



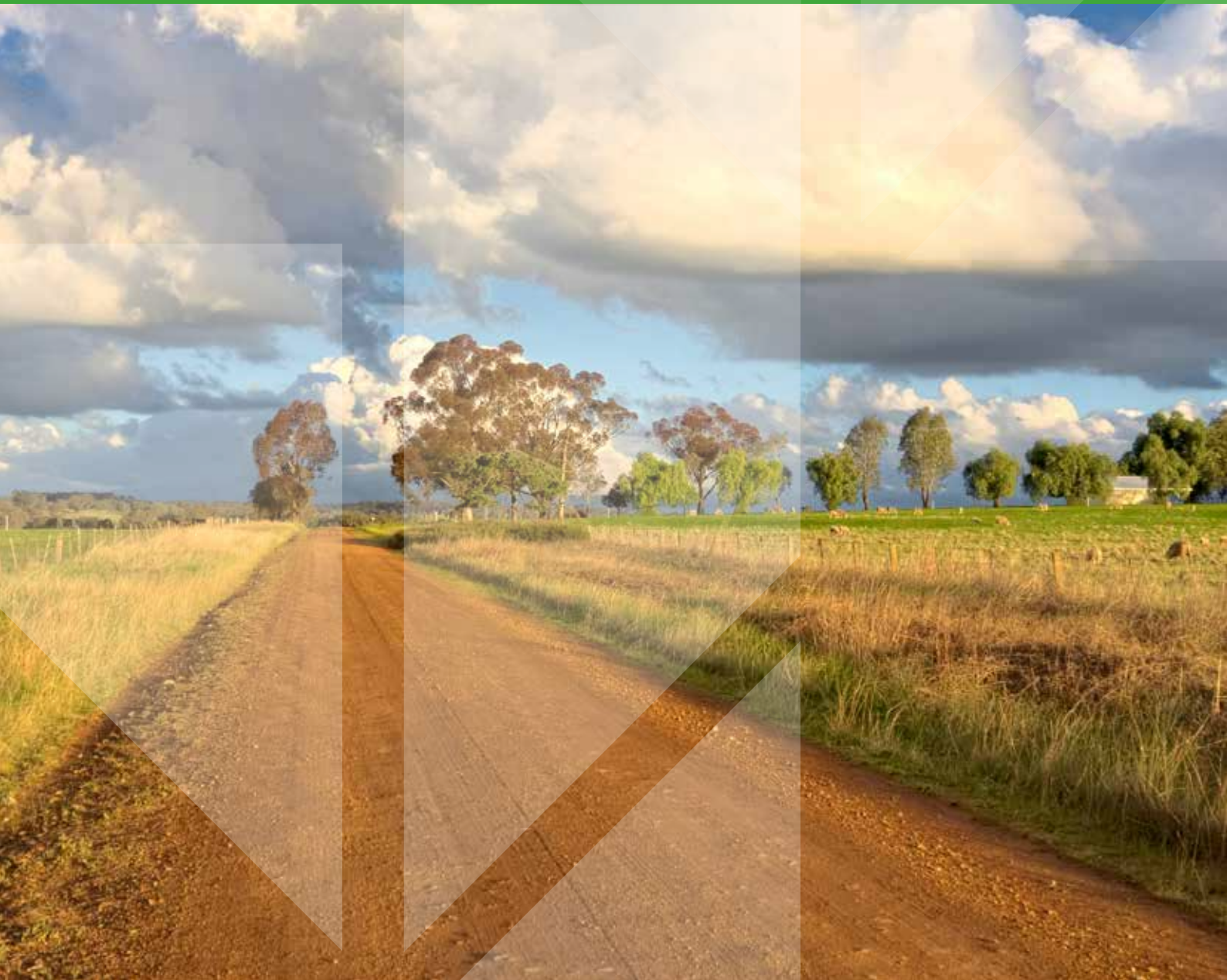
Australian Government



REGIONAL  
INVESTMENT  
CORPORATION

# REGIONAL INVESTMENT CORPORATION ANNUAL REPORT

2017-18



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# TRANSMITTAL LETTER



Australian Government



REGIONAL  
INVESTMENT  
CORPORATION

Ref: RIC 069

The Hon. David Littleproud MP  
Minister for Agriculture and Water Resources  
Parliament House  
CANBERRA ACT 2600

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

Dear Ministers,

I am pleased to present the 2017–18 Annual Report for the Regional Investment Corporation (RIC) in accordance with section 46 of the *Public Governance, Performance and Accountability Act 2013* for presentation in Parliament.

This report covers the period since our establishment as a corporate Commonwealth entity under the *Regional Investment Corporation Act 2018* on 8 March 2018 to 30 June 2018. Since the appointment of the RIC Board on 29 March, we have focused on establishing our fundamental business processes and systems in anticipation of commencing our full functions, delivering loans on 1 July 2018.

We did not publish a 2017–18 corporate plan for the period of March to June 2018 and did not have a separate entry in the Portfolio Budget Statements for 2017–18. Therefore, there were no performance measures to report against in this annual report. The *Department of Agriculture and Water Resources 2017–18 Annual Report* covers work undertaken to support the establishment of the RIC before 1 July 2018.

We recently published our *2018–19 Corporate Plan* and look forward to reporting against it next year. Our corporate plan also reports on the progress we have made on entity establishment.

The RIC Board approved this report in accordance with a resolution on 5 October 2018.

**David Foster**  
Chair of the Board  
12 October 2018

1800 875 675

C/- Department of Agriculture and Water Resources  
GPO Box 858, Canberra ACT 2601

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RIC@agriculture.gov.au

# 1

## LEGISLATIVE FRAMEWORK

The Regional Investment Corporation (RIC) was established as a corporate Commonwealth entity on 8 March 2018 under the *Regional Investment Corporation Act 2018* (the RIC Act).

