the entity, and comply with subsection 39(2) of the PGPA Act.

David Foster
Chair of the Board

3.2 PERFORMANCE FRAMEWORK

The RIC promotes and administers low-interest farm business loans to help farmers in need and delivers the NWILF to assist state and territory government co-investment in vital water infrastructure.

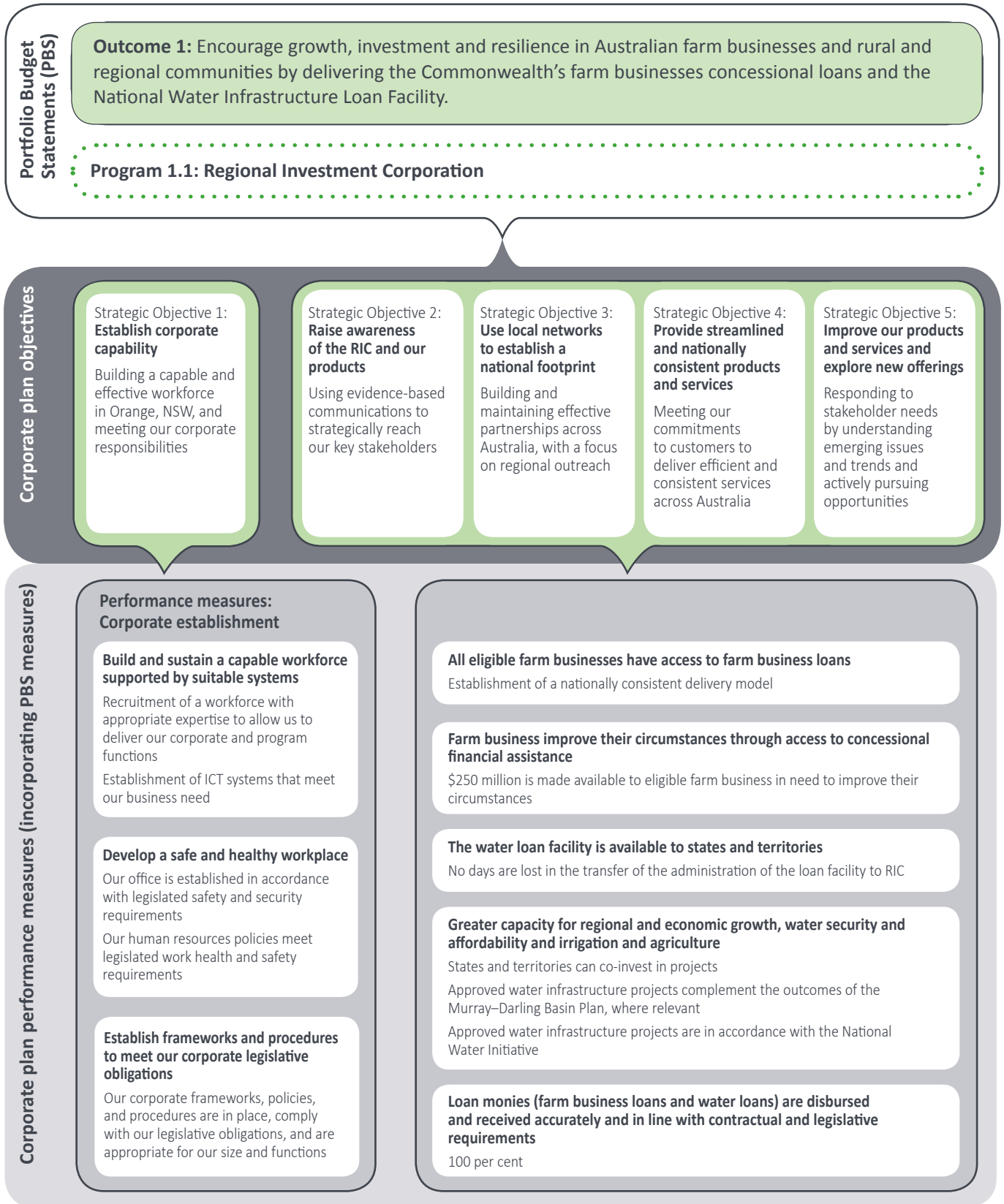
In 2018–19, the RIC was responsible for a single portfolio outcome as set out in our Portfolio Budget Statements 2018–19 (PBS):

Encourage growth, investment and resilience in Australian farm businesses and rural and regional communities by delivering the Commonwealth’s farm business concessional loans and the National Water Infrastructure Loan Facility.

The RIC established a suite of strategic objectives to focus its operations and deliver on our portfolio outcome. These objectives are captured in the RIC’s Corporate Plan 2018–19 along with performance measures for delivering farm loans and water infrastructure loans (incorporating our PBS measures) and for corporate establishment. The relationship between these elements is represented in our performance framework (see Figure 4). We expect the performance framework to evolve over time as we continue to develop our business and planning processes.

We monitor and measure our performance against this framework and report back to government through our annual performance statements.

FIGURE 4: THE RIC'S PERFORMANCE FRAMEWORK



3.3 PERFORMANCE AGAINST OUR MEASURES

In our Corporate Plan 2018–19, the RIC established a set of performance measures for our core business of delivering loans. We also recognised the significance of building our operations and created a supplementary set of performance measures for our corporate establishment. These measures allowed us to monitor our performance against our five strategic objectives.

RESULTS: CORPORATE ESTABLISHMENT

As a fledgling organisation, it was paramount that the RIC's corporate capabilities be established in order to deliver on its core business of delivering loans. We consistently monitored this performance during the period and continue to improve our activities as required.

During 2018–19, we established a presence in six locations, including a head office in Orange, New South Wales. The opening of our office in Orange has had a real impact on economic investment in the region, which has been welcomed by the community. Our head office fit-out was completed using a majority of locally based professionals, trades and retailers.

Establishing our systems has been critical to support loan delivery. We are the first Commonwealth agency to have a completely cloud-based IT system, meaning our people can work anywhere at any time—a fact we use to our advantage in sustaining a flexible workforce.

Recruitment of our core workforce in early 2019 was critical to standing up our operations, and further recruitment activity will be driven by evolving organisational requirements.

While our processes and systems need further maturation, we have focused on safety and security across our people, our processes and systems and our workplace. The RIC has developed a range of policies, processes and procedures to support our business and meet legislative and governance obligations.

TABLE 3: PERFORMANCE MEASURES: CORPORATE ESTABLISHMENT

Performance measures		Result	Supporting statement
Measure	2018–19 Target		
CE1	Build and sustain a capable workforce supported by suitable systems	<p>Recruitment of a workforce with appropriate expertise to allow us to deliver our corporate and program functions</p> 	<p>A bulk recruitment process at the end of 2018 secured the majority of staff who commenced at the beginning of 2019. Further recruitment is underway to fill the remaining vacancies.</p>
		<p>Establishment of ICT systems that meet our business needs</p> 	<p>ICT systems have been implemented to support the ongoing and evolving operations of the RIC and the administration of the farm business and water loans. The systems, and supporting policies and procedures, have been implemented in accordance with whole-of-government security policies including the Protective Security Policy Framework and the Information Security Manual.</p> <p>This was supported by an internal audit for ICT Controls that was considered by the Audit Committee in May 2019. The audit identified the ICT systems will continue to evolve and be strengthened and recommended a few areas of increased focus.</p>
CE2	Develop a safe and healthy workplace	<p>Our office is established in accordance with legislated safety and security requirements</p> 	<p>Our head office was established in December 2018 in Orange, NSW. The office establishment has been informed by the Protective Security Policy Framework, the <i>Work Health and Safety Act 2011</i> (Cth) (WHS ACT), Work Health and Safety Regulations 2011 (Cth) (WHS Regulations) and other legislated requirements.</p> <p>The RIC has identified a forward plan to further improve its security requirements across its workplace and operations.</p>
		<p>Our human resources policies meet legislated work health and safety requirements</p> 	<p>A suite of human resource policies has been developed to support the workforce and its operations. All policies are in accordance with the WHS Act, WHS Regulations and the <i>Equal Employment Opportunity (Commonwealth Authorities) Act 1987</i>. These policies are supported by systems to report and monitor any WHS incidents.</p> <p>We continue to strengthen our workforce policies and practices.</p>
CE3	Establish frameworks and procedures to meet our corporate legislative obligations	<p>Our corporate frameworks, policies and procedures are in place, comply with our legislative obligations, and are appropriate for our size and functions</p> 	<p>Corporate governance arrangements have been established to comply with our enabling legislation, the RIC Act, and the PGPA Act. These corporate governance arrangements will be further finessed as the RIC continues to mature its business practices and awareness and understanding of staff.</p> <p>This was supported by an internal audit for Governance Controls that was considered by the Audit Committee in May 2019.</p>

Further analysis of *Corporate establishment* performance and activity is under Strategic Objective 1 on page 25 & 26.



