



Australian Government



REGIONAL  
INVESTMENT  
CORPORATION

Regional Investment Corporation

# Annual Report

## 2022/23



## Acknowledgement of Country and Traditional Owners

Regional Investment Corporation acknowledges the Traditional Custodians of Country throughout Australia and recognises their continuing connection to land, sea and community.

We pay our respects to the Aboriginal and Torres Strait Islander peoples, their cultures, and to their Elders past, present and emerging.

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# Transmittal letter



31 August 2023

Senator the Hon. Murray Watt, MP  
Minister for Agriculture, Fisheries and Forestry  
Parliament House CANBERRA ACT 2600

Senator the Hon. Katy Gallagher  
Minister for Finance  
Parliament House CANBERRA ACT 2600

Dear Ministers

## **Regional Investment Corporation Annual Report 2022-23**

I am pleased to submit to you the 2022-23 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 includes annual performance statements prepared in accordance with subsections 39(1) and (2) of the PGPA Act, and audited financial statements prepared in accordance with sections 41 and 42 of the PGPA Act.

The report is made in accordance with a resolution of the RIC Board on 31 August 2023, which is responsible under section 46 of the PGPA Act for presenting an annual report to you, for presentation to the Parliament, on the RIC's activities during the period.

I certify that I am satisfied that the RIC has in place appropriate fraud control mechanisms that meet our needs and comply with the PGPA Act and rule.

Yours sincerely

A handwritten signature in black ink, appearing to read "Karen Smith-Pomeroy".

Karen Smith-Pomeroy  
Chair

## Introduction from the Chair and CEO



In financial year 2022-23 we supported a stronger Australia through thriving regions by settling loans to the value of \$144.39 million. This support is part of \$3.158 billion in settled loans since inception, across more than 2,900 customers.

During the year, a portion of our customers shifted from interest-free loans to principal and interest loans. Therefore, in addition to processing new loan applications, a focus for our team was expanding the management of our existing loan portfolio. As our customer base grew and evolved in 2022-23, supporting existing customers and managing loan portfolio risk had a greater emphasis in the work we do each day.

Through the dedication of our team, we achieved all performance measures due at the end of the financial year. We are pleased to continue to deliver high levels of customer satisfaction and outperform our loan processing time target. We remain on track to deliver a change to our operating model through the insourcing of a loan management system and associated workforce changes. This change, which will conclude in 2023-24, will see us have greater control over delivering a simple and seamless customer experience, and be able to scale our business to meet changes in demand or government priorities.

Interest in our loan products this year reflected a shift in agriculture industry conditions and priorities, with an increase in Farm Investment and AgriStarter Loan approvals compared to prior years when Drought Loans were in demand. Being able to support farm businesses to manage risk or enhance productivity through the Farm Investment Loan, and to support farmers to secure their first farm or undertake succession planning through the AgriStarter Loan, gives us a sense of purpose and excitement about helping farm businesses adapt to the future.

We understand the importance of agriculture in a buoyant economy, and to food security and management of the land, and are proud to be an agriculture industry investment partner.



A handwritten signature in black ink, appearing to read 'Karen Smith-Pomeroy'.

Karen Smith-Pomeroy  
Chair

A handwritten signature in black ink, appearing to read 'John Howard'.

John Howard  
Chief Executive Officer

## Key statistics



140 loans approved, valued at **\$132.84m**

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140 loans settled, valued at **\$144.39m**

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27 Drought Loans approved, valued at **\$28.95m**

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57 Farm Investment Loans approved, valued at **\$58.6m**

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56 AgriStarter Loans approved, valued at **\$45.29m**

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Available loan facility funding for 2022-23 was **\$355m**

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**979** loan reviews undertaken

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**666** loan variations processed

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Total loan book of **2,750** loans valued at **\$2.991 billion**

## Year in review

During 2022-23 we received 291 new loan applications. As at 30 June, the total value of the loan portfolio was \$2.991 billion, with 47 per cent of our customers making interest payments.

As part of our loan stewardship function, we undertake a range of activities to manage the loan portfolio including regular loan reviews, credit risk assessments and support of customers. In early 2023, many of our customers were affected by flooding within their Local Government Area and we extended support to those affected and in need.

During the 2022-23 financial year we processed 666 loan variations.

As part of our commitment to understanding and assisting our customers, we undertake annual market research through an independent external service provider. The results allow us to measure our impact and progress against our Corporate Plan measures and targets to improve customer satisfaction. This year the results told us that 88 per cent of RIC-assisted farmers agreed a RIC loan made it easier to recover from drought, natural disaster or external disruption and 83 per cent agreed they now have greater confidence in the profitability of their farm/small business given they have a RIC loan with a concessional interest rate.

Interest rates for RIC loans are set in accordance with the Regional Investment Corporation Operating Mandate Direction 2018 and are reviewed every 6 months. Our interest rate adjustments are determined by the Commonwealth 10-year bond rate averaged over 6 months and include an operating cost margin.

Between 1 July 2022 and 30 June 2023, the RIC interest rate increased by 221 basis points from 2.31 per cent to 4.52 per cent. During this same period the Reserve Bank of Australia cash rate increased by 325 basis points from 0.85 per cent to 4.1 per cent.

The rates are a concessional rate when compared with commercial bank rates and do not increase when the Reserve Bank of Australia increases the cash rate or when commercial bank rates increase.

The interest rate changes across 2022-23 are detailed in Table 1.

**Table 1: Interest rate changes across the 2022-23 period**

	Farm Business Loan Rate	Plantation Loan Rate
2022-23 start	2.31%	1.89%
1 Aug 2022	3.04%	2.62%
1 Feb 2023	4.52%	4.07%

The RIC has exceeded its 2022-23 target to decision 85 per cent of eligible loans within 30 RIC-handling days with 99 per cent being decisioned within this time.

As at 30 June there were 54 approved loans awaiting settlement valued at a total of \$51.43 million.

Of the \$2.991 billion in loans under management, as at 30 June 2023 only \$104K were in arrears where no suitable arrangement is in place which is less than 0.6 per cent of all loans in the interest payment stage.

## Announcements

In 2022 we expanded our farm business definition with reference to Australian and New Zealand Standard Industrial Classification (ANZSIC), 2006 (cat. No. 1292.0) (Revision 2.0) Codes 01 (Agriculture) and 02 (Aquaculture) with some exclusions for implementation from 1 July 2022.

During the financial year, through a movement of funds, \$88.9 million of additional loan funding for farm business loans was made available by the Australian Government.

The total loan funding for the year was \$354.9 million.

## Improvement initiatives

We continued our transformation program to bring inhouse systems and processes build people capability to manage the end-to-end loan process to own and enhance the customer experience and continuously improve our service delivery.

This included the establishment of a contact centre, loan origination and management systems and the people capability to service our customers from the point of initial inquiry and application through to settlement, the ongoing management of the loan and closure when the loan is repaid.

This will deliver on our strategy to build on our foundations, ensure our loans make a positive difference and own the customer experience while efficiently deploying new or amended loan products in response to Government policy initiatives.

## Stakeholder engagement

We participated in a range of engagement activities across all states including agricultural field days, webinars, and workshops to raise awareness of RIC loan programs and ensure the RIC remains connected to stakeholders and customers.

Our CEO also visited areas which were heavily impacted by floods including the Northern Rivers and Cabonne Local Government Areas where he met with customers, industry groups and Rural Financial Counselling Services.

## Advertising and market research

We undertook media monitoring activity and engaged advertising services to communicate key messages and generate awareness of our loan programs. We also utilised the services of an online recruitment platform to assist in the expansion of our workforce as part of the transformation program.

The amounts the RIC paid to media and advertising organisations in 2022-23 are in Table 2.