Our main functions, commencing under the RIC Act on 1 July 2018, are:

- a) to administer farm business loans
- b) to administer, on behalf of the Commonwealth, grants of financial assistance to states and territories in relation to water infrastructure projects
- c) to administer programs prescribed by any rules that may be made under section 54 of the RIC Act.

We perform our functions in accordance with directions given by our responsible Ministers, the Hon. David Littleproud MP, Minister for Agriculture and Water Resources, and Senator the Hon. Mathias Cormann, Minister for Finance and the Public Service.

These directions are set in the *Regional Investment Corporation Operating Mandate 2018* (the Operating Mandate), which came into force on 16 June 2018. The Operating Mandate directs us in relation to our objectives, expectations about our strategies and policies, eligibility criteria for our loans, financial arrangements and other matters.

The *Regional Investment Corporation (Water Infrastructure Project Agreements) Rule 2018* also came into force in this period, on 22 June 2018. The rule sets out the terms and conditions we may include in a water loan agreement.

The RIC Act establishes the RIC Board, consisting of the Chair and two to four other members. The Board's main functions are to:

- decide on the strategies and policies to be followed, within the scope of the Operating Mandate provided by the responsible Ministers
- ensure the proper, efficient and effective performance of the RIC's functions
- sign agreements, on behalf of the Commonwealth, with states or territories for grants of financial assistance for water infrastructure projects
- appoint the Chief Executive Officer (CEO)
- perform any other functions conferred on it by the RIC Act or other legislation, which would include any additional functions needed to administer additional programs as directed by the responsible Ministers.

The RIC Board was appointed on 29 March 2018. Find more about our Board at section 3 'Our people'.

# 2

## 2017-18 ACTIVITIES

### 2.1 ENTITY ESTABLISHMENT

After being appointed in March 2018, the Board met six times before 30 June 2018 and were actively engaged in all aspects of setting up the new entity.

The initial focus was to establish the legal entity with fundamental business registrations, and to consider the necessary business processes and systems required. We sought to develop and implement our key accountability and reporting requirements under relevant legislation such as the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), in anticipation of commencing our full functions on 1 July 2018. We made considerable progress in developing and establishing essential policies and procedures relating to our corporate obligations such as risk management, privacy, and human resource management. This work was supported by extensive preparatory work and briefing from the Department of Agriculture and Water Resources.

Workforce planning, including the recruitment of a permanent CEO and employees, was at the forefront of Board deliberations. Our acting CEO, Mr Matt Ryan, was appointed on 25 May 2018. In late June, we began the search for our permanent CEO.

We also began planning for a national campaign to source suitably skilled employees. In the interim, we are supported by employees on secondment from the Department of Agriculture and Water Resources and the Murray–Darling Basin Authority. More detail about our seconded workforce is at section 3 ‘Our people’.

In May 2018, we announced that our headquarters would be in Orange, New South Wales. The Board decided on Orange as it is an established agribusiness hub. They considered factors such as transport and accessibility, availability of commercial real estate, telecommunications, available workforce, amenities and services. Proximity to related organisations such as government departments and financial service organisations was also a consideration.

We canvassed various commercial real estate options for our office in Orange and undertook site visits looking for suitable premises. We anticipate that our new headquarters will be open in time to coincide with the induction of our permanent employees later in 2018.

We began work on our foundational information and communications technology (ICT) service requirements, working with key vendors and procuring devices and software. Refer to section 4.6 for further information about our ICT services. We established bank accounts and put in place financial management and reporting systems.

Independent experts engaged to review our readiness found us to be well positioned to meet our legislative and other corporate obligations as a new corporate Commonwealth entity. This is an ongoing task and we are focused on implementing best practice.

## 2.2 LOANS

Our focus in 2017–18 was on ensuring we were ready to open for business on 1 July 2018.

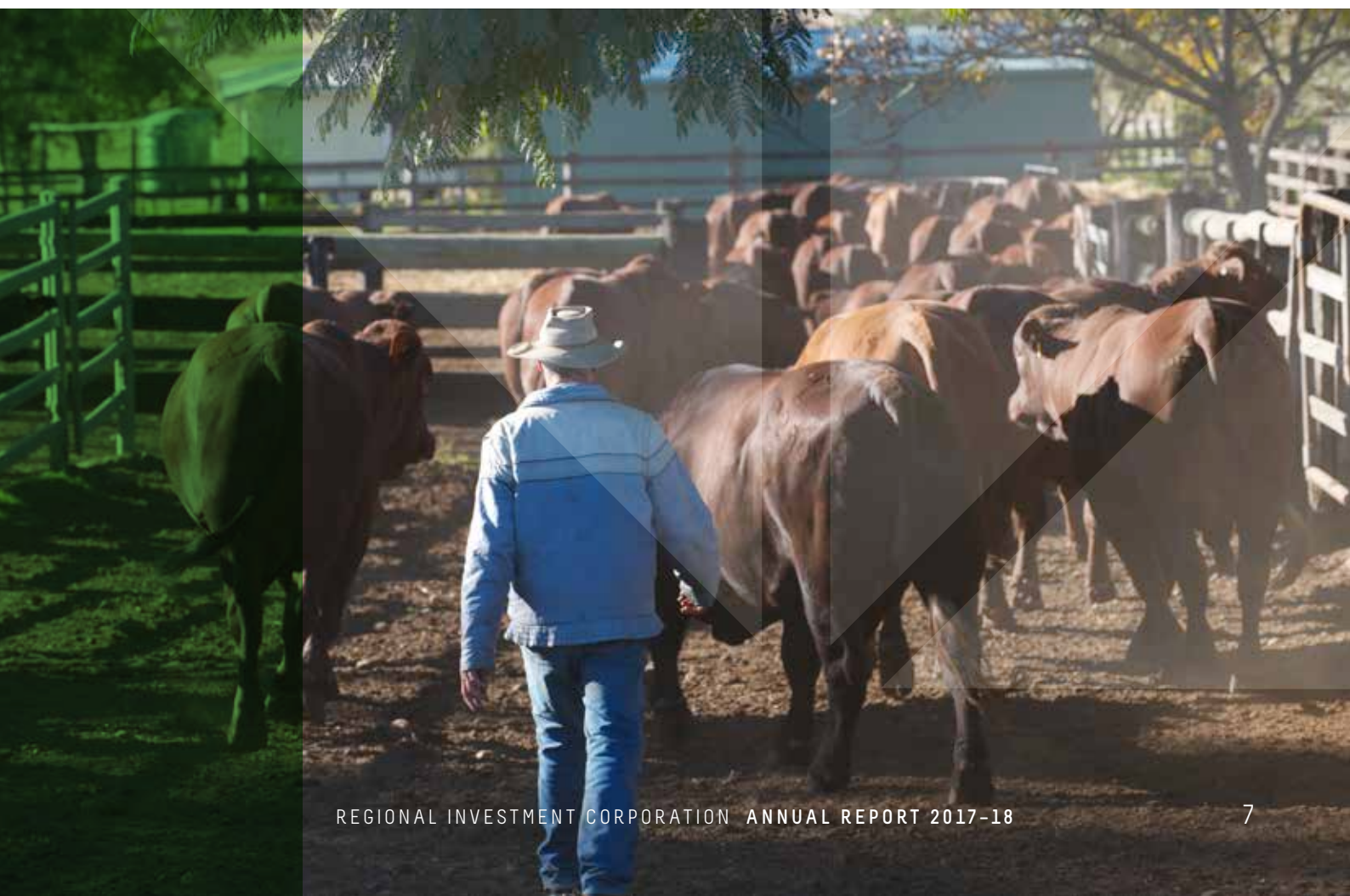
We developed guidelines for our Farm Investment loans, Drought loans and Water Infrastructure loans. The guidelines provide information about our products including eligibility requirements, potential loan uses, how to apply, and how we will assess applications.