RESULTS: DELIVERING LOANS

During 2018–19 we focused our awareness-raising activities heavily in New South Wales and Queensland, where there were ongoing drought conditions and higher demand for our loans. We held information sessions, attended field days and conferences and undertook a range of advertising. We targeted farmers and their trusted advisors, including banks, accountants, local government and farm and commodity organisations. We also developed relationships with the Rural Financial Counselling Service.

Demand for the RIC's farm business loans via the nationally consistent delivery model was high during our first year of operation. In 2018–19 we made decisions on 212 applications, approving 166 loans to the value of over \$155 million. Through customer feedback, we are confident our loans are providing tangible improvements to Australian farm businesses.

In 2018–19, in addition to our efforts to build awareness of our farm business loans, we also focused on building awareness for the NWILF through extensive stakeholder engagement. This engagement provided a comprehensive understanding of the market's appetite for this loan and, in turn, informed government policy changes to help drive uptake. The RIC met with the key state, territory and Commonwealth departments with responsibility for water infrastructure; local government; the key market participants; project proponents; consultants; academia; and water associations. We also investigated key water projects that are of substantial magnitude and provide reliable water sources to regional communities. We expect funding opportunities will present themselves as our relationships mature and stakeholders appreciate our place in the market.

TABLE 4: PERFORMANCE MEASURES: DELIVERING LOANS

Performance measures		Result	Supporting statement	
Measure	2018–19 Target			
DL1	All eligible farm businesses have access to farm business loans	Establishment of a nationally consistent delivery model		Federally funded loans (previously delivered by the states) are now centralised and streamlined under the RIC. RIC loans are assessed in a nationally consistent way.
DL2	Farm businesses improve their circumstances through access to concessional financial assistance	\$250 million is made available to eligible farm businesses in need to improve their circumstances		\$500 million was made available to eligible farm businesses in need to improve their circumstances.
DL3	The water loan facility is available to states and territories	No days are lost in the transfer of the administration of the loan facility to the RIC		The RIC assumed responsibility for the NWILF on 1 July 2018. No days were lost in transferring the administration of the loan facility to the RIC.
DL4	Greater capacity for regional and economic growth, water security and affordability and irrigation and agriculture	States and territories can co-invest in projects		States and territories have been consulted and made aware of the project opportunity identification process.
		Approved water infrastructure projects complement the outcomes of the Murray-Darling Basin Plan, where relevant		No water infrastructure projects were approved during the reporting period.
		Approved water infrastructure projects are in accordance with the National Water Initiative		No water infrastructure projects were approved during the reporting period.
DL5	Loan monies (farm business loans and water loans) are disbursed and received accurately and in line with contractual and legislative requirements	100 per cent		Farm business loans have been disbursed in accordance with loan guidelines which meet contractual and legislative requirements. The RIC has not identified any inaccuracies in disbursements through its control framework including external complaints handling. No water infrastructure projects were approved during the reporting period.

Further analysis of *Delivering loans* performance and activity is under Strategic Objectives 2–5 on pages 27–33.

3.4 PERFORMANCE AGAINST OUR STRATEGIC OBJECTIVES

In 2018–19, the RIC delivered against its purpose through five strategic objectives:

- 1 Establish our corporate capability.
- 2 Raise awareness of the RIC and our products.
- 3 Use local networks to establish a national footprint.
- 4 Provide streamlined and nationally consistent products and services.
- 5 Improve our products and services and explore new offerings.

These strategic objectives allowed us to prioritise our activities to deliver on our portfolio outcome.



STRATEGIC OBJECTIVE 1



ESTABLISH OUR CORPORATE CAPABILITY

The RIC has focused our efforts on establishing our corporate capability through building a capable and effective workforce and meeting our corporate responsibilities, such as physical and information infrastructure and governance and accountability.

Activities and achievements

The activities performed in pursuit of this objective were critical in establishing the RIC and its ensuing value to farm businesses and the Australian agriculture industry. Establishing our permanent office in Orange, New South Wales, places us closer to the communities we support. This regional presence improves our understanding of the customer challenges that exist, their impact and how our products and services can assist in addressing them.

TABLE 5: ESTABLISH OUR CORPORATE CAPABILITY—ACTIVITIES AND ACHIEVEMENTS

Building a capable and effective workforce in Orange, NSW, and meeting our corporate responsibilities

Activities	Achievements
Appointing a permanent Chief Executive Officer (CEO)	Bruce King was appointed as CEO on 13 December 2018.
Recruiting, and ensuring a smooth transition to, our permanent workforce	A bulk recruitment process at the end of 2018 secured the majority of staff who commenced at the beginning of 2019. Further recruitment is underway to fill the remaining vacancies.
Establishing our office in Orange	Our head office was established in Orange, New South Wales, in December 2018 and was officially opened on 28 February 2019.
Establishing our foundational information and communications technology (ICT) infrastructure	ICT systems have been implemented to support the ongoing and evolving operations of the RIC and the administration of the farm business and water loans. These ICT systems will continue to evolve and be strengthened with the RIC's operational requirements.
Consolidating our corporate governance and accountability arrangements and meeting our requirements under relevant legislation	Corporate governance arrangements have been established to comply with the RIC Act and the PGPA Act. These corporate governance arrangements will continue to be strengthened as the RIC continues to mature its operations.

CASE STUDY: OUR PARTNERSHIP WITH REGIONAL AUSTRALIA BEGINS



Staff and guests listen to CEO Bruce King speak at the office opening in Orange.

The RIC's headquarters in Orange, New South Wales, officially opened on 28 February 2019, demonstrating the agency's long-term partnership with rural and regional Australia.

The official proceedings were conducted by the RIC's inaugural CEO, Bruce King, the then Minister for Agriculture and Water Resources, the Hon. David Littleproud MP, and local federal Member for Calare, the Hon. Andrew Gee MP.

There was plenty of excitement about the economic impact the RIC's presence in Orange will have. Bruce King acknowledged the importance of our location but also highlighted the national role the RIC plays.

'As a new organisation, our focus is delivering a high quality of service to those who need our loans and looking at opportunities where we can drive further investment outside the capital cities', Mr King said. 'We will work in partnership with industry, the banks and government to make this investment happen.'

Mr King spoke of the significance of being in a regional location and the direct contact his team has with the types of communities the RIC is working with.

'It's a daily reminder of what we are here to do. A simple conversation at the swimming club or school drop-off about how our finances are helping farmers is hard to get from an office tower in Sydney or Canberra', Mr King told the room.

The Orange head office team consists of locals and people from surrounding communities like Cowra, Blayney and Millthorpe—but we've also lured people from Brisbane, Sydney and Canberra who are keen to make a lifestyle change. Opening the Orange headquarters is a significant milestone for our new organisation. With 32 fully funded positions available in Orange, we will continue to 'think local and think regional'.

STRATEGIC OBJECTIVE 2



RAISE AWARENESS OF THE RIC AND OUR PRODUCTS

It is critical to the RIC's success to increase awareness of our role and what we have to offer. We raise awareness through targeted marketing, communications and engagement activities. We then apply our learnings from these activities to raise our profile and ensure we are meeting the needs of Australian farm businesses.

Activities and achievements

The RIC has undertaken various communication, advertising and stakeholder engagement events and activities across Australia. Demand for loans has been strong due to continued evidence-based, targeted engagement and marketing activities to build awareness of our products and services. Our efforts have focused on taking our message to the farmers in their environment, in a community-focused manner, in response to weather events and with sensitivity to personal and situational challenges.

TABLE 6: RAISE AWARENESS OF THE RIC AND OUR PRODUCTS—ACTIVITIES AND ACHIEVEMENTS

Using evidence-based communication to strategically reach our key stakeholders

Activities	Achievements
Raising awareness about our loans with farmers and other important stakeholders through a range of activities including events, field days and information sessions.	<p>A significant number of communication and stakeholder engagement events and activities have been conducted across Australia. This has significantly increased demand for loans. Events and activities included:</p> <ul style="list-style-type: none"> ■ conducting face-to-face information sessions targeting farmers' key financial influencers ■ attending field days to directly connect with farmers ■ attending farming/agricultural events around the country ■ hosting an online webinar about our loans. <p>The RIC also received media coverage around its events, office opening and recruitment, uptake of loans and the launch of the AgRebuild Loan (North Qld flood) in June 2019.</p>
Targeted advertising to increase awareness of the RIC and its products in the areas most in need.	<p>Targeted advertising has been placed in different media to increase awareness of the RIC's farm business loans. Activities included:</p> <ul style="list-style-type: none"> ■ targeted advertising in rural weekly publications ■ advertorials in rural papers and magazines and online articles ■ advertising to accountants through CPA Australia ■ hosting a national webinar.
Engaging with state and territory governments and industry to discuss potential water infrastructure projects.	<p>Meetings have been held with state, territory and Commonwealth departments with responsibility for water infrastructure; local governments; the key market participants; project proponents; academia; and water associations. These meetings involved identifying potential water infrastructure opportunities and understanding key stakeholder outcomes.</p>
Market research on rural and regional communities to inform our longer-term communication and engagement strategy, and to ensure communication is targeted, evidence-based and tailored to our audiences' expectations and needs.	<p>Market research has been undertaken and has provided valuable insights on the positioning of the RIC, rural and regional community attitudes and views, and how the customer experience can be improved. This information has been fed into ongoing refinement and adaptation of the RIC's communications and engagement approaches.</p>

CASE STUDY: WE'VE BEEN EVERYWHERE



Interim CEO Matt Ryan and staff member Chris Langridge stopped into the Roma Saleyards after a presentation to trusted advisors and the Rural Financial Counselling Service.