**Table 2: Payments to media and advertising organisations in 2022-23**

Organisation	Purpose	Total amount paid \$
News Pty Ltd	Advertising	71,499.98
Rural Press Pty Ltd	Advertising	32,234.00
JWS Consulting Pty Ltd	Market Research	163,350.00 <sup>1</sup>
Hootsuite	Media monitoring	17,852.00
Streem Pty Ltd	Media monitoring	22,440.00
Seek	Recruitment advertising	27,229.41

Note: Section 311A of the Commonwealth Electoral Act 1918 requires Australian Government departments and agencies to set out in their annual report details of amounts greater than \$13,800 (inclusive of GST) paid by or on behalf of them during the year to advertising agencies, market research organisations, polling organisations, direct mail organisations and media advertising organisations.



<sup>1</sup> This represents payment for 2021-22 and 2022-23 all paid in 2022-23

# Organisational overview

## Authority, function and purpose

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

The RIC is a Corporate Commonwealth Entity and Special Investment Vehicle governed by an independent board appointed by, and accountable to, Senator the Hon. Murray Watt - Minister for Agriculture, Fisheries and Forestry and Senator the Hon. Katy Gallagher - Minister for Finance.



## Function

Our primary functions under the RIC Act are the administration of farm business loans to help farmers support their long-term strength, resilience, and profitability on behalf of the Australian Government.

Administration of farm business loans includes:

- 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.



## Purpose statement

**To support the growth, resilience, and sustainability of Australia's agricultural economy.**

We have streamlined and strengthened our purpose statement to reflect our role in the agricultural economy, supporting farm businesses throughout the business cycle from recovery from business disruptions to business innovation and adaptation.

Including 'sustainability' in our purpose statement reflects the environmental, financial and business sustainability support that RIC loans offer to our customers.

In our 2023 Annual Customer Experience survey<sup>2</sup>, 87 per cent of our customers told us they agree that the RIC contributes to economic growth and the resilience of regional communities.

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<sup>2</sup> July 2023 Customer Experience Research Report – JWS Research

## About our organisation

### Our impact

We deliver government policy through concessional loans to build a stronger regional Australia. Our loans have impact on the delivery of growth, resilience and adaptation which supports regional Australia, government, and the agriculture and finance industries.

#### Regional Australia

Since our inception in 2018, we have approved \$3.209 billion and settled \$3.158 billion in loans which have assisted more than 2,900 farmers and farm-related business owners to manage through, and recover from, drought and other disruptions. 55 per cent of RIC-assisted farmers agreed that without the RIC loan their farm or small business would not have survived through these challenges<sup>2</sup>.

We have supported economic growth in regional Australia with RIC loan recipients reporting that their loan assisted them to free up capital and cashflow and prioritise on-farm improvements such as improving fencing that has flow-on benefits to regional communities. 87 per cent of RIC-assisted farmers agree that the RIC contributes to regional economic growth and investment<sup>2</sup>.

#### Government

RIC loans are well secured against safe assets that appreciate over the longer term. A prudential loan assessment process aligns risk with policy outcomes with net benefit to farm business, regions and government. By insourcing the full suite of customer service and loan management capabilities, the RIC will have full control over the end-to-end lending systems and will deliver to government a scalable service delivery that is more efficient and effective and a lower cost of operation.

#### Agriculture

RIC loans bolster agricultural industry confidence and related regional communities through the provision of concessional loans that increase farm business cash flow. RIC loan recipients have used their funds in various ways to enable them to engage in other activities, with 49 per cent of them using it to pay down higher interest debt and/or bring farm projects forward<sup>2</sup>. In many cases these improvement projects improve farm profitability such as building better infrastructure and upgrading machinery to improve efficiency.

71 per cent of repaid loan customers said their RIC loan facilitated the implementation of sustainable agriculture practices, which they see as a priority to improve long-term business viability<sup>2</sup>.

#### Finance

RIC loans support agribusiness customers who are in financial need during adversity but viable in the long term without impeding commercial bank lending. The loan structure allows customers to be returned to the commercial banking market in an improved position. 106 customers repaid their loan in 2022-23 and 70 per cent of those surveyed agreed that RIC loans provide greater confidence in the future of their farm or small business<sup>2</sup>.

## Our workforce

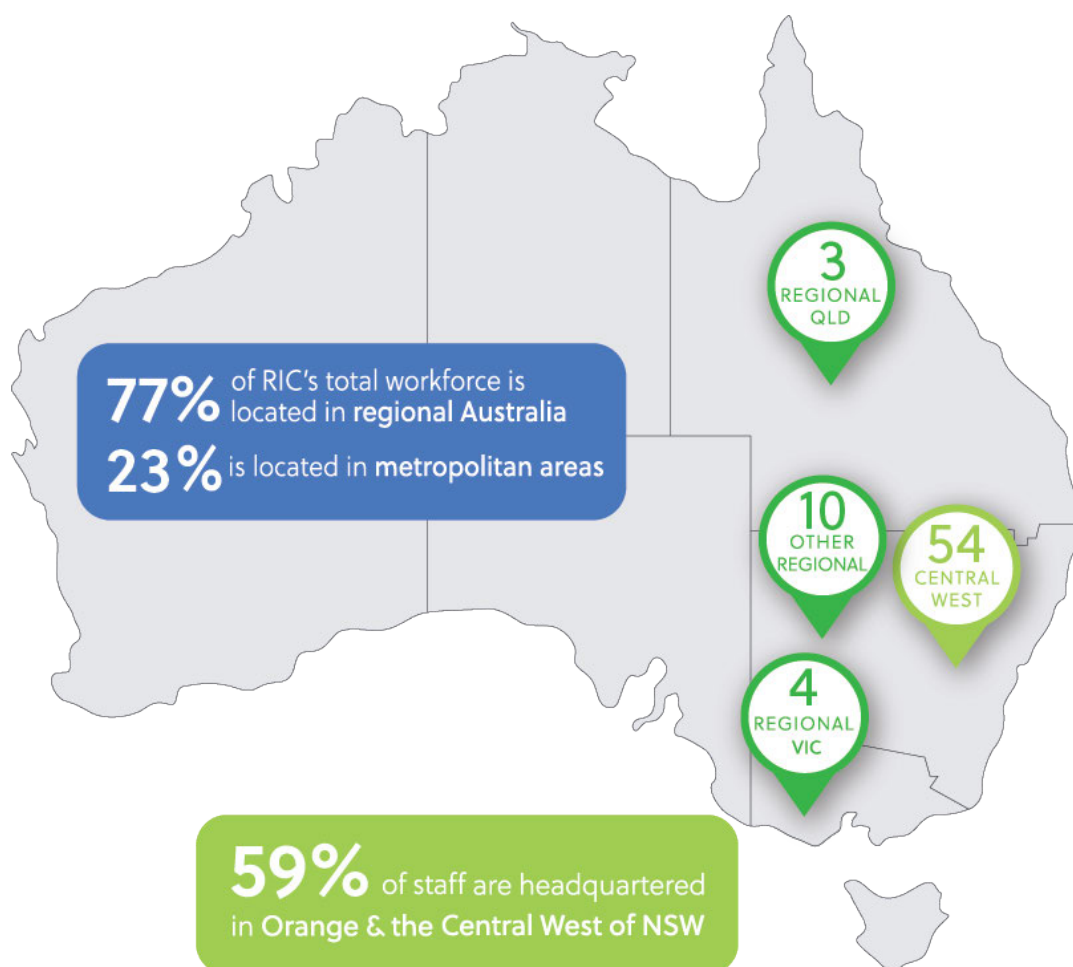
The RIC's headquarters is located in the regional community of Orange, NSW with 59 per cent of our staff based in Orange and Central West NSW.

Overall, the workforce distribution is predominantly regional with 77 per cent of our 92 employees living in regional areas and 23 per cent in metropolitan areas.