We established our website in preparation for launch on 1 July 2018 to coincide with opening for business, and put in place our dedicated customer service hotline to field enquiries and provide ready access to consistent information about the RIC and our loan products.

We set a low variable interest rate for each of our loan products. We developed a range of internal policies and procedures to ensure loans are assessed and managed consistently, efficiently, fairly and correctly.

For farm business loans, we worked to engage an external service provider to help us assess and manage loans from 1 July 2018. We will continue to work with our service providers to ensure that loans are assessed appropriately.

We prepared for the transition of the National Water Infrastructure Loan Facility from the Department of Infrastructure, Regional Development and Cities (DIRDaC) to us. This includes the RIC taking over the administration of a loan that DIRDaC had negotiated before the RIC formally commenced. We also set up arrangements to reach out to state agencies to make sure they were aware of the RIC and the loan facility.



## 3

## OUR PEOPLE

## 3.1 OUR BOARD

The Board is established under and governed by the RIC Act. The functions of the Board are described in section 1 'Legislative framework'. All of our Board members are non-executive members.

Throughout the 2017–18 financial year, the RIC Board was remunerated by the Department of Agriculture and Water Resources, and not the RIC itself. The value of the Board's remuneration in 2017–18 was \$64,544 and was made in accordance with Remuneration Tribunal (Remuneration and Allowances for Holders of Part-time Public Office) Determination 2018.

## 3.1.1 CHAIR



**Mr David 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 includes five years as Chief Executive Officer of Suncorp Bank and more than 14 years with Westpac in a number of senior roles in New South Wales and Queensland. He holds current directorships with MotorCycle Holdings Limited, Thorn Group Limited, Genworth Mortgage Insurance Limited, G8 Education Limited and Local Government Enterprises of Queensland. David attended all six board meetings to 30 June 2018.

## 3.1.2 MEMBERS



**Ms Lucia 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. Lucia has significant executive experience in water engineering, infrastructure and professional services, including appointments with Melbourne Water, City West Water, and AECOM. 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. Lucia attended five of the six board meetings to 30 June 2018.



**Mr Mark Lewis** is a former Western Australian Minister for Agriculture and Food and was a member for the Mining and Pastoral Region in the Western Australian 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. He has been involved in and owned cereals, 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. Mark attended all six board meetings to 30 June 2018.

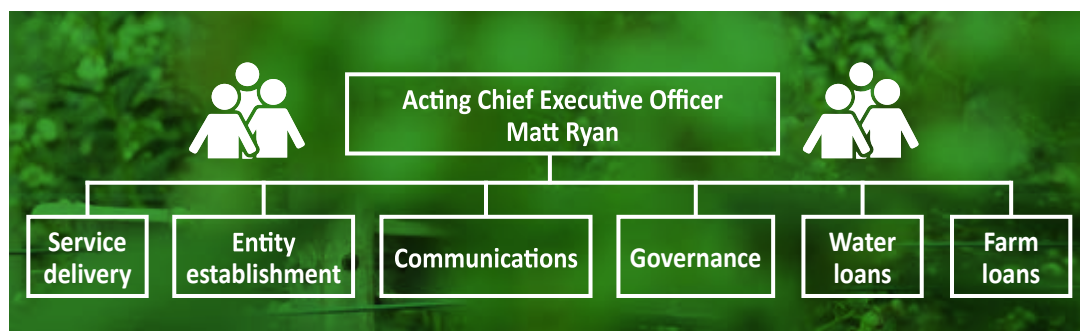


**Ms Prue Bondfield** has significant agribusiness and farming expertise from her role as General Manager and a director of Palgrove Management Pty Ltd, a corporate livestock business with properties in Queensland and New South Wales. Prue also has strong agriculture industry networks from various roles 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. Prue attended four of the six board meetings held to 30 June 2018. The first of the six meetings was held before her appointment to the board on 20 April 2018.

## 3.2 OUR WORKFORCE

In 2017–18 the RIC was supported by a departmental taskforce focused on getting us ready for stand-up on 1 July 2018. Since 15 June 2018, we have been staffed by a combination of 23 departmental secondees and a number of contractors. Our interim team structure (streams of work) in 2017–18 is set out at Figure 1.