In 2018–19, members of the RIC team hit the road, phones and web to get the message out that the RIC was open and accepting applications from across the nation. The list of towns and organisations we hit is long.

The team focused its engagement activity on the states in most need of our loans—New South Wales and Queensland. We spoke with farmers directly at a range of field days, including Henty Field Days, AgQuip, the Australian National Field Days and the Regional Beef Forum in Singleton.

Trusted financial advisors, including banks and accountants, were targeted in face-to-face information sessions held in Roma, Toowoomba, Tamworth, Muswellbrook, Orange, Dubbo, Moree, Longreach, Emerald and Rockhampton. We presented at the A Country Practice Accountants Conference 2019 in Newcastle—an event attended by accountants based across Queensland, New South Wales and Victoria.

We conducted a range of in-person presentations to Rural Financial Counselling Service counsellors, including those located in southern Queensland, South Australia, Northern Territory, Tasmania and Victoria.

Presentations were given to the National Farmers Federation Economic and Farm Business Committee and the NSW Farmers Executive Council. We had a trade stand at the NFF Congress, held in Canberra, and attended Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) Regional Outlook conferences in Nuriootpa, South Australia; Shepparton, Victoria; and Narrogin, Western Australia.

The RIC has been responsive. When the hail hit Queensland's Lockyer Valley, we attended the town hall event to speak directly with those affected. When the monsoonal floods hit North Queensland, we attended the community forums in Hughenden, Richmond, Julia Creek, Cloncurry and Normanton.

For those we couldn't get to see face to face, we held a webinar online utilising the Farm Table platform. The webinar allowed farmers from across the country to further understand our loans and it has since been available on our website for viewing.

STRATEGIC OBJECTIVE 3



USE LOCAL NETWORKS TO ESTABLISH A NATIONAL FOOTPRINT

Our focus for this reporting period was on building and maintaining effective partnerships across Australia, with a focus on regional outreach. To stay in touch with current issues and events, we use local connections and links into existing trusted networks. Our partnerships with onground networks are critical so that we can share information about trends and emerging issues and work together to grow a resilient agriculture sector.

Activities and achievements

In our establishment year, the RIC has prioritised networking with the farming community and their trusted advisors. Through our networks and relationships, we have anchored our understanding of the issues across the agriculture industry, identified how our products and services can evolve to better meet the needs of those they are intended to support, and taken appropriate action. These relationships and networks also provide great support in building awareness around our role and in connecting us to potential loan recipients.

We have started to build relationships with the state and territory governments and their industry partners to identify and better understand their water infrastructure projects.

TABLE 7: USE LOCAL NETWORKS TO ESTABLISH A NATIONAL FOOTPRINT—ACTIVITIES AND ACHIEVEMENTS

Building and maintaining effective partnerships across Australia, with a focus on regional outreach	
Activities	Achievements
Establishing networks with the farming community and trusted advisors, including local accountants, agribusiness consultants, local banks and the Rural Financial Counselling Service (RFCS).	Through our awareness activities, we started building relationships with the farming community and their trusted advisors, primarily in NSW and Qld in the first instance. These relationships have allowed the RIC to build awareness of our products and services among those we aim to support. They have informed us of differing needs among farmers and assisted us in evolving our offering to better meet those needs.
Developing relationships with state and territory governments and their industry partners for water projects.	Meetings have been held with state, territory and Commonwealth departments with responsibility for water infrastructure, local governments, the key market participants, project proponents, academia and water associations. These meetings involved identifying potential water infrastructure opportunities and understanding the key stakeholders and their preferred outcomes.
Keeping abreast of ongoing and emerging agriculture industry issues to manage demand for finance and ensure assistance is reaching those most in need.	<p>Ongoing and emerging agriculture issues have been monitored through:</p> <ul style="list-style-type: none"> ■ extensive market research ■ communication and engagement with farmers and their key financial influencers in NSW and Qld ■ consultation with key stakeholders and target audiences including key government and agricultural industry representatives. <p>This information and feedback has provided insight into stakeholders' awareness of and attitudes and behaviours concerning government-funded farm loans.</p>

Building and maintaining effective partnerships across Australia, with a focus on regional outreach

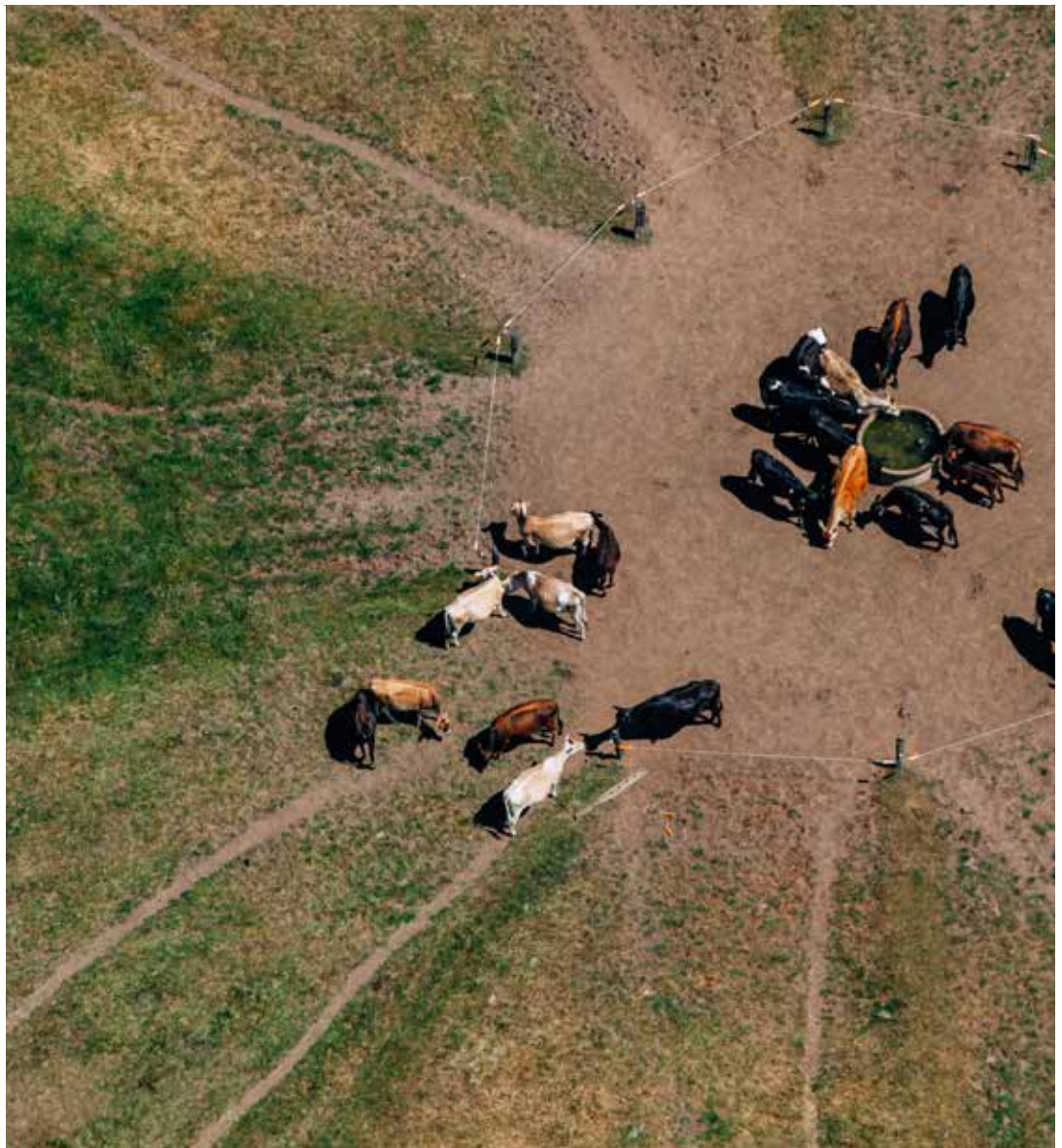
Activities

Engaging staff specifically for regional outreach and stakeholder engagement.