In February 2023 we undertook a staff engagement survey<sup>3</sup> to seek feedback in relation to culture and workplace satisfaction. 97 per cent of our workforce participated in the survey with 91 per cent of participants agreeing they would recommend the RIC as a great place to work, that their manager genuinely cares about their wellbeing and that the RIC as an organisation makes a difference.

A detailed breakdown of our ongoing and non-ongoing workforce profile (which excludes labour hire), including our gender and geographic diversity, is provided at Appendix 3.

**Figure 1: RIC workforce location as at 30 June 2023**

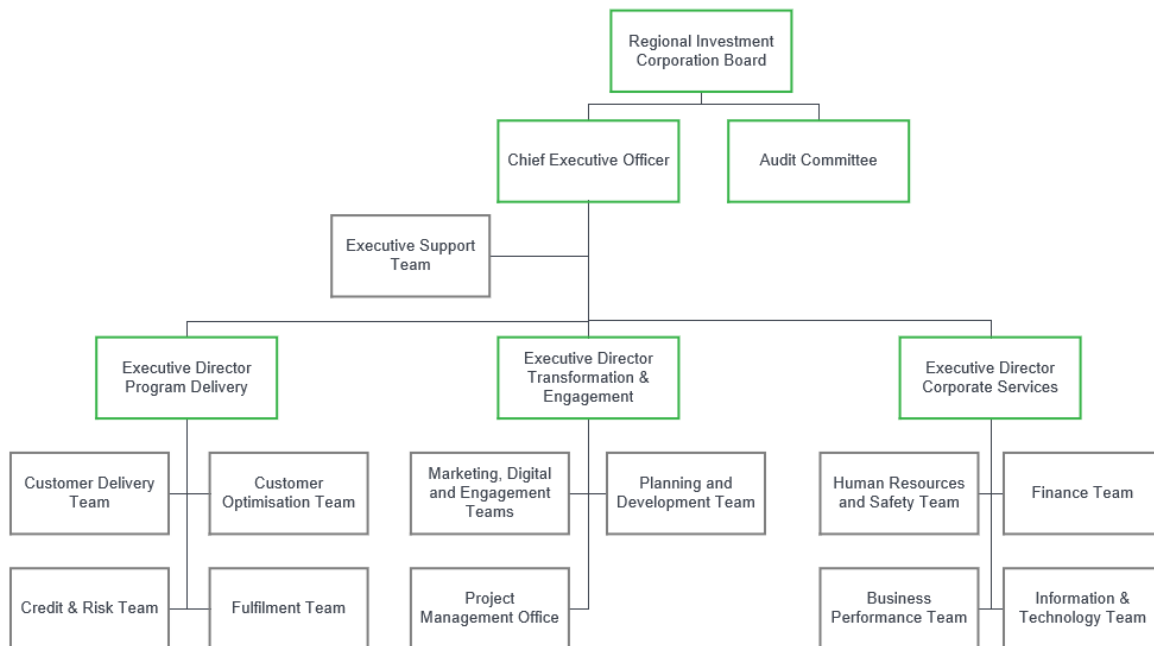


<sup>3</sup> Culture Amp February 2023 Staff Engagement Survey

## Our organisational structure

To deliver on our purpose, we expanded our national workforce by one third to increase our capability and capacity to deliver a full in-house, end-to-end customer experience using a tailored technology suite including Customer Relationship Management system and Loan Origination and Management platform.

**Figure 2: RIC organisational structure as at 30 June 2023**



## Our Health, Safety and Wellbeing initiatives

The RIC delivered a range of Health, Safety and Wellbeing initiatives over the 2022-23 period including:

- facilitated health and wellbeing programs including Mental Health Awareness Training, and health and fitness reimbursements for all staff
- continued provision of full access to the RIC's Employee Assistance Program
- the annual influenza vaccination program and supporting staff who chose to vaccinate themselves against Covid-19.

There were zero notifiable incidents and no lost-time injuries recorded during the 2022-23 period.

## Governance

Our governance framework provides the context within which the RIC operates to achieve its objectives and effectively manage risk and key stakeholder relationships and includes:

- the legislative foundation provided by the RIC Act, various subordinate instruments, and relevant sections of the *Public Governance, Performance and Accountability Act 2013* (Cth) (PGPA Act)
- 2 responsible Ministers, an independent Board, and a Chief Executive Officer
- an Audit Committee and internal audit function to provide independent advice and assurance on the RIC's activities
- a risk management and fraud control framework
- a planning, performance and reporting framework.

### RIC Board

The RIC Board is the Accountable Authority under the PGPA Act. The Board decides the RIC's objectives and strategic direction and ensures that it fulfils its statutory functions. In accordance with the RIC Act, the Board must meet at least 4 times per year. In the reporting period it met on 6 occasions and attended to 9 matters out of session.

The Board provided leadership across several areas including:

- recruitment of the Chief Executive Officer
- approval of the Loan Management System procurement and ongoing oversight of the project and budget and associated redesign of the RIC's workforce
- strategic planning direction
- interest rate changes which continued to remain concessional
- advice and guidance on the formation on the RIC's Environment, Social and Governance framework
- working closely with the RIC's Audit Committee on its advice and assurance in relation to financial and performance reporting, risk, and internal controls
- responses to 3 Future Drought Fund requests for advice valued at over \$14 million.

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

## Board composition during financial year 2022-23



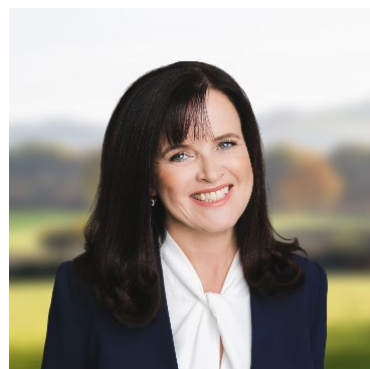
Karen Smith-Pomeroy  
Chair



Prue Bondfield  
Member



Sharon Starick  
Member



Sally Freeman  
Member



Michael Carroll  
Member *(until 20 July 2022)*



Mark Tucker  
Member *(effective April 2023)*

Karen Smith-Pomeroy remained as Chair for the reporting period. The Board farewelled Michael Carroll whose resignation took effect on 20 July 2022. The Board benefited from Michael's extensive agriculture and banking experience. Mark Tucker was appointed as a Board member by our responsible Ministers in April 2023 and brings strong government experience as a former Deputy Secretary of several government departments.

On 21 November 2022, the Board appointed a new CEO, John Howard. John has worked across all areas of the agricultural supply chain, and has extensive national leadership experience within the agricultural, food and financial management industries through periods of acquisition, growth, and transformation.

## RIC Audit Committee

In 2022-23 the Audit Committee membership was unchanged when compared with the previous year.

Appendix 2 provides further details of the Audit Committee membership.

## Approach to risk and fraud

### Risk management

We take a proactive approach to managing potential enterprise risks and eliminating opportunities for fraud through regular reviews of our risk and fraud management practices.

During the year we undertook an evaluation of credit risk within the loan portfolio and established clear thresholds and escalation processes for our risk appetite as it applies to loan assessment, loan holdings, expected credit losses and outright losses. This work includes a reporting regime to the Board as Accountable Authority. As at the 30 June 2023, all credit risk measures are within acceptable target range.

Given the strong labour market, recruitment and retention of key personnel was added as an enterprise risk; this was addressed by developing a key people strategy to specifically address and mitigate the risk of the loss of key personnel and attract the right people to the right roles. Our risk appetite statement has also been updated to more accurately reflect the risks associated with our loan portfolio.