Figure 1 Interim team structure



Our employment structure will change as we recruit our permanent workforce and turn the focus to ‘business as usual’ rather than establishment activities. We expect this will be an iterative process as we bring on board the team with the right capabilities and expertise in Orange.

During the reporting period, the RIC had no subsidiaries.

## 3.3 OUR LOCATION

In May 2018, we announced that our headquarters would be in Orange, New South Wales. During the reporting period all our operations were based in Canberra through the interim employee arrangements. Seconded employees worked from the national office of the Department of Agriculture and Water Resources, located at 18 Marcus Clarke Street, Canberra ACT 2601.

# 4

## CORPORATE GOVERNANCE

### 4.1 DECISION-MAKING

At its first meeting, the RIC Board agreed on its charter, which sets out its role, responsibilities, structure and processes.

In accordance with the RIC Act, the Board must meet at least four times per year. However, in 2017–18 it met more frequently (six times between appointment in March and 30 June 2018) in order to make key decisions and progress priority work in the entity establishment phase.

The RIC Board received extensive briefing by the Department of Agriculture and Water Resources to assist in early establishment. This included an introductory guide on legislative responsibilities relevant to the RIC, along with detailed information and advice on priority matters. All decisions were made by the Board. The department facilitated this work by providing staff and resources before the RIC received financial independence and interim staffing of its own.

Under the RIC Act, it is a designated function of the Board to sign contracts for water loans on behalf of the Commonwealth.

For more detail about the Board refer to section 1 ‘Legislative framework’ and section 3 ‘Our people’.

The CEO has responsibility for the day-to-day management of the RIC, including the power to approve and sign contracts for farm business loans under the RIC Act.

#### 4.1.1 BOARD COMMITTEES

The Board may establish committees to advise on or assist in the performance of the Board’s or the RIC’s functions. Each committee would have a chair and a clearly defined charter setting out its structure, functions, duties and responsibilities. No Board committees were established in 2017–18.

Refer to section 4.2.5 for information about the establishment of our Audit Committee.

## 4.2 INTERNAL CONTROLS

In 2017–18 the Board took steps to establish and maintain an appropriate system of internal control for the RIC. This included considering issues such as risk management, fraud control, financial management, assurance, and protective security.

### 4.2.1 RISK MANAGEMENT

Good risk management is fundamental to the RIC's success, particularly given the complex lending and advisory nature of our business. In 2017–18 we began developing our Enterprise Risk Management Framework in accordance with the principles in the Commonwealth Risk Management Policy. Risk management has been, and will continue to be, factored into all of our governance, planning and performance management processes.

### 4.2.2 FRAUD CONTROL

Our Fraud and Corruption Control Plan will provide a comprehensive framework for identifying, deterring, detecting, investigating and reporting fraud and corruption and meeting broader government obligations.

### 4.2.3 FINANCIAL MANAGEMENT

We have established, and continue to develop, financial control systems and a modern financial management information system to protect the integrity of information and provide our management team with relevant and up-to-date financial information.

### 4.2.4 PROTECTIVE SECURITY

We began work on our Protective Security Control Plan, which will provide the framework for identifying and mitigating security risks early to protect the RIC's information, assets and people. It will be developed in accordance with guidance and standards contained in the Australian Government's Protective Security Policy Framework.

### 4.2.5 ASSURANCE

The Board determined the structure and membership of the Audit Committee, which was appointed in early July 2018. The Audit Committee provides independent assurance and advice to the Board about our risk, performance, internal audit program, financial statements, and compliance framework.

The Australian National Audit Office audits our annual financial statements.

## 4.3 INSURANCE

The RIC established insurance to cover employees and Board members, effective from 8 March 2018. This included directors' and officers' liability insurance and professional indemnity insurance. No premiums for these policies were paid during the 2017–18 financial year. There were no insurance claims made during the period.

The RIC established workers' compensation insurance to cover the Acting CEO, for which we paid premiums totalling \$85.80 during the 2017–18 financial year. There were no workers' compensation insurance claims made during the period. We are currently developing a rehabilitation system and early intervention mechanisms to provide support and assistance to workers who may be injured or become ill due to work-related situations.

## 4.4 WORK HEALTH AND SAFETY

The RIC is developing a health, safety and wellbeing management system. This will outline how we will discharge our legislative obligations and ensure safe outcomes for RIC workers and for others to whom we owe a duty of care under the work health and safety (WHS) legislation. The Board has been actively engaged on WHS and briefed on its due diligence obligations.

Departmental staff assisting the RIC and seconded to the RIC continued to operate under the safety management system of the Department of Agriculture and Water Resources during 2017–18.

It is anticipated that all elements of the RIC's health, safety and wellbeing management system will be developed and implemented in 2018–19 before permanent staff are employed.

## 4.5 HUMAN RESOURCES

In developing our human resources and WHS systems we will consider and include mechanisms designed to support equal opportunity and flexibility in the workplace. For example, we will implement a wide range of flexible work arrangements which will facilitate employment security for employees with carer responsibilities. Similarly, the RIC is developing policies to support the physical and psychological wellbeing of its employees, and will provide access to an employee assistance program for employees and their family members.

Our policies will incorporate relevant information and requirements relating to equal employment opportunity under the *Equal Employment Opportunity (Commonwealth Authorities) Act 1987*.

## 4.6 ENVIRONMENTAL SUSTAINABILITY

In starting work on our foundational ICT service requirements, we have chosen technology that minimises our environmental impact. We plan to use mobile devices where possible to support sustainable practices such as videoconferencing and ‘paper-lite’ processes and recordkeeping. This will enable us to establish our office with a smaller environmental footprint. This approach will be complemented by using cloud-based services, which require less on-site infrastructure. We will continue to look for opportunities to support sustainability and energy efficiency while establishing our head office.