Achievements

In early June 2019, we engaged our first business development (BD) manager for Qld/NT and northern SA. Another three BD managers will be engaged in 2019–20. These roles will be integral in contributing to, and delivering, communication and engagement activities to drive awareness and uptake of the RIC's loans in key industry stakeholder groups. They will provide business intelligence back to the RIC to inform policy development and business improvement.

In addition, greater coordination and prioritisation are emerging around our approach through structured stakeholder engagement plans.



STRATEGIC OBJECTIVE 4



PROVIDE STREAMLINED AND NATIONALLY CONSISTENT PRODUCTS AND SERVICES

In 2018–19, we met our commitment to customers to deliver coordinated services across Australia by providing nationally consistent and streamlined finance to regional Australia. Our guiding values are fairness, consistency, efficiency and transparency in all our dealings with customers. For farm business loans, our service delivery approach recognises the types of customers we have and the financial difficulties they may be facing. We provide personalised services to our customers as they apply for, receive and manage a RIC-administered loan.

Activities and achievements

The RIC has streamlined our operations and improved our offering, making our loans more accessible to eligible farm businesses. We have focused our efforts on strengthening the user experience to ensure it encourages participation and minimises the time from consideration of application to loan approval. We pride ourselves on our ongoing commitment to continuous improvement and customer service and our continued refinement and improvement of services.

TABLE 8: PROVIDE STREAMLINED AND NATIONALLY CONSISTENT PRODUCTS AND SERVICES—ACTIVITIES AND ACHIEVEMENTS

Meeting our commitment to customers to deliver efficient and consistent services across Australia

Activities	Achievements
Developing and publishing information for customers, continually improving information based on feedback.	Intelligence and feedback have been gathered from our stakeholders and community on possible improvements to our loan offerings via: <ul style="list-style-type: none"> ■ a complaints/feedback register ■ a loan process review ■ application form review.
Developing and implementing national service standards for the delivery of our programs.	Service standards were developed and are outlined on our website. Our standards adhere to our operating mandate of being impartial, committed, accountable, respectful and ethical.
Building expertise at the RIC and working with our service providers in assessing and managing loans appropriately with a customer focus.	Improving the customer experience has been a priority. The RIC’s loan assessment team has tripled in size and the loan assessment process has become more efficient.
Growing a pipeline of water infrastructure projects.	Various activities to grow a pipeline of water infrastructure activities were undertaken—for example, we: <ul style="list-style-type: none"> ■ drafted a new operating mandate and supporting guidelines for the NWILF to identify a broader range of water-related project opportunities ■ built stakeholder awareness of the NWILF ■ investigated key water projects that are of substantial magnitude and provide reliable water sources to the agricultural sector ■ built key stakeholder relationships with state and territory government counterparts ■ took a whole-of-government approach to identifying and understanding projects and their key stakeholders.

STRATEGIC OBJECTIVE 5



IMPROVE OUR PRODUCTS AND SERVICES AND EXPLORE NEW OFFERINGS

The RIC responds to stakeholder needs by understanding emerging issues and trends and actively pursuing opportunities. As we move forward, we will further support rural and regional communities by working to improve our current products, finesse our service delivery, address eligibility gaps and explore new offerings.

Activities and achievements

The RIC has worked closely with industry to monitor emerging issues and respond accordingly through product design. A specific area of focus has been to not just evolve but also explore innovative opportunities to address these emerging issues and better position Australian farm businesses. A current example of this innovative approach is our investigation of how the RIC can deliver an effective and enticing loan program for farmers to take up climate-smart farming practices and technologies.

These efforts are complemented by our advances in securing a research partner to better understand the issues affecting farmers. This partnership arrangement will enhance the depth and breadth of our current considerations for greater focus and precision of our actions. It will be finalised in the next reporting period.

TABLE 9: IMPROVE OUR PRODUCTS AND SERVICES AND EXPLORE NEW OFFERINGS—ACTIVITIES AND ACHIEVEMENTS

Responding to stakeholder needs by understanding emerging issues and trends, and actively pursuing opportunities

Activities	Achievements
Working closely with industry to monitor emerging issues and responding accordingly.	<p>Close engagement with industry to monitor emerging issues has occurred through:</p> <ul style="list-style-type: none"> ■ participation in relevant industry events and associations to build professional networks ■ stakeholder consultation with state and territory governments and a broad cross-section of industry players to understand industry outcomes.
Monitoring demand for products and identifying any barriers to uptake.	<p>Demand for our loans remains strong and, as of 30 June 2019, applications had been received from every state and the Northern Territory, with:</p> <ul style="list-style-type: none"> ■ 25 Farm Investment Loans approved with an average value of \$693,390 ■ 141 Drought Loans approved with an average value of \$980,076. <p>Barriers to loan uptake were monitored and measured through the following considerations:</p> <ul style="list-style-type: none"> ■ program eligibility ■ loan settings.

Responding to stakeholder needs by understanding emerging issues and trends, and actively pursuing opportunities

Activities

Establishing partnerships with research institutions, technical experts and relevant government agencies to build our understanding of the issues affecting Australian farmers and how best to support the long-term resilience and growth of our agriculture sector.

Achievements

The Australian National University has been engaged as a preferred partner for research services. This partnership will investigate how the RIC can deliver an effective loans program to encourage farmers to take up climate-smart farming practices and technologies. This study will consider practices and technologies, program eligibility, loan settings, adoption barriers and perverse outcomes.

This climate smart research project commenced in May 2019.

CASE STUDY : THROWING OUR ARMS AROUND NORTH QUEENSLAND

Members of the RIC team [L-R] Charley Cramer, Amanda Parris and Craig Turner setting up the RIC tent at the Cloncurry Show.



In June 2019 we delivered our AgRebuild Loan, which is helping graziers and producers to recover following the devastating monsoonal trough which killed approximately 600,000 livestock in north-west Queensland earlier this year.

‘This is the first disaster recovery loan the Australian Government has asked us to deliver’, CEO Bruce King said. ‘What we’ve built can be rolled out in other states and territories that suffer natural disasters, should the government ask us to help.’

AgRebuild Loan (North Qld flood) provides up to \$5 million to help Queensland producers to restock or replant, replace infrastructure, or refinance existing debt. Applications for this loan close on 30 June 2020.

‘We listened to producers impacted by these devastating floods and understand each recovery journey is different, so we built this loan to be both flexible in terms of repayment periods, and scalable in terms of size.’

We’ve focused our awareness raising efforts on the banks, accountants, councils, rural financial counsellors and other networks. We’ve also been on the ground in the north-west, talking to graziers at a range of events.

4 OUR FINANCIAL PERFORMANCE

Certification

Independent Audit Report

Statement by the Chair of the Board,
the Chief Executive Officer and
Chief Financial Officer

Primary financial statements

Statement of Comprehensive Income

Statement of Financial Position

Statement of Changes in Equity

Cash Flow Statement

Overview

Notes to the financial statements

1. Financial performance
 - 1.1 Expenses
 - 1.2 Own-source revenue and gains
2. Financial position
 - 2.1 Financial assets
 - 2.2 Non-financial assets
 - 2.3 Payables
3. People and relationships
 - 3.1 Employee provisions
 - 3.2 Key management personnel remuneration
 - 3.3 Related party disclosures
4. Managing uncertainties
 - 4.1 Contingent assets and liabilities
5. Other information
 - 5.1 Aggregate assets and liabilities
 - 5.2 Assets held in trust
 - 5.3 Budget variances

CERTIFICATION

AUDITOR'S REPORT/DECLARATION



INDEPENDENT AUDITOR'S REPORT

To the Minister for Water Resources, Drought, Rural Finance, Natural Disaster and Emergency Management

Opinion

In my opinion, the financial statements of the Regional Investment Corporation ('the Corporation') for the year ended 30 June 2019:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Corporation as at 30 June 2019 and its financial performance and cash flows for the year then ended.

The financial statements of the Corporation, which I have audited, comprise the following statements as at 30 June 2019 and for the year then ended:

- Statement by the Chair of the Board, Chief Executive and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to and Forming Part of the Financial Statements, comprising a summary of significant accounting policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Corporation in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Corporation, the Board is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The Board is also responsible for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the ability of the Corporation to continue as a going concern, taking into account whether the Corporation's operations will cease as a result of an administrative restructure or for any other reason. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT
Phone (02) 6203 7300 Fax (02) 6203 7777

Auditor's responsibilities for the audit of the financial statements

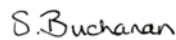
My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Serena Buchanan
Senior Executive Director
Delegate of the Auditor-General

Canberra
3 October 2019

STATEMENT OF ACCOUNTABLE AUTHORITY FROM THE CHAIR OF THE BOARD, CEO AND CFO



Australian Government



STATEMENT OF ACCOUNTABLE AUTHORITY FROM THE CHAIR OF THE BOARD, CEO AND CFO

In our opinion, the attached financial statements for the Regional Investment Corporation for the year ended 30 June 2019 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Regional Investment Corporation will be able to pay its debts as and when they fall due.