The *National Anti-Corruption Commission Act 2022* imposed additional obligations on the RIC as an extension of responsibilities under the PGPA Act and Rule. To meet those obligations, the RIC extended its risk register to include corruption and therefore capture the RIC's corruption potential exposure, likelihood, and mitigations. An amendment was also made to the Audit Committee Charter to include corruption as part of its mandate.

As part of our obligation in becoming prescribed as a credit provider in May 2023, we inform all customers when collecting credit-related personal information and do so in accordance with the *Privacy Act 1988* and Credit Reporting Code. A copy of our credit reporting policy is published on our website.

### Fraud control

We completed our 2-yearly fraud review including a review of our Fraud Control Plan and consultation with the Commonwealth Fraud Prevention Centre to ensure a high level of compliance with the Commonwealth Fraud Control Framework under the PGPA Act. Based on this review, we are confident that we have systems and processes in place to prevent and detect fraud.

In addition to this, we routinely conduct independent security reviews as part of our commitment to continuous improvement in cyber security. We engaged a specialist cyber security professional services firm for the provision of advice and daily security monitoring. Our cyber security controls are reviewed and approved by external auditors, the Australian National Audit Office. No instances of fraud or cyber security breaches have been identified.

## External scrutiny

The RIC maintains membership with an external dispute resolution scheme through the Australian Financial Complaints Authority (AFCA). During 2022-23, 2 AFCA matters were referred to the RIC. Both matters are currently pending a final determination and have not been decided by AFCA at the end of the financial year.

The Office of the Australian Information Commissioner referred one Freedom of Information Commissioner Review Request to the RIC just prior to the end of 2021-22, which remained open at the close of 2022-23.

External scrutiny is supported and enhanced through our independent internal audit program. The 2022-23 internal audit program was completed in line with our strategic and annual internal audit plans.

## Directors and Officers indemnities and insurance

In 2022-23, the RIC held Directors and Officers Liability Insurance and premiums were paid and up to date. There have been no claims against the liability insurance for the reporting period.



## Legislative and government policy events

### *Privacy Amendment (Regional Investment Corporation) Regulations 2023*

In May 2023 the RIC was prescribed as a 'credit provider' under Part IIIA, Division 3 of the *Privacy Act 1988*. The status of credit provider empowers the RIC to obtain information from Credit Reporting Bodies to administer and manage loans and perform its functions under the RIC Act, in addition to permitting the RIC to disclose credit information about an individual to a Credit Reporting Body.

The *National Anti-Corruption Commission Act 2022* (Cth) was passed on 30 November 2022 and imposed new obligations on the RIC as an extension of responsibilities under the PGPA Act and Rule.

### *Review of Part 3 of the Future Drought Fund Act 2019*

In this reporting year, the Australian Government asked the Productivity Commission to undertake an inquiry to assess the effectiveness of Part 3 of the *Future Drought Fund Act 2019* (the FDF Act) including the processes and systems to administer, govern and evaluate programs, arrangements and grants made under Part 3 of the FDF Act.

The RIC Board provides advice to the Drought Minister under the FDF Act before the Minister makes an arrangement, a grant or enters into an agreement. The RIC Board is intended to be an independent technical advisor and although the Board's advice is not binding, it is a check on whether funds are being used appropriately and in accordance with the FDF's Drought Resilience Funding Plan.

The interim report was provided in June 2023 with a final report anticipated in late 2023.

# Annual performance statements

## Statement of preparation

I, Karen Smith-Pomeroy, on behalf of the RIC Board, present the agency's annual performance statements for 2022-23, prepared in accordance with subsection 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

In the Board's opinion, these performance statements accurately present the RIC's performance for the year ending 30 June 2023 and comply with subsection 39(2) of the PGPA Act (section 16F of the PGPA Rule).



Karen Smith-Pomeroy  
Chair



## Overview of performance

2022-23 was our fifth year of operation and, since our inception, we have been continually building our systems and capabilities to meet our objectives and associated performance measures.

Our 4 objectives for the year were:

1. We build on our foundations
2. Our loans make a difference
3. We own the customer experience
4. We innovate our products

Leading into the 2022-23 year, our Board made the decision to insource the full suite of lending management services from application to settlement, including all ongoing customer and loan portfolio management. This decision was aimed at enhancing the customer experience and delivering excellence in concessional lending that has a positive impact on Australian agriculture and regional communities.

To deliver the insourcing project, we undertook the procurement process for contact centre technology and new loan origination and loan management systems. Following this, we undertook system development against user requirements, system build, functional testing and ensuring integrations to maximise automation. In support of the new technology, a workforce plan was designed to build structures and capabilities to maximise outcomes from the technology uplift.

This change in our operating environment also expanded our focus, from loan application management to the management of a \$3.158 billion loan portfolio with over 2,800 loan accounts. During the year, 862 loans moved into interest paying phase and as at 30 June 2023, 47 per cent of all loans have reached the interest payment milestone. With \$3.158 billion in settled loans, we also renewed our credit risk appetite and put in place a credit risk reporting regime.

As part of our commitment to owning the customer experience and providing applicants with certainty as quickly as possible, we set a performance measure to deliver a decision on 85 per cent of loan applications within 30 RIC-handling days. This is the decision point in the loan application process that provides our customers with certainty, as quickly as possible. We met this commitment by delivering a decision on 99 per cent of applications within 30 RIC-handling days. We believe this has contributed to 69 per cent of our customers now being likely to recommend a RIC loan<sup>2</sup>.

The policy intent of our loans is to support those who are in need and are also viable in the longer term. Despite increases in interest rates throughout the year, our loans have remained concessional and allowed our customers to compete more favourably for finance. This produces direct and tangible benefits for farm and farm-related businesses. 88 per cent of repaid loan customers either strongly or somewhat agreed that their loan has made drought, natural disaster or external disruption recovery easier.

We also sought to innovate how we deliver loans to our customers and maintain high levels of customer service and stewardship of government funds. We undertook regular loan reviews to keep in contact with our customers and support customers in need. Through these actions we were able to speak with many customers located in flood-affected areas and offer early assistance.

Table 3 sets out the 8 performance measures and 9 targets in our 2022-23 Corporate Plan. As at 30 June 2023, we fully acquitted 7 targets applying objective methodologies; the remaining 2 targets are due for completion by 31 December 2023 and we are on track to achieve them by their due date.

**Table 3: 2022-23 Objectives, performance measures & targets**

Objectives	Performance Measures	Targets	Measure Achieved	Commentary
1, 2	Risk is managed within acceptable tolerances	Ongoing portfolio management framework is finalised and operational	Achieved	Credit Risk Appetite statement was approved by the Board in December 2022. Bi-annual credit risk reporting is in place.
		90% of loan decisions are consistent with the risk appetite	Achieved	139 of the 140 loans approved between 1 July 2022 and 30 June 2023 were consistent with the Credit Risk Appetite (i.e. >FD credit security grade) equating to 99%.
1, 2, 3	Implement loan management system	Loan management system implemented and functional	On track for Dec 2023 target	Loan system built, functional testing phase commenced, integration development underway and data migration is in progress. Go Live is scheduled for October 2023.
	Workforce capability aligned to new operating model	Workforce plan implemented and embedded	On track for Dec 2023 target	Workforce plan was formally implemented from 1 May 2023, this is currently being embedded into the business. Probation will be complete by December 2023.
2, 3	Number and value of loans approved	Support provided within appropriation limits	Achieved	\$141M of loans were approved between 1 July 2022 and 30 June 2023 which was within \$355M total funding allocation.
	Deliver services efficiently within approved funding	Operate within approved operating budget	Achieved	Year-end \$1.5M deficit audited result against approved budget deficit of \$4.4M.
	Loan processing timeframes	85% of eligible loans decisioned in 30 RIC-handling days for the loan facility of \$266M	Achieved	176 of 177 eligible loans were decisioned within 30 RIC-handling days, equating to 99%.
2, 3, 4	Improved customer satisfaction	Increase in satisfaction rates compared with prior years	Achieved	85% of RIC-assisted farmers surveyed in 2022-23 were satisfied with their overall experience with the RIC, an improvement on the 82% satisfied with their experience when surveyed in 2021-22.
2,4	Responsive and efficient delivery of new products and enhancements	New programs delivered on time and within funding appropriation limits	Achieved	No new programs were required for delivery in 2022-23.