From 1 July 2018, we deliver programs that support 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. For example, our loans can help farmers prepare for drought by employing proactive water management measures and water-efficient cropping techniques.

Our water infrastructure loans will fund projects that produce public benefits to the broader economy, community and environment. As part of our assessment, we will require that relevant environmental approvals have, 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 consistent with the *Water Act 2007*, the Murray–Darling Basin Plan and broader national water policy, which contribute directly to ecologically sustainable development.

## 4.7 JUDICIAL DECISIONS AND PARLIAMENTARY COMMITTEES

The RIC is not aware of any judicial decisions or decisions of administrative tribunals that had a significant effect on our operations in 2017–18. There were also no reports made about the RIC by the Commonwealth Ombudsman, the Office of the Information Commissioner or the Auditor-General. As far as we are aware, the only parliamentary committee report which substantially involved the RIC during 2017–18 was the Senate Rural and Regional Affairs and Transport Legislation Committee’s inquiry into the Regional Investment Corporation Bill 2017 (Provisions) in August 2017, before the RIC was established.



# 5

# FINANCIAL STATEMENTS

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## INDEPENDENT AUDITOR'S REPORT

### To the Minister for Agriculture and Water Resources

#### Opinion

In my opinion, the financial statements of the Regional Investment Corporation for the year ended 30 June 2018:

- (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 Regional Investment Corporation as at 30 June 2018 and its financial performance and cash flows for the year then ended.

The financial statements of the Regional Investment Corporation, which I have audited, comprise the following statements as at 30 June 2018 and for the year then ended:

- Statement by the Accountable Authority, 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 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 Regional Investment 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 Regional Investment Corporation the Board is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under that Act. The Board is also responsible for such internal control as the Board determines is necessary to enable the preparation and fair presentation 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 Regional Investment Corporation's ability to continue as a going concern, taking into account whether the entity'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 entity'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 entity'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 entity 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 those charged with governance 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  
8 October 2018

# CERTIFICATION



Australian Government



REGIONAL  
INVESTMENT  
CORPORATION

## STATEMENT BY THE ACCOUNTABLE AUTHORITY, CHIEF EXECUTIVE AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2018 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.

This statement is made in accordance with a resolution of the Board of the Corporation.

Handwritten signature of David Foster in black ink.

**David Foster**  
Chair of the Board  
5 October 2018

Handwritten signature of Matthew Ryan in black ink.

**Matthew Ryan**  
Acting Chief Executive Officer  
5 October 2018

Handwritten signature of Sean Evans in black ink.

**Sean Evans**  
Acting Finance Manager  
5 October 2018

# PRIMARY FINANCIAL STATEMENTS

## REGIONAL INVESTMENT CORPORATION STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 JUNE 2018

	Notes	2018
		\$
<b>NET COST OF SERVICES</b>		
<b>Expenses</b>		
Employee benefits	1.1A	2,119
Suppliers	1.1B	220,610
<b>Total expenses</b>		<b>222,729</b>
<b>Own-source Income</b>		
Interest	1.2A	1,835
<b>Total own-source income</b>		<b>1,835</b>
<b>Net (cost of)/contribution by services</b>		<b>(220,894)</b>
Revenue from government	1.2B	7,099,241
<b>Total Comprehensive income/(loss)</b>		<b>6,878,347</b>

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

# REGIONAL INVESTMENT CORPORATION

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Notes	2018
		\$
<b>ASSETS</b>		
<b>Financial assets</b>		
Cash and cash equivalents	2.1A	7,017,033
Trade and other receivables	2.1B	51,987
<b>Total financial assets</b>		<b>7,069,020</b>
<b>Total assets</b>		<b>7,069,020</b>
<b>LIABILITIES</b>		
<b>Payables</b>		
Suppliers	2.2A	187,040
Other payables	2.2B	1,961
<b>Total payables</b>		<b>189,001</b>
<b>Provisions</b>		
Employee provisions	3.1A	1,672
<b>Total provisions</b>		<b>1,672</b>
<b>Total liabilities</b>		<b>190,673</b>
<b>Net assets</b>		<b>6,878,347</b>
<b>EQUITY</b>		
Retained surplus/(accumulated deficit)		6,878,347
<b>Total equity</b>		<b>6,878,347</b>

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

# REGIONAL INVESTMENT CORPORATION

## STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2018

	2018
	\$
<b>RETAINED EARNINGS</b>	
Opening balance	
Adjusted opening balance	-
<b>Comprehensive income</b>	
Surplus/(deficit) for the period	6,878,347
<b>Closing balance as at 30 June</b>	<b>6,878,347</b>
<b>TOTAL EQUITY</b>	
Opening balance	
Balance carried forward from previous period	-
<b>Comprehensive income</b>	
Surplus/(deficit) for the period	6,878,347
<b>Total comprehensive income</b>	<b>6,878,347</b>
<b>Closing balance as at 30 June</b>	<b>6,878,347</b>

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

# REGIONAL INVESTMENT CORPORATION

## CASH FLOW STATEMENT

FOR THE PERIOD ENDED 30 JUNE 2018

	2018
	\$
<b>OPERATING ACTIVITIES</b>	
<b>Cash received</b>	
Receipts from government	7,072,040
<b>Total cash received</b>	<b>7,072,040</b>
<b>Cash used</b>	
Suppliers	55,007
<b>Total cash used</b>	<b>55,007</b>
<b>Net cash from/(used by) operating activities</b>	<b>7,017,033</b>
<b>Net increase/(decrease) in cash held</b>	<b>7,017,033</b>
Cash and cash equivalents at the beginning of the reporting period	-
Effect of exchange rate movements on cash and cash equivalents at the beginning of the reporting period.	-

# REGIONAL INVESTMENT CORPORATION OVERVIEW

## Scope of Regional Investment Corporation's activities in the financial year ending 30 June 2018

The Regional Investment Corporation (RIC) was created on 8 March 2018 through its enabling legislation, the *Regional Investment Corporation Act 2018*.