Handwritten signature of David Foster in black ink.

David Foster
Chair of the Board
3 October 2019

Handwritten signature of Bruce King in black ink.

Bruce King
Chief Executive Officer
3 October 2019

Handwritten signature of Duane Roberts in black ink.

Duane Roberts
Chief Financial Officer
3 October 2019

AUDITED FINANCIAL STATEMENTS

REGIONAL INVESTMENT CORPORATION STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 JUNE 2019

	Notes	2019 \$	2018 \$	ORIGINAL BUDGET 2019 \$
NET COST OF SERVICES				
Expenses				
Employee benefits	1.1A	1,686,720	2,119	4,254,000
Suppliers	1.1B	9,973,853	220,610	8,301,000
Depreciation	2.2A	46,126	-	-
Finance costs		-	-	4,773,000
Total expenses		11,706,699	222,729	17,328,000
Own-source revenue				
Interest revenue	1.2A	87,911	1,835	4,773,000
Total own-source revenue		87,911	1,835	4,773,000
Net cost of services		(11,618,788)	(220,894)	(12,555,000)
Revenue from government	1.2B	12,555,000	7,099,241	12,555,000
Total comprehensive income		936,212	6,878,347	-

The above statement should be read in conjunction with the accompanying notes.

Budget variance explanations are outlined in Note 5.3

REGIONAL INVESTMENT CORPORATION STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Notes	2019 \$	2018 \$	ORIGINAL BUDGET 2019 \$
ASSETS				
Financial assets				
Cash and cash equivalents	2.1A	8,465,177	7,017,033	-
Trade and other receivables	2.1B	200,902	51,987	250,000,000
Total financial assets		8,666,079	7,069,020	250,000,000
Non-financial assets				
Property, plant and equipment	2.2A	287,797	-	-
Other non-financial assets	2.2B	86,071	-	-
Total non-financial assets		373,868	-	-
Total assets		9,039,947	7,069,020	250,000,000
LIABILITIES				
Payables				
Supplier payables	2.3A	954,529	187,040	-
Other payables	2.3B	113,636	1,961	250,000,000
Total payables		1,068,165	189,001	250,000,000
Provisions				
Employee provisions	3.1A	184,424	1,672	-
Total provisions		184,424	1,672	-
Total liabilities		1,252,589	190,673	250,000,000
Net assets		7,787,358	6,878,347	-
EQUITY				
Contributed equity		-	-	-
Retained earnings		7,787,358	6,878,347	-
Total equity		7,787,358	6,878,347	-

The above statement should be read in conjunction with the accompanying notes.

Budget variance explanations are outlined in Note 5.3

REGIONAL INVESTMENT CORPORATION STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2019

	2019	2018	ORIGINAL BUDGET 2019
	\$	\$	\$
RETAINED EARNINGS			
Opening balance			
Balance carried forward from previous period	6,878,347	-	-
Adjustment for errors	(27,201)	-	-
Adjusted opening balance	6,851,146	-	-
Comprehensive income			
Surplus for the period	936,212	6,878,347	-
Total comprehensive income	936,212	6,878,347	-
Closing balance as at 30 June	7,787,358	6,878,347	-

The above statement should be read in conjunction with the accompanying notes.

The adjustment for error in the opening balance is a reversal of accrued revenue. The reversal was applied to revenue when it should have been applied to equity.

Budget variance explanations are outlined in Note 5.3

REGIONAL INVESTMENT CORPORATION CASH FLOW STATEMENT

FOR THE PERIOD ENDED 30 JUNE 2019

	Notes	2019	2018	ORIGINAL BUDGET 2019
		\$	\$	\$
OPERATING ACTIVITIES				
Cash received				
Receipts from government		12,555,000	7,072,040	12,555,000
Funds received from the Department of Agriculture for loans		27,568,502	-	-
Interest on loans		82,537	-	4,773,000
Interest on cash held		89,746	-	-
GST received from the ATO		225,692	-	-
Total cash received		40,521,477	7,072,040	17,328,000
Cash used				
Employees		1,491,310	-	4,254,000
Suppliers		9,597,063	55,007	8,301,000
Loans and advances made		27,568,500	-	-
Interest returned to Department of Agriculture		82,537	-	-
Borrowing costs		-	-	4,773,000
Total cash used		38,739,410	55,007	17,328,000
Net cash flows from operating activities		1,782,067	7,017,033	-
INVESTING ACTIVITIES				
Cash received				
Advances for loans		-	-	250,000,000
Total cash received		-	-	250,000,000
Cash used				
Purchase of property, plant and equipment		333,923	-	-
Loans made		-	-	250,000,000
Total cash used		333,923	-	250,000,000
Net cash flows used by investing activities		(333,923)	-	-
Net increase in cash and cash equivalents held		1,448,144	7,017,033	-
Cash and cash equivalents at the beginning of the reporting period		7,017,033	-	-
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	2.1A	8,465,177	7,017,033	-

Accounting policy

Loan funding

The loans provided by the RIC, as well as associated interest and principal transactions are accounted for in the administered accounts of the Department of Agriculture. The RIC is not required to recognise the loan transactions as they have no impact on the statement of financial performance or the statement of comprehensive income.

The RIC receives cash flows from the Department of Agriculture to make loans and advances to farm businesses, the RIC also receives interest repayments from farmers. All interest generated against funds received from the Department of Agriculture for loans is transferred to the Department of Agriculture.

REGIONAL INVESTMENT CORPORATION OVERVIEW

FUNCTIONS OF THE REGIONAL INVESTMENT CORPORATION

The Regional Investment Corporation is an Australian Government controlled entity. It is a not-for-profit entity.

The functions of the Regional Investment Corporation, as prescribed under its enabling legislation are:

- a) to administer farm business loans
- b) to administer, on behalf of the Commonwealth, financial assistance granted before the start day to states and territories in relation to water infrastructure projects
- c) to administer, on behalf of the Commonwealth, financial assistance to states and territories in relation to water infrastructure projects
- d) to set, and adjust as required, the interest rates applicable to loans and financial assistance
- e) to provide advice to the responsible ministers on the activities that are or could be undertaken by the corporation
- f) to provide advice and assistance to borrowers in relation to approved loans, and prospective borrowers in relation to loans
- g) to administer programs prescribed by rules made by the corporation's responsible ministers
- h) any other functions conferred on the corporation by the *Regional Investment Corporation Act 2018* (and associated rules), or any other Commonwealth law
and
- i) anything incidental to, or conducive to, the performance of the above functions.

The continued existence of the entity is dependent on government policy and on continuing funding by parliament for the entity's administration and programs.

THE BASIS OF PREPARATION

The financial statements are general purpose financial statements as required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- a) Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR)
and
- b) Australian Accounting Standards and Interpretations—Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities which are recorded at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest dollar, unless otherwise specified.

NEW ACCOUNTING STANDARDS

All new, revised or amending standards and/or interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect on the entity's financial statements.

TAXATION

The entity is exempt from all forms of taxation except fringe benefits tax (FBT), the goods and services tax (GST) and payroll tax.

EVENTS AFTER THE REPORTING PERIOD

There are no known events occurring after the reporting period that could have a material impact on the financial statements.

REGIONAL INVESTMENT CORPORATION

NOTES TO AND FORMING PART OF

THE FINANCIAL STATEMENTS

1 FINANCIAL PERFORMANCE

This section analyses the financial performance of the RIC for the period ended 30 June 2019.

1.1 Expenses	2019	2018
	\$	\$
Note 1.1A: Employee benefits		
Wages and salaries	1,385,719	1,651
Superannuation	139,463	310
Leave and other entitlements	161,538	158
Total employee benefits	1,686,720	2,119

Accounting policy

Accounting policies for employee related expenses are contained in Section 3 People and relationships.