## Case studies – making a difference to farm businesses

### AgriStarter Loan allows blueberry orchardist to innovate and improve efficiency

When blueberry grower Scott Carter from White Cloud Farms at Corinella in southeast Victoria sought finance for his newly established orchard, a financial advisor suggested he speak with the Regional Investment Corporation. He discovered the loan terms offered by the AgriStarter Loan were perfect for businesses like his.



Scott said the AgriStarter Loan terms were ideal for start-up farm businesses which may take some time and funds to invest in infrastructure, livestock or produce before they are able to gain a return.

"This loan is almost perfect for blueberries," Scott said.

"You're going to start spending money [for] 18 months before you really start to bring money back in, and you're not going to have your full crop until year 3 which is perfect because the RIC loan is interest-only [repayments] for 5 years and then you start paying principal back for the next 5 years".

Scott and his wife Allison met the eligibility criteria of having an existing commercial loan and were able to demonstrate a minimum of 3 years' relevant on-farm experience so decided to submit an application.

To prove the business could pay back the loan, Scott put together a detailed cash flow plan which outlined how the business would perform over the next 7 years. He also produced a detailed breakdown explaining how the loan would be spent and used the loan document checklist to gather and submit all the necessary paperwork. Soon after Scott submitted the application, a RIC Agri Lending Specialist called to gather additional information and guide him through each step of the remaining verification process.

After the loan was approved and settled, Scott and Allison immediately put the money into building the orchard tunnel and irrigation infrastructure, purchasing several thousand dollars' worth of bees to pollinate the crop and a new cool room, packing equipment and machinery. This improved infrastructure allowed their farm to pass stringent food safety audits, resulting in 11 tonnes of blueberries from their first harvest to enter major supermarkets and interstate produce retailers.

The concessional loan interest rate, which is reviewed only twice a year and determined by the 10-year Australian Government bond rate rather than the cash rate, provides certainty which allows business owners to better manage their cash flow to prosper and grow.

"We can keep improving the value and management of the farm with that money," Scott said.

For Scott and Allison, the effort to establish White Cloud Farms has begun to pay off, with the couple exploring an expansion of the blueberry orchard.

"They are beautiful blueberries, and they taste so good, so I'm optimistic."

## Drought Loan assists rural business to invest in the future and increase resilience

Martin and Helen Kinsela took advantage of RIC's farm loan concessional interest rate to ease financial pressure on their cattle and cropping business during their recovery from drought.

Martin's family has been involved in broadacre cropping, hay and livestock production just outside Canowindra in Central West NSW for 3 generations. Martin said he couldn't imagine doing anything else.

The property currently produces cattle, grain, canola, and hay across almost 3,000 hectares; however, during the drought in 2018 and 2019, the Kinselas focused on hay production and destocked to fewer than 40 cattle.

"We baled everything, and we expanded our hay trading operations, selling, buying and carting hay – we ended up as far as South Australia delivering into Queensland," Helen said.

After refinancing part of their existing debt to a RIC loan, the couple eased financial pressure on their business at a time when dramatic cost increases had hit all aspects of farming.

Securing a RIC loan to refinance part of their existing debt enabled the Kinselas to replace their old, makeshift cattle yards with permanent yards, which cater for the higher number of cattle. The investment in new yards also provide scope for future expansion.

"The RIC loan meant we were able to invest sooner," Martin said.

"There's been plenty of times we couldn't get a truck in so we couldn't go to the sale but now we've actually got the facilities and we can get B doubles in all the time," Helen added.



The Kinselas said the RIC loan was a debt management tool and the concessional interest rate had eased the impact of RBA rate rises on their commercial debt following crop losses and higher weed and disease costs due to more recent floods in the region.

The Kinselas said given the complex structure of their business, providing detailed information was key to their application because their Agri Lending Specialist was able to understand their model.

"For us, it was a relatively easy approval process," Helen said.

"We spent a long time on extra pages of information about the different aspects of our business – you don't have to tell your life story but include the detail that's relevant and cover all bases.

"Sometimes you find the stuff that's in your head when they ask for risk management plans and other plans is you've actually got it, it's just a matter of putting it into a format that someone else can read, so don't be daunted by it."

RIC loans terms support farm businesses to invest in the future and increase their resilience in preparation for unforeseen conditions.

## Net Zero reporting

In 2022 the Australian Government announced its policy for the Australian Public Service (APS) to reduce its greenhouse gas emissions to Net Zero by 2030, and transparently report on its emissions.

Greenhouse gas emissions reporting has been developed with a methodology that is consistent with the Whole-of-Australian Government approach as part of the APS Net Zero 2030 policy.

As part of the reporting requirements under section 516A of the *Environment Protection and Biodiversity Conservation Act 1999*, and in line with the Government's APS Net Zero 2030 policy, the RIC can report that in FY 2023, its total kg CO<sub>2</sub> emissions was 25,226 kg. The categories contributing to this total are shown in Table 4.

**Table 4: Greenhouse Gas Emissions Inventory**

Emission source	Scope 1 kg CO <sub>2</sub> -e	Scope 2 kg CO <sub>2</sub> -e	Scope 3 kg CO <sub>2</sub> -e	Total kg CO <sub>2</sub> -e
Electricity		6,415	527	6,942
Natural Gas				
Fleet vehicles				
Domestic flights			18,284	18,284
Other energy				
<b>Total kg CO<sub>2</sub>-e</b>	0	6,415	18,811	25,226















CO<sub>2</sub>-e = Carbon Dioxide Equivalent

The 3 categories of emission source activities are as follows:

- Scope 1 is direct emissions from entity facilities and company-owned vehicles,
- Scope 2 is indirect emissions from purchased electricity, steam, heating and cooling for own use; and
- Scope 3 is all other indirect emissions, including from leased assets up and down stream.

The RIC is committed to Environmental, Social and Governance and Net Zero transparent reporting. We have established baseline data in order to assess our performance in future years.

**Figure 3: 2022-23 ESG targets and performance results**

Environmental		Social		Governance	
	Net Zero by 2030		Reflect – Reconciliation Action Plan process commenced		Modern Slavery Statement to be developed in 2023-24
	100% renewable by 2030		Community leave available to all staff		5 audit and risk items currently open
	Energy consumption baseline metrics adopted		71 Health and Fitness reimbursements claimed with a FY23 total in claims of \$20,626		Board self-evaluation each year. Each year a skills matrix is developed / renewed.
	Vehicle emission tracking adopted		0 worker's compensation claim since inception		Diversity equality achieved in board members
			Participation in 13 social awareness events		
			74% staff engagement, 86% work and life blend and 78% social connection scores		

# Financial statements

## Independent auditor's report



### INDEPENDENT AUDITOR'S REPORT

To the Minister for Agriculture, Fisheries and Forestry

#### Opinion

In my opinion, the financial statements of the Regional Investment Corporation (the Entity) for the year ended 30 June 2023:

- (a) comply with Australian Accounting Standards – Simplified Disclosures and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2023 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2023 and for the year then ended:

- Statement by the Chair of the Board, Chief Executive Officer 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 Entity 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 (including Independence Standards)* (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 Entity, 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 – Simplified Disclosures 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 Entity 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  
38 Sydney Avenue FORREST ACT 2603  
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 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



Bradley Medina  
Executive Director  
Delegate of the Auditor-General

Canberra  
14 August 2023

## Statement of Accountable Authority from the Chair, CEO and CFO

In our opinion, the attached financial statements for the period ended 30 June 2023 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.