Throughout the remainder of the financial year ending 30 June 2018, the Department of Agriculture and Water Resources, consistent with its responsibility to establish portfolio agencies as directed by government and legislation, undertook activities to establish governance arrangements, business processes and systems of the RIC.

As the department is a separate entity to the RIC, transactions the department undertook for establishing the RIC are not incorporated into these financial statements.

It was necessary for the RIC to enter contractual relationships and other arrangements in its own right in the course of its establishment. Only these transactions are reflected in these financial statements.

Consistent with its enabling legislation, the RIC did not commence operations until 1 July 2018 (after the final date these financial statements report upon).

## 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 programmes.

## The basis of preparation of the financial statements

The financial statements are general purpose financial statements and are required by:

- a 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) for reporting periods ending on or after 1 July 2017 (as registered on 3 April 2018); 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 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.

## New accounting standards

### *Adoption of New Australian Accounting Standard Requirements*

No accounting standard has been adopted earlier than the application date as stated in the standard.

## Taxation

The entity is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- a where the amount of GST incurred is not recoverable from the Australian Taxation Office;
- b for receivables and payables which are recognised inclusive of GST.

## Events after the reporting period

There have been no events after the reporting period that had the potential to significantly affect the ongoing structure and financial activities of the Corporation.

## Budget commentary

Consistent with its remit to establish the Regional Investment Corporation, the Department of Agriculture and Water Resources was allocated all of the budget for undertaking establishment activities in 2017–18. No budget was allocated directly to the Regional Investment Corporation.

In June 2018, uncommitted cash which the Department of Agriculture and Water Resources was appropriated to establish the Regional Investment Corporation, was transferred to the Corporation to continue establishment activities. The receipt of this cash was recognised as Revenue from Government by the Regional Investment Corporation. Subsequent payments for employee benefits and supplier arrangements for contracts entered into by the Regional Investment Corporation are recognised in the Corporation's financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 1 FINANCIAL PERFORMANCE

### REGIONAL INVESTMENT CORPORATION

#### 1.1 EXPENSES

2018

\$

<b>1.1A Employee benefits</b>	
Wages and salaries	1,651
Superannuation	
Defined contribution plans	-
Defined benefit plans	310
Leave and other entitlements	158
<b>Total employee benefits</b>	<b>2,119</b>

#### Accounting policy

Accounting policies for employee related expenses are contained in Note 3.1 *Employee provisions*.

<b>1.1B Suppliers</b>	
<b>Goods and services supplied or rendered</b>	
Consultants	14,113
Contractors	42,657
Travel	8,176
IT services	19,025
Legal services	130,395
Other	6,244
<b>Total goods and services supplied or rendered</b>	<b>220,610</b>
Good supplied	-
Services rendered	220,610
<b>Total goods and services supplied or rendered</b>	<b>220,610</b>
<b>Total suppliers</b>	<b>220,610</b>

## REGIONAL INVESTMENT CORPORATION

### 1.2 OWN-SOURCE REVENUE AND GAINS

Own-source revenue	2018
	\$
<b>1.2A Interest</b>	
Deposits	1,835
<b>Total interest</b>	<b>1,835</b>

#### Accounting policy

Interest revenue is recognised using the effective interest method.

<b>1.2B Revenue from government</b>	
Department of Agriculture and Water Resources	
Other	7,099,241
<b>Total revenue from government</b>	<b>7,099,241</b>

#### Accounting policy

##### *Revenue from government*

Funding received or receivable from non-corporate Commonwealth entities is recognised as revenue from government by the corporate Commonwealth entity unless the funding is in the nature of an equity injection or a loan.

## 2 FINANCIAL POSITION

### REGIONAL INVESTMENT CORPORATION

#### 2.1 FINANCIAL ASSETS

	2018
	\$
<b>2.1A Cash and cash equivalents</b>	
Cash on hand or on deposit	7,017,033
<b>Total cash and cash equivalents</b>	<b>7,017,033</b>
<b>2.1B Trade and other receivables</b>	
<b>Other receivables</b>	
Interest	1,835
Input Tax Credits	21,437
Other	28,715
<b>Total other receivables</b>	<b>51,987</b>
<b>Total trade and other receivables (gross)</b>	<b>51,987</b>

##### Accounting judgements and estimates

All receivables are due from other Commonwealth entities. No impairment has been applied as receivables are considered fully recoverable.

### REGIONAL INVESTMENT CORPORATION

#### 2.2 PAYABLES

	2018
	\$
<b>2.2A Suppliers</b>	
Trade creditors and accruals	187,040
<b>Total suppliers</b>	<b>187,040</b>
<b>2.2B Other payables</b>	
Salaries and wages	1,065
Superannuation	310
Other	586
<b>Total other payables</b>	<b>1,961</b>

##### Accounting judgements and estimates

Payables are recognised at transaction value.

## 3 PEOPLE AND RELATIONSHIPS

### REGIONAL INVESTMENT CORPORATION

#### 3.1 EMPLOYEE PROVISIONS

	2018
	\$
<b>3.1A Employee provisions</b>	
Leave	1,672
<b>Total employee provisions</b>	<b>1,672</b>
<b>Employee provisions expected to be settled</b>	
No more than 12 months	1,672
<b>Total employee provisions</b>	<b>1,672</b>

#### 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.

The leave liabilities are calculated on the basis of employee's remuneration at the estimated salary rate 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.

No liability for long service leave has been recognised given no employees have been engaged on a permanent basis.

#### Separation and redundancy

No provision is made for separation and redundancy benefit payments as no permanent employees have been appointed.

#### Superannuation

The entity's sole employee is a member of a defined benefit scheme managed by the Commonwealth Superannuation Corporation. 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.

Regional Investment Corporation makes employer contributions to the employees' defined benefit superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. Regional Investment Corporation 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.

#### Accounting judgements and estimates

No provision has been made for long service leave as no employees have been permanently appointed.