Note 1.1B: Supplier expenses		
Goods and services supplied or rendered		
Consultants	708,783	14,113
Contractors	7,913,791	42,657
Property operating costs	181,721	-
Information technology services	148,422	19,025
Legal services	58,379	130,395
Marketing and communications	180,544	-
Recruitment services	143,996	-
Staff training and development	13,260	-
Telecommunications	11,704	-
Travel	283,541	8,176
Other goods and services	329,712	6,244
Total goods and services supplied or rendered	9,973,853	220,610
Total supplier expenses	9,973,853	220,610

Leasing commitments

The RIC in its capacity as lessee holds the following leasing arrangement for the office premises at 122–124 Kite St, Orange. The lease is adjusted annually on the anniversary of lease. The RIC commenced the new lease in December 2018.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:	2019	2018
	\$	\$
Within 1 year	111,838	-
Between 2–5 years	282,562	-
Total leasing commitment	394,401	-

Accounting policy

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

1.2 Own-source revenue and gains

	2019	2018
	\$	\$
Note 1.2A: Interest		
Deposits	87,911	1,835
Total interest	87,911	1,835
Note 1.2B: Revenue from government		
Department of Agriculture		
Revenue from government	12,555,000	7,099,241
Total revenue from government	12,555,000	7,099,241

Accounting policy

Revenue from government

Funding received or receivable from the Department of Agriculture (appropriated to Agriculture as a corporate Commonwealth entity payment item for payment to the RIC) is recognised as revenue from government by the RIC unless the funding is in the nature of an equity injection or a loan.

Amounts transferred to the RIC from appropriations to Agriculture (adjusted for any formal additions and reductions) are recognised as revenue from government when the RIC gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

2 FINANCIAL POSITION

This section analyses RIC's assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in Section 3 People and relationships.

2.1 Financial assets

	2019	2018
	\$	\$
Note 2.1A: Cash and cash equivalents		
Cash on hand or on deposit	8,465,177	7,017,033
Total cash and cash equivalents	8,465,177	7,017,033
Note 2.1B: Trade and other receivables		
Goods and services receivable		
Employee receivables	94,494	-
Interest	-	1,835
GST	104,888	21,437
Other	1,520	28,715
Total goods and services receivable (gross)	200,902	51,987

Credit terms for goods and services were 30 days.

Accounting policy

Financial assets

Trade receivables have fixed or determinable payments and are not quoted in an active market. Receivables are measured at amortised cost using the effective interest method adjusted for any impairment.

2.2 Non-financial assets

Note 2.2A: Non-current assets—property, plant and equipment	Property, plant and equipment	Total
	\$	\$
As at 1 July 2018		
Gross book value	-	-
Accumulated depreciation	-	-
Totals as at 1 July 2018	-	-
Additions		
Purchased	333,923	333,923
Depreciation	(46,126)	(46,126)
Total as at 30 June 2019	287,797	287,797
Total as at 30 June 2019 represented by:		
Gross book value	333,923	333,923
Accumulated depreciation, amortisation and impairment	(46,126)	(46,126)
Total as at 30 June 2019	287,797	287,797

Accounting policy

Non-financial assets

All assets have been purchased within this financial year and have been assessed for any indications of impairment, as yet none are evident.

No property, plant and equipment are expected to be sold or disposed of within the next 12 months.

Revaluations of non-financial assets

No revaluations of non-financial assets has been undertaken this financial year. All assets have been purchased in this financial year and the net book value represents fair value.

The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Asset recognition threshold

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than \$5,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the entity using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Asset class	Useful life
Property, plant and equipment	Between 3–5 years

Impairment

All assets were assessed for impairment at 30 June 2019. Where indications of impairment exist, the asset's recoverable amount is estimated, and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount. No indications of impairment exist for any fixed asset.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. No items of property, plant and equipment have been disposed of this financial year.

Fair value

All property, plant and equipment are measured at their estimated fair value in the Statement of Financial Position. All property, plant and equipment held by the RIC are categorised under Level 2 in accordance with the hierarchy listed in AASB 13.

Level 2 measurements uses inputs other than quoted prices that are observable for the asset. The future economic benefits of the RIC's property, plant and equipment are not primarily dependent on their ability to generate cash flows.

	2019	2018
	\$	\$
Note 2.2B: Other non-financial assets		
Prepayments	86,071	-
Total other non-financial assets	86,071	-

No indicators of impairment were found for other non-financial assets.

2.3 Payables

	2019	2018
	\$	\$
Note 2.3A: Supplier payables		
Trade creditors and accruals	954,529	187,040
Total supplier payables	954,529	187,040

Settlement is usually made for suppliers within 30 days.

Note 2.3B: Other payables		
Salaries and wages	23,459	1,065
Superannuation	29,280	310
Other	60,897	586
Total other payables	113,636	1,961

3 PEOPLE AND RELATIONSHIPS

This section describes a range of employment and post-employment benefits provided to our employees and our relationships with other key people.

3.1 Employee provisions

	2019	2018
	\$	\$
Note 3.1A: Employee provisions		
Annual leave	76,132	1,672
Long service leave	108,292	-
Total employee provisions	184,424	1,672

Accounting policy

Liabilities for short-term employee benefits and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amounts.

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the entity's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination. The liability for long service leave has been determined by reference to the Department of Finance 2018–19 standard parameters and using the shorthand method. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Superannuation

The entity's staff are members of Public Sector Superannuation Scheme (PSS), or the PSS accumulation plan (PSSap), or other superannuation funds held outside the Australian Government.

The PSS is a defined benefit scheme for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes. The entity makes employer contributions to the Department of Agriculture on behalf of staff who remain members of the defined benefit scheme. The employees' defined benefit superannuation is at rates determined by an actuary to be sufficient to meet the current cost to the government. The entity accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions.

3.2 Key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the RIC, directly or indirectly, including any director (whether executive or otherwise) of that entity. The entity has determined the key management personnel to be the Chief Executive Officer and all Board members of the RIC. Key management personnel remuneration is reported in the table below:

	2019	2018
	\$	\$
Note 3.2A: Key management personnel remuneration		
Short-term employee benefits	519,451	1,809
Other long-term employee benefits	2,579	-
Post-employment benefits	48,329	310
Total key management personnel remuneration expenses	570,359	2,119

There are seven (7) key management personnel included in the above table (one person in 2017–18). The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the RIC.

3.3 Related party disclosures

Related party relationships:

The RIC is an Australian Government controlled entity. Related parties to this entity are directors, key management personnel including the Portfolio Minister and executive, and other Australian Government entities.

Transactions with related parties:

Given the breadth of government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of taxes, receipt of a Medicare rebate or higher education loans. These transactions have not been separately disclosed in this note.

The following transactions with related parties occurred during the financial year:

- The RIC was setup by a dedicated transition team seconded from the Department of Agriculture, this involved paying the department for a number of seconded staff, and their related expenses in order to set up and recruit the full ongoing arrangements for the RIC. Over 18–19 an amount of \$1,712,957 was paid to the department mainly for the provision of these services.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by the RIC, it has been determined that there are no other related party transactions to be separately disclosed.

4 MANAGING UNCERTAINTIES

This section analyses how the agency manages financial risks within its operating environment.

4.1 Contingent assets and liabilities

The RIC does not have any quantifiable or unquantifiable contingencies (nil: 2017–18)

5 OTHER INFORMATION

5.1 Aggregate assets and liabilities

	2019	2018
	\$	\$
Note 5.1A: Aggregate assets and liabilities		
Assets expected to be recovered in:		
No more than 12 months	8,752,150	7,069,020
More than 12 months	287,797	-
Total assets	9,039,947	7,069,020
Liabilities expected to be settled in:		
No more than 12 months	1,157,357	190,673
More than 12 months	95,232	-
Total liabilities	1,252,589	190,673

5.2 Assets held in trust

The Regional Investment Corporation receives funds from the Department of Agriculture for the purpose of funding approved concessional loans. Any balance of funds received from Department of Agriculture that are yet to be disbursed are held in trust on behalf of the loan recipient.

	2019	2018
	\$	\$
Note 5.2: Loan funding received but not disbursed		
As at 1 July		
Receipts	28,501,465	-
Payments	27,568,500	-
Total as at 30 June	932,965	-
Total monetary assets held in trust	932,965	-

Non-monetary assets

The Regional Investment Corporation does not hold any non-monetary assets in trust

5.3 Budget variances

Budget variance explanation	Affected statements and line items
<p>The 2018-19 financial year is the first full year of operations for the RIC. The 2018-19 original budget was set at a high level and did not set budgeted expectations over all categories of expense or income.</p> <p>The budget for 2018-19 was based on an accounting policy assumption that principle and interest repayments received against loan funding would be included in the RIC financial statements. This position was adjusted during 2018-19 and the RIC is not required to account for principle and interest repayments. Accounting for the principle and interest repayments is undertaken by the Department of Agriculture.</p>	<p>Statement of Comprehensive Income:</p> <ul style="list-style-type: none"> - Depreciation and amortisation - Interest revenue
<p>The high level 2018-19 budget did not set budget expectations for fixed assets or in retained earnings.</p>	<p>Statement of Financial Position:</p> <ul style="list-style-type: none"> - Non-financial assets <p>Statement of changes in equity:</p> <ul style="list-style-type: none"> - Comprehensive income
<p>The cashflow budget for 2018-19 was based on an accounting policy assumption that loan funding, and associated principle and interest repayments would be included in the RICs financial statements. This position was adjusted during 2018-19 and the current accounting policy specifies the recognition of loan funding in the RIC's operating cash flows only. The cash that is received for the loans is offset against the cash used for loans — the net cash flow reflects the operating activities.</p>	<p>Cash Flow Statement:</p> <ul style="list-style-type: none"> - Cash received - Cash used