Signed 	Signed 	Signed 
Karen Smith-Pomeroy	John Howard	Paul Dowler
Chair of the Board	Chief Executive Officer	Chief Financial Officer
14 August 2023	14 August 2023	14 August 2023

Regional Investment Corporation  
**STATEMENT OF COMPREHENSIVE INCOME**  
for the period ended 30 June 2023

## Audited financial statements

		2023	2022	Original Budget 2023
	Notes	\$	\$	\$
<b>NET COST OF SERVICES</b>				
<b>Expenses</b>				
Employee benefits	1.1A	10,237,783	10,283,832	7,276,000
Suppliers	1.1B	14,734,757	17,720,835	19,080,000
Depreciation	2.2A	199,662	235,852	134,000
Finance costs	1.1C	3,064	5,080	10,000
Write down of assets		539	48,142	-
<b>Total expenses</b>		<b>25,175,805</b>	<b>28,293,741</b>	<b>26,500,000</b>
<b>Own-source income</b>				
<b>Own-source revenue</b>				
Interest revenue	1.2A	570,973	31,353	-
Revenue from contracts with customers	1.2C	54,084	362,582	-
Other revenue		39,905	18,627	-
<b>Total own-source revenue</b>		<b>664,962</b>	<b>412,562</b>	<b>-</b>
<b>Net (cost of) services</b>		<b>(24,510,843)</b>	<b>(27,881,179)</b>	<b>(26,500,000)</b>
Revenue from government	1.2B	22,965,000	26,317,000	22,057,000
<b>Surplus/(Deficit) before income tax on continuing operations</b>		<b>(1,545,843)</b>	<b>(1,564,179)</b>	<b>(4,443,000)</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Total comprehensive (loss)/income</b>				
Changes in asset revaluation reserve	2.2A	-	35,262	-
<b>Total comprehensive (loss)/income</b>		<b>(1,545,843)</b>	<b>(1,528,917)</b>	<b>(4,443,000)</b>

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

Budget variance analysis is outlined in Note 5.3

**Regional Investment Corporation**  
**STATEMENT OF FINANCIAL POSITION**  
as at 30 June 2023

		2023	2022	Original
	Notes	\$	\$	Budget 2023
				\$
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents	2.1A	8,888,612	7,942,344	3,456,000
Trade and other receivables	2.1B	235,677	24,534	25,000
Other investments	2.1C	7,499,996	10,000,000	10,000,000
<b>Total financial assets</b>		<b>16,624,285</b>	<b>17,966,878</b>	<b>13,481,000</b>
<b>Non-financial assets<sup>1</sup></b>				
Land and buildings	2.2A	226,787	377,975	436,000
Property, plant and equipment	2.2A	119,103	147,920	147,000
Other non-financial assets	2.2B	474,140	304,351	304,000
<b>Total non-financial assets</b>		<b>820,030</b>	<b>830,246</b>	<b>887,000</b>
<b>Total assets</b>		<b>17,444,315</b>	<b>18,797,124</b>	<b>14,368,000</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Supplier payables	2.3A	1,696,943	1,558,376	1,561,000
Other payables	2.3B	326,627	351,284	363,000
<b>Total payables</b>		<b>2,023,570</b>	<b>1,909,660</b>	<b>1,924,000</b>
<b>Provisions</b>				
Employee provisions	3.1A	1,097,884	892,604	893,000
<b>Total provisions</b>		<b>1,097,884</b>	<b>892,604</b>	<b>893,000</b>
<b>Interest bearing liabilities</b>				
Leases	2.4A	149,390	275,546	275,000
<b>Total provisions</b>		<b>149,390</b>	<b>275,546</b>	<b>275,000</b>
<b>Total liabilities</b>		<b>3,270,844</b>	<b>3,077,810</b>	<b>3,092,000</b>
<b>Net assets</b>		<b>14,173,471</b>	<b>15,719,314</b>	<b>11,276,000</b>
<b>EQUITY</b>				
Contributed equity		337,000	337,000	337,000
Asset revaluation reserve		35,262	35,262	35,000
Retained earnings		13,801,209	15,347,052	10,904,000
<b>Total equity</b>		<b>14,173,471</b>	<b>15,719,314</b>	<b>11,276,000</b>

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

<sup>1</sup> Right-of-use assets are included in the Land and buildings line item.

**Budget variance analysis is outlined in Note 5.3**

Regional Investment Corporation  
STATEMENT OF CHANGES IN EQUITY  
For the period ended 30 June 2023

	2023 \$	2022 \$	Original Budget 2023 \$
<b>Transactions with owners</b>			
<b>Contributions by owners</b>			
Equity injection	-	337,000	
<b>Total transactions with owners</b>	-	337,000	-
<b>Closing balance as at 30 June</b>	<b>337,000</b>	<b>337,000</b>	-
<b>RETAINED EARNINGS</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	<b>15,347,052</b>	16,911,231	15,347,000
<b>Adjusted opening balance</b>	<b>15,347,052</b>	<b>16,911,231</b>	<b>15,347,000</b>
<b>Comprehensive income</b>			
(Loss)/surplus for the period	<b>(1,545,843)</b>	(1,564,179)	(4,443,000)
<b>Total comprehensive (loss)/income</b>	<b>(1,545,843)</b>	<b>(1,564,179)</b>	<b>(4,443,000)</b>
<b>Closing balance as at 30 June</b>	<b>13,801,209</b>	<b>15,347,052</b>	<b>10,904,000</b>
<b>ASSET REVALUATION RESERVE</b>			
<b>Opening balance</b>			
Other comprehensive income	-	35,262	
<b>Total comprehensive income</b>	-	35,262	-
<b>TOTAL EQUITY</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	<b>15,719,314</b>	16,911,231	15,347,000
<b>Adjusted opening balance</b>	<b>15,719,314</b>	<b>16,911,231</b>	<b>15,347,000</b>
<b>Comprehensive income</b>			
Surplus/(loss) for the period	<b>(1,545,843)</b>	(1,564,179)	(4,443,000)
Other comprehensive income	-	35,262	35,000
<b>Total comprehensive income</b>	<b>(1,545,843)</b>	<b>(1,528,917)</b>	<b>(4,408,000)</b>
<b>Transactions with owners</b>			
<b>Contributions by owners</b>			
Equity injection	-	337,000	337,000
<b>Total transactions with owners</b>	-	337,000	337,000
<b>Closing balance as at 30 June</b>	<b>14,173,471</b>	<b>15,719,314</b>	<b>11,276,000</b>

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

**Accounting Policy**

Equity injections

Amounts appropriated which are designated as "equity injections" for a year are recognised directly in contributed equity in that year.