## REGIONAL INVESTMENT CORPORATION

### 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 entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

Up to 28 June 2018, the remuneration of key management personnel was the responsibility of the Department of Agriculture and Water Resources. The Department remunerated the Corporation's four board members and the Acting Chief Executive Officer. The Board was remunerated consistent with *Remuneration Tribunal (Remuneration and Allowances for Holders of Part-time Public Office) Determination 2018*.

On 28 June 2018, the Corporation assumed responsibility for remunerating one key management personnel: the Acting Chief Executive Officer. The Department of Agriculture and Water Resources continued responsibility for remunerating the Corporation's four board members. Only key management personnel remuneration borne by the Corporation is reported in the table below:

	2018
	\$
Short-term employee benefits	1,809
Post-employment benefits	310
<b>Total key management personnel remuneration expenses<sup>1</sup></b>	<b>2,119</b>

The total number of key management personnel that are included in the above table is one.

## REGIONAL INVESTMENT CORPORATION

### 3.3 RELATED PARTY DISCLOSURES

#### Related party relationships:

The entity is an Australian Government controlled entity. Related parties to this entity are Directors, Key Management Personnel 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. These transactions have not been separately disclosed in this note.

No transactions with related parties outside of the government sector occurred during the financial year.

<sup>1</sup> In addition to key personnel remuneration borne by the Department of Agriculture and Water Resources, 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 entity. No remuneration pertaining to the entity's board has been disclosed, as the department was responsible for board remuneration throughout 2017–18.

## 4 MANAGING UNCERTAINTIES

### REGIONAL INVESTMENT CORPORATION

#### 4.1 FINANCIAL INSTRUMENTS

	2018
	\$
<b>4.1A Categories of financial instruments</b>	
<b>Financial assets</b>	
<b>Loan and receivables</b>	
Receivables	51,987
<b>Total loans and receivables</b>	<b>51,987</b>
<b>Total financial assets</b>	<b>51,987</b>
<b>Financial liabilities</b>	
<b>Financial liabilities measured at amortised cost</b>	
Payables	189,001
<b>Total financial liabilities measured at amortised cost</b>	<b>189,001</b>
<b>Total financial liabilities</b>	<b>189,001</b>

#### Accounting policy

##### **Financial assets**

All of the Regional Investment Corporation's Financial Instrument assets are classified as loans and receivables.

##### **Impairment of financial assets**

Financial assets are assessed for impairment at the end of each reporting period.

*Financial assets held at amortised cost* — if there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

*Financial assets held at cost* — if there is objective evidence that an impairment loss has been incurred, the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

##### **Financial liabilities**

All of the Regional Investment Corporation's financial liabilities are classified as payables.

##### **Payables**

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

## REGIONAL INVESTMENT CORPORATION

### 4.2 FAIR VALUE MEASUREMENT

#### Accounting policy

The Regional Investment Corporation held no property, plant or equipment or other non-current assets throughout the 2017–18 financial year. All accounts receivables are due from Commonwealth entities and considered fully recoverable.

The Regional Investment Corporation holds no non-current liabilities. All liabilities are held recorded at transaction value.