Mr David Foster Board Chair	<p>Qualifications of the Accountable Authority</p> <p>Mr Foster holds a Bachelor of Applied Science and a Master of Business Administration. He is a Senior Fellow of the Financial Services Institute of Australasia and a Fellow of the Australian Institute of Company Directors.</p> <p>Experience of the Accountable Authority</p> <p>Mr Foster is an experienced chair and non-executive director with roles in a diverse range of industries, including financial services, retail, local government, education and professional services. Before his board roles, he had an extensive banking career spanning over 25 years. This included five years as Chief Executive Officer of Suncorp Bank and over 14 years with Westpac in a number of senior roles in NSW and Qld.</p> <p>He holds current directorships with MotorCycle Holdings Limited, Thorn Group Limited, Genworth Mortgage Insurance Limited, G8 Education Limited and Local Government Enterprises of QLD.</p>	<p>Period as the Accountable Authority or member</p> <table border="1"> <tbody> <tr> <td>Date of commencement</td> <td>29 March 2018</td> </tr> <tr> <td>Date of cessation</td> <td>28 March 2021</td> </tr> <tr> <td>Number of meetings of the Board of the company</td> <td>9/9</td> </tr> </tbody> </table>	Date of commencement	29 March 2018	Date of cessation	28 March 2021	Number of meetings of the Board of the company	9/9
Date of commencement	29 March 2018							
Date of cessation	28 March 2021							
Number of meetings of the Board of the company	9/9							
Ms Lucia Cade Board Member	<p>Qualifications of the Accountable Authority</p> <p>Ms Cade holds a Bachelor of Engineering (Civil) (Honours), a Bachelor of Economics and a Master of Engineering Science. She is a Fellow of the Institution of Engineers Australia and a Fellow of the Australian Institute of Company Directors.</p> <p>Experience of the Accountable Authority</p> <p>Ms Cade has considerable experience in engineering and commercial leadership, with a focus on water infrastructure, utilities and professional services. She has been Chair of South East Water, a government-owned water utility, since October 2015 and holds other non-executive appointments in engineering, infrastructure and technology.</p> <p>Since 2004 she has managed a portfolio of advisory and consulting clients and recently was a member of the technical advisory panel for the National Water Infrastructure Development Fund.</p>	<p>Period as the Accountable Authority or member</p> <table border="1"> <tbody> <tr> <td>Date of commencement</td> <td>29 March 2018</td> </tr> <tr> <td>Date of cessation</td> <td>28 March 2021</td> </tr> <tr> <td>Number of meetings of the Board of the company</td> <td>8/9</td> </tr> </tbody> </table>	Date of commencement	29 March 2018	Date of cessation	28 March 2021	Number of meetings of the Board of the company	8/9
Date of commencement	29 March 2018							
Date of cessation	28 March 2021							
Number of meetings of the Board of the company	8/9							
Mr Mark Lewis Board Member	<p>Qualifications of the Accountable Authority</p> <p>Mr Lewis holds a Master of Applied Science</p> <p>Experience of the Accountable Authority</p> <p>Mr Lewis is a former WA Minister for Agriculture and Food and was a member for the Mining and Pastoral Region in the WA Legislative Council from 2013 to 2017. During that time, his responsibilities included the Rural Business Development Corporation, which administers loans to primary industries, including concessional loans on behalf of the Commonwealth. He also has experience in water infrastructure planning and development through his role as Minister for Agriculture and Food.</p> <p>He has been involved in and owned cereal, sheep/cattle and horticulture farms and is currently a corporate advisor with AFS Agriculture Limited, advising a number of agriculture-related joint ventures and private equity companies.</p>	<p>Period as the Accountable Authority or member</p> <table border="1"> <tbody> <tr> <td>Date of commencement</td> <td>29 March 2018</td> </tr> <tr> <td>Date of cessation</td> <td>28 March 2021</td> </tr> <tr> <td>Number of meetings of the Board of the company</td> <td>8/9</td> </tr> </tbody> </table>	Date of commencement	29 March 2018	Date of cessation	28 March 2021	Number of meetings of the Board of the company	8/9
Date of commencement	29 March 2018							
Date of cessation	28 March 2021							
Number of meetings of the Board of the company	8/9							

Ms Prue Bondfield Board Member	<p>Qualifications of the Accountable Authority</p> <p>Ms Bondfield holds a Bachelor of Laws, a Diploma in Project Management and a Graduate Diploma of Business, Marketing and Management.</p> <p>Experience of the Accountable Authority</p> <p>Ms Bondfield has significant agribusiness and farming expertise from her role as General Manager and a director of Palgrove Management Pty Ltd—a corporate livestock business with properties in Qld and NSW.</p> <p>She has strong agriculture industry networks from various roles in state entities and on advisory committees. She was Chair of the Beef Industry Sustainability Framework Steering Committee, which was formed by the Red Meat Advisory Council. She was also a director of the State Management Council of Livestock Health and Pest Authorities of New South Wales and a director of the Beef Improvement Association.</p>	<p>Period as the Accountable Authority or member</p> <p>Date of commencement 20 April 2018</p> <p>Date of cessation 19 April 2021</p> <p>Number of meetings of the Board of the company 8/9</p>
Ms Sharon Starick Board Member	<p>Qualifications of the Accountable Authority</p> <p>Ms Starick holds Bachelor of Agricultural Science Honours in the Plant Science Department.</p> <p>Experience of the Accountable Authority</p> <p>Ms Starick runs a combined cereal and pork business in the Murraylands in SA. She brings not only practical on-farm knowledge but also 20 years' experience with industry bodies, natural resource management groups, government boards and other private and public organisations.</p> <p>She is the current Chair of the Board of Rural Business Support, which provides rural financial counselling services for SA and NT. She is also on the board of the Grains Research and Development Corporation, Royal Automobile Association of SA, and Animal Health Australia.</p>	<p>Period as the Accountable Authority or member</p> <p>Date of commencement 4 April 2019</p> <p>Date of cessation 3 April 2022</p> <p>Number of meetings of the Board of the company 1/2</p>

APPENDIX 2: MANAGEMENT OF HUMAN RESOURCES

TABLE 2.1: ALL ONGOING EMPLOYEES, 2018–19

	Male			Female			Indeterminate			Total
	Full time	Part time	Total male	Full time	Part time	Total female	Full time	Part time	Total indeterminate	
NSW	6	1	7	7	1	8	0	0	0	15
Qld	1	0	1	0	0	0	0	0	0	1
SA	0	0	0	0	0	0	0	0	0	0
Tas	0	0	0	0	0	0	0	0	0	0
Vic	0	0	0	0	0	0	0	0	0	0
WA	0	0	0	0	0	0	0	0	0	0
ACT	0	0	0	1	0	1	0	0	0	0
NT	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0
Total	7	1	8	7	1	8	0	0	0	16

TABLE 2.2: ALL NON-ONGOING EMPLOYEES, 2018–19

	Male			Female			Indeterminate			Total
	Full time	Part time	Total male	Full time	Part time	Total female	Full time	Part time	Total indeterminate	
NSW	1	0	1	0	0	0	0	0	0	1
Qld	0	0	0	0	0	0	0	0	0	0
SA	0	0	0	0	0	0	0	0	0	0
Tas	0	0	0	0	0	0	0	0	0	0
Vic	0	0	0	0	0	0	0	0	0	0
WA	0	0	0	0	0	0	0	0	0	0
ACT	4	0	4	0	0	0	0	0	0	4
NT	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0
Total	5	0	5	0	0	0	0	0	0	5

TABLE 2.3: ALL ONGOING EMPLOYEES, 2017–18

	Male			Female			Indeterminate			Total
	Full time	Part time	Total male	Full time	Part time	Total female	Full time	Part time	Total indeterminate	
NSW	1	1	1	0	0	0	0	0	0	1
Qld	0	0	0	0	0	0	0	0	0	1
SA	0	0	0	0	0	0	0	0	0	0
Tas	0	0	0	0	0	0	0	0	0	0
Vic	0	0	0	0	0	0	0	0	0	0
WA	0	0	0	0	0	0	0	0	0	0
ACT	1	0	1	0	0	0	0	0	0	1
NT	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0
Total	2	1	2	0	0	0	0	0	0	2

TABLE 2.4: ALL NON-ONGOING EMPLOYEES, 2017–18

	Male			Female			Indeterminate			Total
	Full time	Part time	Total male	Full time	Part time	Total female	Full time	Part time	Total indeterminate	
NSW	0	0	0	0	0	0	0	0	0	0
Qld	0	0	0	0	0	0	0	0	0	0
SA	0	0	0	0	0	0	0	0	0	0
Tas	0	0	0	0	0	0	0	0	0	0
Vic	0	0	0	0	0	0	0	0	0	0
WA	0	0	0	0	0	0	0	0	0	0
ACT	0	0	0	0	0	0	0	0	0	0
NT	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0