**Budget variance analysis is outlined in Note 5.3**

Regional Investment Corporation  
CASH FLOW STATEMENT  
as at 30 June 2023

	Notes	2023 \$	2022 \$	Original Budget 2023 \$
<b>OPERATING ACTIVITIES</b>				
<b>Cash received</b>				
Receipts from Government		22,965,000	26,317,000	22,057,000
Interest on deposits		403,959	6,819	-
GST received from the ATO		538,896	958,855	-
Other		88,607	388,850	-
<b>Total cash received</b>		<b>23,996,462</b>	<b>27,671,524</b>	<b>22,057,000</b>
<b>Cash used</b>				
Employees		10,108,131	10,268,477	7,265,000
Suppliers		15,292,651	19,776,977	19,077,000
Interest payments on lease liabilities		3,064	5,080	-
GST paid		-	-	-
Other		-	-	10,000
<b>Total cash used</b>		<b>25,403,846</b>	<b>30,050,534</b>	<b>26,352,000</b>
<b>Net cash flows from operating activities</b>		<b>(1,407,384)</b>	<b>(2,379,010)</b>	<b>(4,295,000)</b>
<b>INVESTING ACTIVITIES</b>				
<b>Cash used</b>				
Investment		(2,500,004)	10,000,000	-
Purchase of non-financial assets		20,196	-	-
<b>Total cash used</b>		<b>(2,479,808)</b>	<b>10,000,000</b>	<b>-</b>
<b>Net cash flows (used by) investing activities</b>		<b>2,479,808</b>	<b>(10,000,000)</b>	<b>-</b>
<b>FINANCING ACTIVITIES</b>				
<b>Cash received</b>				
Contributed equity		-	337,000	-
<b>Total cash received</b>		<b>-</b>	<b>337,000</b>	<b>-</b>
<b>Cash used</b>				
Principal payments of lease liabilities		126,156	159,139	191,000
<b>Total cash used</b>		<b>126,156</b>	<b>159,139</b>	<b>191,000</b>
<b>Net cash flows from / (used by) financing activities</b>		<b>(126,156)</b>	<b>177,861</b>	<b>(191,000)</b>
Net increase/(decrease) in cash and cash equivalents held		946,268	(12,201,149)	(4,486,000)
Cash and cash equivalents at the beginning of the reporting period		7,942,344	20,143,493	7,942,000
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	2.1A	<b>8,888,612</b>	<b>7,942,344</b>	<b>3,456,000</b>

Budget variance analysis is outlined in Note 5.3

## Overview

### Objectives of the Regional Investment Corporation

The Regional Investment Corporation (RIC) is a corporate Commonwealth entity established by the *Regional Investment Corporation Act 2018*. The objective of the RIC is to administer financial assistance on behalf of the Australian Government to farm businesses, farm-related small businesses, and forestry businesses. The RIC issues loans to encourage growth, investment and resilience in rural and regional communities and Australian farm businesses utilising efficient, equitable and transparent lending practices.

### Functions of the Regional Investment Corporation

The key functions of the RIC, as prescribed under its enabling legislation are to administer farm business loans and programs prescribed by the rules. The loans provided by the RIC, are accounted for in the administered Financial Statements of the Department of Agriculture, Fisheries and Forestry (DAFF). The RIC discloses the amount of loan funding that is received, lent and remaining at the end of the reporting period in Note 5.2.

### 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 – Simplified 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 RIC's financial statements.

### Taxation

The RIC is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST). The RIC is an enterprise for GST purposes, the primary activity carried on by the RIC is the provision of farm business loans, the provision of farm business loans constitutes the making of financial supplies. Financial supplies are input taxed and acquisitions made in connection with the making of financial supplies are not creditable where the Financial Acquisitions Threshold is exceeded.

Despite the RIC exceeding the Financial Acquisitions Threshold as defined in *A new tax system (Goods and Services Tax) Act 1999* the RIC is entitled to claim an input tax credit of 75% of the input tax credits on acquisitions of a type listed in the GST regulations, this includes the Loan Service Provider fees and fees paid for other loan processing services incurred by the RIC.

### 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.

## 1. Financial Performance

This section analyses the financial performance of the RIC for the period ended 30 June 2023.

### 1.1 Expenses

	2023	2022
	\$	\$
<b>Note 1.1A: Employee benefits</b>		
Wages and salaries	8,134,633	8,175,886
Superannuation	893,564	891,142
Leave and other entitlements	1,019,034	923,834
Separation and redundancies	190,552	292,970
<b>Total employee benefits</b>	<b>10,237,783</b>	<b>10,283,832</b>

#### Accounting Policy

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

#### Note 1.1B: Suppliers

##### Goods and services supplied or rendered

Loan service provider	6,674,749	9,510,232
Consultants	2,480,011	3,883,296
Contractors	1,328,966	1,043,707
Information technology services	2,732,273	684,853
Legal services	223,944	832,153
Marketing and communications	200,102	480,529
Recruitment services	112,031	66,126
Staff training and development	257,732	211,646
Travel	242,596	167,219
Credit assessment charges	99,824	440,982
Property operating costs	54,853	54,642
Other goods and services	327,676	337,964

##### Total goods and services supplied or rendered

<b>14,734,757</b>	<b>17,713,349</b>
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##### Other suppliers

Short-term leases	-	7,486
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##### Total other suppliers

-	7,486
---	-------

##### Total suppliers

<b>14,734,757</b>	<b>17,720,835</b>
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Included within the balance of other goods and services is the 2022-23 ANAO Audit fee paid by the RIC as a paying entity of \$99,000 (2021-22: \$99,000).

The above short-term lease disclosures should be read in conjunction with the accompanying notes and 2.4A.

#### Accounting Policy

##### Short-term leases and leases of low-value assets

The RIC has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets (less than \$10,000). The RIC recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. There were no short-term leases in 2022-23.

**Regional Investment Corporation**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	2023	2022
	\$	\$
<b>Note 1.1C: Finance costs</b>		
Interest on lease liabilities	<u>3,064</u>	<u>5,080</u>
<b>Total finance costs</b>	<u>3,064</u>	<u>5,080</u>

## **1.2 Own-Source Revenue and Gains**

	2023	2022
	\$	\$
<b>Note 1.2A: Interest</b>		
Deposits	<u>570,973</u>	<u>31,353</u>
<b>Total interest</b>	<u>570,973</u>	<u>31,353</u>
<b>Note 1.2B: Revenue from Government</b>		
Corporate Commonwealth entity payment item	<u>22,965,000</u>	<u>26,317,000</u>
<b>Total revenue from Government</b>	<u>22,965,000</u>	<u>26,317,000</u>
<b>Note 1.2C: Revenue from contracts with customers</b>		
Settlement recovery costs	<u>54,084</u>	<u>362,582</u>
<b>Total revenue from contracts with customers</b>	<u>54,084</u>	<u>362,582</u>

### **Accounting Policy**

#### Revenue from deposits

This financial year the RIC has invested available cash in interest bearing term deposits. The interest income is the return received on those deposits and the operational account.

#### Revenue from Government

Funding received or receivable from DAFF (appropriated to DAFF 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 DAFF (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.

This financial year revenue from government includes \$908,000 relating to the 2022-23 October Budget measure Savings from External Labour, and Savings from Advertising, Travel and Legal Expenses. Savings were achieved to implement the government decision, however, \$908,000 was also retained.

#### Revenue from contracts with customers

Revenue from contracts with customers is from the cost recovery of issuing loans.

RIC customers are charged 'actual costs for establishing the loan' as included in the published guidelines for each loan program and available on the RIC website. The RIC recognises revenue upon completion of services.

The RIC also charges the loan service provider for using the RIC's digital loan settlement account.

## 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

	2023	2022
	\$	\$
<b>Note 2.1A: Cash and cash equivalents</b>		
Cash on hand or on deposit	<u>8,888,612</u>	<u>7,942,344</u>
<b>Total cash and cash equivalents</b>	<u>8,888,612</u>	<u>7,942,344</u>
<b>Note 2.1B: Trade and other receivables</b>		
<b>Goods and services receivable</b>		
Trade receivables	<u>68,663</u>	<u>-</u>
Interest receivable	<u>167,014</u>	<u>24,534</u>
<b>Total goods and services receivable (gross)</b>	<u>235,677</u>	<u>24,534</u>
<b>Note 2.1C: Other Investments</b>		
Term deposit	<u>7,499,996</u>	<u>10,000,000</u>
<b>Total other investments</b>	<u>7,499,996</u>	<u>10,000,000</u>

#### Accounting Policy

Cash is recognised at its nominal amount. Cash and cash equivalents includes:

1. cash on hand; and
2. demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Investments are demand deposits in bank accounts with an original maturity of more than 3 months. The RIC has opted for a 9 month maturity and is therefore classifying this deposit as an investment and not cash or cash equivalent.