#### 4.2A Fair value measurement

Fair value  
measurements at  
the end of the  
reporting period

2018

\$

#### Financial assets

Cash

7,017,033

Accounts receivable

51,987

#### Financial liabilities

Payables

189,001

Provisions

1,672

## 6

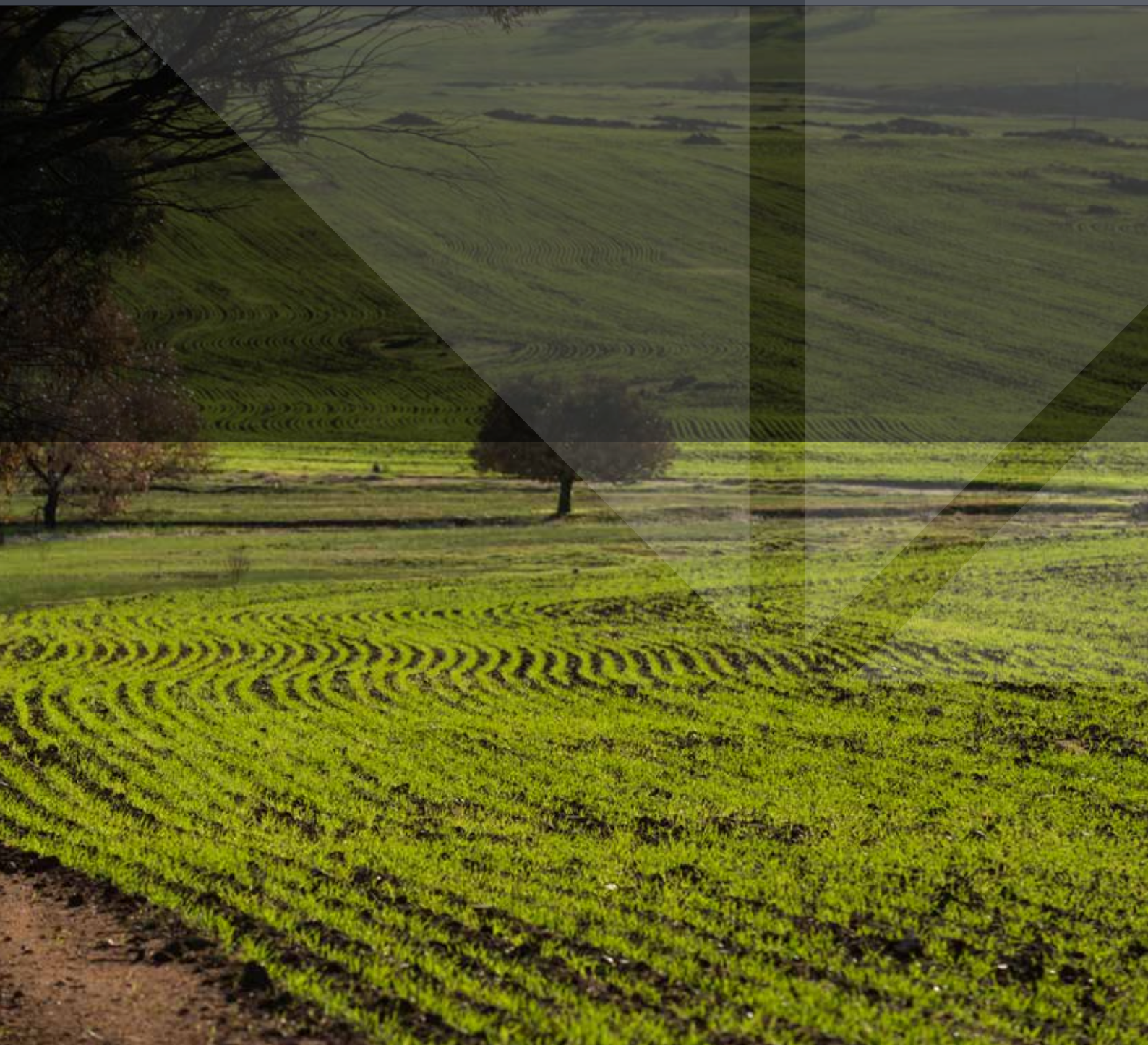
## INDEX OF REQUIREMENTS

SECTION	DESCRIPTION	LOCATION WITHIN REPORT	
<i>Public Governance, Performance and Accountability Act 2013</i>			
46	The RIC must prepare and give an annual report to RIC’s responsible Ministers, for presentation to the Parliament, on the RIC’s activities during the period.	Transmittal letter	page 4
43	Auditor-General’s report.  Financial statements and notes to the financial statements.	Financial statements	pages 15–31
<i>Public Governance, Performance and Accountability Rule 2014</i>			
17BB	The RIC Board must approve and sign the annual report.  Details of how and when the approval of the annual report was given.  A statement that the RIC Board is responsible for preparing and giving the annual report to the RIC’s responsible Ministers in accordance with section 46 of the PGPA Act.	Transmittal letter	page 4
17BE(a)	Details of the RIC’s enabling legislation.	Legislative framework	page 5
17BE(b)	A summary of the objects and functions of the RIC as set out in the legislation.  The purposes of the entity as included in the entity’s corporate plan for the period.	Legislative framework  N/A – the RIC did not publish a 2017–18 corporate plan.	page 5
17BE(c)	Names and titles of the RIC’s responsible Ministers.	Legislative framework	page 5
17BE(d)	Details of any directions given by the responsible Ministers.	Legislative framework	page 5

SECTION	DESCRIPTION	LOCATION WITHIN REPORT	
17BE(e)	Details of any applicable government policy orders.	N/A – There were no applicable government policy orders.	
17BE(f)	Details of non-compliance with any directions or policy orders which apply to the RIC.	N/A – The RIC had no instances of non-compliance.	
17BE(g)	Annual Performance Statements.	N/A – The RIC did not publish a corporate plan for the period of March to end June 2018, and no separate entry in the Portfolio Budget Statements for 2017–18. Therefore, there were no performance measures to report against in this annual report. The Department of Agriculture and Water Resources 2017–18 annual report covers work undertaken to support the establishment of the RIC before 1 July 2018.	
17BE(h)	Details of any significant issues reported to the responsible Ministers that relate to non-compliance with finance law.	N/A – The RIC did not have any instances of non-compliance with the finance law.	
17BE(i)	Details of actions taken to remedy any non-compliance with finance law.	N/A – The RIC did not have any instances of non-compliance with the finance law.	
17BE(j)	Details about the RIC Board, as the accountable authority.	Our people	pages 8–9
17BE(k)	Details about the RIC organisational structure.	Our people	pages 8–9
17BE(l)	Outline the location of the RIC's major activities or facilities.	2017–18 activities Our people	pages 6–7 pages 8–9
17BE(m)	Detail the main corporate governance practices of the RIC during the period.	Corporate governance	pages 10–13
17BE(n)	Details of the decision-making process undertaken by the accountable authority for making a decision in relation to a payment to a related entity.	N/A – The RIC did not make any payments to related entities.	
17BE(o)	Value of transactions of payments to related entities.	N/A – The RIC did not make any payments to related entities.	

SECTION	DESCRIPTION	LOCATION WITHIN REPORT
17BE(p)	Details of significant activities and changes that affected the operations or structure of the entity during the period.	Legislative framework page 5
17BE(q)–(r)	Details of any external scrutiny including judicial and administrative decisions, reviews or reports.	Corporate governance pages 10–13
17BE(s)	Details of information that was unable to be obtained from a subsidiary for the annual report.	N/A – The RIC does not have any subsidiaries.
17BE(t)	Details of any indemnity that applied during the period to the accountable authority, including insurance premiums.	Corporate governance pages 10–13
17BE(u)	An index of the RIC’s statutory reporting requirements.	Index of requirements pages 32–34
<b><i>Work Health and Safety Act 2011</i></b>		
Schedule 2, Part 4, clause 4(2)	Work health and safety initiatives, outcomes, statistics and investigations.	Corporate governance pages 10–13
<b><i>Commonwealth Electoral Act 1918</i></b>		
Section 311A	Details of advertising and marketing payments during the period.	N/A – The RIC did not make any advertising or marketing payments during the period. The Department of Agriculture and Water Resources 2017–18 Annual Report covers work undertaken to support the establishment of the RIC before 1 July 2018.
<b><i>Environment Protection and Biodiversity Conservation Act 1999</i></b>		
516A	Details about the RIC’s ecologically sustainable development and environmental performance.	Corporate governance pages 10–13
<b><i>Equal Employment Opportunity (Commonwealth Authorities) Act 1987</i></b>		
9(4)	Report on the development and implementation of an equal opportunity program.	Corporate governance pages 10–13





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