TABLE 2.5: INFORMATION ABOUT REMUNERATION FOR KEY MANAGEMENT PERSONNEL

Name	Position title	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Base salary	Bonuses	Other benefits and allowances	Superannuation contributions	Long service leave	Other long-term benefits		
Matt Ryan	Acting CEO	\$151,955	0	0	\$18,618	0	0	0	\$170,573
Bruce King	CEO	\$179,423	0	\$4993	\$11,171	\$2,579	0	0	\$198,166
David Foster	Board Chair	\$67,207	0	0	\$6,610	0	0	0	\$73,817
Mark Lewis	Board Member	\$37,152	0	0	\$3,836	0	0	0	\$40,988
Prue Bondfield	Board Member	\$31,557	0	0	\$3,307	0	0	0	\$34,864
Lucia Cade	Board Member	\$37,152	0	0	\$3,836	0	0	0	\$40,988
Sharon Starick	Board Member	\$10,012	0	0	\$951	0	0	0	\$10,963

TABLE 2.6: INFORMATION ABOUT REMUNERATION FOR SENIOR EXECUTIVES

The RIC has no senior executive remuneration to report. The RIC is a newly established entity and permanent employees were not in place until February 2019. All substantial decisions affecting the operation of the entity were made by the key management personnel.

Total remuneration bands	Number of senior executives	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Average base salary	Average bonuses	Avg. other benefits and allowances	Average superannuation contributions	Average long service leave	Avg. other long-term benefits	Average termination benefits	Average total remuneration
\$0–\$220,000	0	0	0	0	0	0	0	0	0
\$220,001–\$245,000	0	0	0	0	0	0	0	0	0
\$245,001–\$270,000	0	0	0	0	0	0	0	0	0
\$270,001–\$295,000	0	0	0	0	0	0	0	0	0
\$295,001–\$320,000	0	0	0	0	0	0	0	0	0
\$320,001–\$345,000	0	0	0	0	0	0	0	0	0
\$345,001–\$370,000	0	0	0	0	0	0	0	0	0
\$370,001–\$395,000	0	0	0	0	0	0	0	0	0
\$395,001–\$420,000	0	0	0	0	0	0	0	0	0
\$420,001–\$445,000	0	0	0	0	0	0	0	0	0
\$445,001–\$470,000	0	0	0	0	0	0	0	0	0
\$470,001–\$495,000	0	0	0	0	0	0	0	0	0
\$495,001 and over	0	0	0	0	0	0	0	0	0

TABLE 2.7: INFORMATION ABOUT REMUNERATION OTHER HIGHLY PAID STAFF

The RIC has no highly paid staff remuneration to report.

Total remuneration bands	Number of senior executives	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Average base salary	Average bonuses	Avg. other benefits and allowances	Average superannuation contributions	Average long service leave	Avg. other long-term benefits	Average termination benefits	Average total remuneration
\$0–\$220,000	0	0	0	0	0	0	0	0	0
\$220,001–\$245,000	0	0	0	0	0	0	0	0	0
\$245,001–\$270,000	0	0	0	0	0	0	0	0	0
\$270,001–\$295,000	0	0	0	0	0	0	0	0	0
\$295,001–\$320,000	0	0	0	0	0	0	0	0	0
\$320,001–\$345,000	0	0	0	0	0	0	0	0	0
\$345,001–\$370,000	0	0	0	0	0	0	0	0	0
\$370,001–\$395,000	0	0	0	0	0	0	0	0	0
\$395,001–\$420,000	0	0	0	0	0	0	0	0	0
\$420,001–\$445,000	0	0	0	0	0	0	0	0	0
\$445,001–\$470,000	0	0	0	0	0	0	0	0	0
\$470,001–\$495,000	0	0	0	0	0	0	0	0	0
\$495,001 and over	0	0	0	0	0	0	0	0	0

APPENDIX 3 COMPLIANCE INDEX

LIST OF PUBLIC GOVERNANCE, PERFORMANCE AND ACCOUNTABILITY (PGPA) REQUIREMENTS

Under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), section 46, corporate Commonwealth entities are required to prepare an annual report in accordance with subdivision B, sections 17BA to 17BF of the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule). This index lists where specific requirements are covered.

PGPA Rule reference	Part of report	Description	Requirement
17BE	Contents of annual report		
17BE(a)	Page 8	Details of the legislation establishing the body	Mandatory
17BE(b)(i)	Page 8	A summary of the objects and functions of the entity as set out in legislation	Mandatory
17BE(b)(ii)	Page 8	The purposes of the entity as included in the entity's corporate plan for the reporting period	Mandatory
17BE(c)	Page 9	The names of the persons holding the position of responsible minister or responsible ministers during the reporting period, and the titles of those responsible ministers	Mandatory
17BE(d)	Page 9	Directions given to the entity by the Minister under an Act or instrument during the reporting period	If applicable, mandatory
17BE(e)	Page 9	Any government policy order that applied in relation to the entity during the reporting period under section 22 of the Act	If applicable, mandatory
17BE(f)	Page 9	Particulars of non-compliance with: (a) a direction given to the entity by the Minister under an Act or instrument during the reporting period; or (b) a government policy order that applied in relation to the entity during the reporting period under section 22 of the Act	If applicable, mandatory
17BE(g)	Page 18	Annual performance statements in accordance with paragraph 39(1)(b) of the Act and section 16F of the rule	Mandatory
17BE(h), 17BE(i)	N/A	A statement of significant issues reported to the Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with finance law and action taken to remedy non-compliance	If applicable, mandatory
17BE(j)	Appendix 1	Information on the accountable authority, or each member of the accountable authority, of the entity during the reporting period	Mandatory
17BE(k)	Page 12	Outline of the organisational structure of the entity (including any subsidiaries of the entity)	Mandatory
17BE(ka)	Appendix 2	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: (a) statistics on full-time employees; (b) statistics on part-time employees; (c) statistics on gender; (d) statistics on staff location	Mandatory
17BE(l)	Page 12	Outline of the location (whether or not in Australia) of major activities or facilities of the entity	Mandatory
17BE(m)	Page 16	Information relating to the main corporate governance practices used by the entity during the reporting period	Mandatory
17BE(n), 17BE(o)	N/A	For transactions with a related Commonwealth entity or related company where the value of the transaction, or if there is more than one transaction, the aggregate of those transactions, is more than \$10,000 (inclusive of GST): (a) the decision-making process undertaken by the accountable authority to approve the entity paying for a good or service from, or providing a grant to, the related Commonwealth entity or related company; and (b) the value of the transaction, or if there is more than one transaction, the number of transactions and the aggregate of value of the transactions	If applicable, mandatory
17BE(p)	N/A	Any significant activities and changes that affected the operation or structure of the entity during the reporting period	If applicable, mandatory
17BE(q)	Page 17	Particulars of judicial decisions or decisions of administrative tribunals that may have a significant effect on the operations of the entity	If applicable, mandatory
17BE(r)	Page 17	Particulars of any reports on the entity given by: (a) the Auditor-General (other than a report under section 43 of the Act); or (b) a Parliamentary Committee; or (c) the Commonwealth Ombudsman; or (d) the Office of the Australian Information Commissioner	If applicable, mandatory
17BE(s)	N/A	An explanation of information not obtained from a subsidiary of the entity and the effect of not having the information on the annual report	If applicable, mandatory
17BE(t)	Page 15	Details of any indemnity that applied during the reporting period to the accountable authority, any member of the accountable authority or officer of the entity against a liability (including premiums paid, or agreed to be paid, for insurance against the authority, member or officer's liability for legal costs)	If applicable, mandatory
17BE(ta)	Appendix 2	Information about executive remuneration	Mandatory
17BF	Disclosure requirements for government business enterprises		
17BF(1)(a)(i)	N/A	An assessment of significant changes in the entity's overall financial structure and financial conditions	If applicable, mandatory
17BF(1)(a)(ii)	N/A	An assessment of any events or risks that could cause financial information that is reported not to be indicative of future operations or financial conditions	If applicable, mandatory
17BF(1)(b)	N/A	Information on dividends paid or recommended	If applicable, mandatory
17BF(1)(c)	N/A	Details of any community service obligations the government business enterprise has including: (a) an outline of actions taken to fulfil those obligations; and (b) an assessment of the cost of fulfilling those obligations	If applicable, mandatory
17BF(2)	N/A	A statement regarding the exclusion of information on the grounds that the information is commercially sensitive and would be likely to result in unreasonable commercial prejudice to the government business enterprise	If applicable, mandatory



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