Credit terms for goods and services were 30 days.

## 2.2 Non-Financial Assets

### Note 2.2A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Buildings

	Buildings	Property, plant and equipment	Total
	\$	\$	\$
<b>As at 1 July 2022</b>			
Gross book value	831,539	147,920	979,459
Accumulated depreciation, amortisation and impairment	(453,564)	-	(453,564)
<b>Total as at 1 July 2022</b>	<b>377,975</b>	<b>147,920</b>	<b>525,895</b>
Additions			
Purchased	-	15,078	15,078
Asset in transit	-	5,118	5,118
Revaluations and impairments recognised in other comprehensive income for right-of-use assets	-	-	-
Depreciation on Property Plant and equipment	-	(48,474)	(48,474)
Depreciation on right-of-use assets	(151,188)	-	(151,188)
Asset write down	-	(539)	(539)
<b>Total as at 30 June 2023</b>	<b>226,787</b>	<b>119,103</b>	<b>345,890</b>
<b>Total as at 30 June 2023 represented by:</b>			
Gross book value	831,539	167,370	998,909
Accumulated depreciation, amortisation and impairment	(604,752)	(48,267)	(653,019)
<b>Total as at 30 June 2023</b>	<b>226,787</b>	<b>119,103</b>	<b>345,890</b>
<b>Carrying amount of right-of-use assets</b>	<b>226,787</b>	<b>-</b>	<b>226,787</b>

## Accounting Policy

### Non-Financial assets

All assets have been purchased within the last five financial years and have been assessed for any indications of impairment at stocktake in March 2023, as yet none is evident.

### Revaluations of Non-Financial Assets

Following initial recognition at cost, property, plant and equipment (excluding right of use (ROU) assets) are carried at fair value (or an amount not materially different from fair value) less subsequent accumulated depreciation and accumulated impairment losses.

The RIC undertook a revaluation of all property, plant and equipment last financial year. The next valuation of all property plant and equipment will be within the next two years.

### 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).

### Lease Right of Use (ROU) Assets

The RIC has recognised one right of use asset for its commercial office premises at 122-124 Kite Street Suite 2, Orange NSW.

### Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the RIC 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.

<b>Asset Class</b>	<b>Useful Life</b>
Property, plant and equipment	Between 3-5 years

The assets have all been adjusted to their fair values at 30 June 2022 and depreciation against the assets new fair value commenced on 1 July 2022.

The depreciation rates for ROU assets are based on the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

### Impairment

All assets were assessed for impairment at 30 June 2023. 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 or for the ROU asset.

### Derecognition

Items of property, plant and equipment are derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

### 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.

**Regional Investment Corporation**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	2023	2022
	\$	\$
<b>Note 2.2B: Other non-financial assets</b>		
Prepayments	474,140	304,351
<b>Total other non-financial assets</b>	<b>474,140</b>	<b>304,351</b>

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

## **2.3 Payables**

	2023	2022
	\$	\$
<b>Note 2.3A: Supplier payables</b>		
Trade creditors and accruals	1,696,943	1,558,376
<b>Total supplier payables</b>	<b>1,696,943</b>	<b>1,558,376</b>

Settlement is usually made for suppliers within 30 days.

<b>Note 2.3B: Other payables</b>		
Salaries and wages	296,294	192,741
Superannuation	30,333	19,838
Statutory payables	-	138,705
<b>Total other payables</b>	<b>326,627</b>	<b>351,284</b>

## **2.4 Interest Bearing Liabilities**

	2023	2022
	\$	\$
<b>Note 2.4A: Leases</b>		
Lease liabilities	149,390	275,546
<b>Total leases</b>	<b>149,390</b>	<b>275,546</b>

### **Note 2.4B: Leases - Maturity**

#### **Maturity analysis - contractual undiscounted cash flows**

Within 1 year	112,719	109,337
Between 1 to 5 years	53,490	166,209
<b>Total leases</b>	<b>166,209</b>	<b>275,546</b>

### **Accounting Policy**

For all new contracts entered into, the RIC considers whether the contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Once it has been determined that a contract is, or contains a lease, the lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, if that rate is readily determinable, or the department's incremental borrowing rate.

Subsequent to initial measurement, the lease liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification to the lease. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss depending on the nature of the reassessment or modification.

### 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

	2023	2022
	\$	\$
<b>Note 3.1A: Employee provisions</b>		
Annual leave	697,573	577,777
Long service leave	400,311	314,827
<b>Total employee provisions</b>	<b>1,097,884</b>	<b>892,604</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.

The RIC uses the Department of Finance Shorthand model for determining the long service leave provision.

#### 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 RIC'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 2022-23 standard parameters and using the Shorthand model. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

#### Superannuation

The RIC's staff are members of various Superannuation Schemes. The RIC makes employer contributions to the employee superannuation schemes and these are expensed in the financial statements.

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 the RIC. The RIC has determined the key management personnel to be the Chief Executive Officer, the Executive Leadership Team and the Board. Key management personnel remuneration is reported in the table below:

	2023	2022
	\$	\$
<b>Note 3.2A: Key management personnel remuneration</b>		
Short-term employee benefits	<b>1,324,095</b>	1,305,647
Other long-term employee benefits	<b>19,419</b>	21,483
Post-employment benefits	<b>126,482</b>	121,395
Termination benefits	-	184,515
<b>Total key management personnel remuneration expenses</b>	<b>1,469,996</b>	1,633,040

There are eleven (11) key management personnel included in the above table this includes the Chief Executive Officer, the Board and the Executive Leadership Team (2022:10 people including staff acting in KMP roles).

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.

The prior year termination benefits relate to the previous Chief Executive Officer.

### 3.3 Related Party Disclosures

#### Related party relationships:

The RIC is an Australian Government controlled entity. Related parties to the RIC 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 RIC transacts with other Australian Government controlled entities consistent with normal day-to-day business operations provided under normal terms and conditions. The RIC transacts with the DAFF for supplies related to transition staff and transacts with the Digital Transformation Agency for IT licenses. These are not considered individually significant to warrant separate disclosure as related party transactions.

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 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 for 2023 (2022: nil).

## 5. Other Information

### 5.1 Current/non-current distinction for assets and liabilities

	2023	2022
	\$	\$
<b>Note 5.1A: Current/non-current distinction for assets and liabilities</b>		
<b>Assets expected to be recovered in:</b>		
<b>No more than 12 months</b>		
Cash and cash equivalents	8,888,612	7,942,344
Trade and other receivables	235,677	24,534
Other investments	7,499,996	10,000,000
Other non-financial assets	474,140	304,351
<b>Total no more than 12 months</b>	<b>17,098,425</b>	<b>18,271,229</b>
<b>More than 12 months</b>		
Land and buildings	226,787	377,975
Property, plant and equipment	119,103	147,920
<b>Total more than 12 months</b>	<b>345,890</b>	<b>525,895</b>
<b>Total assets</b>	<b>17,444,315</b>	<b>18,797,124</b>
<b>Liabilities expected to be settled in:</b>		
<b>No more than 12 months</b>		
Suppliers	1,696,943	1,558,376
Other payables	326,627	351,284
Leases	95,900	109,337
Employee provisions	599,716	521,200
<b>Total no more than 12 months</b>	<b>2,719,186</b>	<b>2,540,197</b>
<b>More than 12 months</b>		
Leases	53,490	166,209
Employee provisions	498,168	371,404
<b>Total more than 12 months</b>	<b>551,658</b>	<b>537,613</b>
<b>Total liabilities</b>	<b>3,270,844</b>	<b>3,077,810</b>

## 5.2 Other Consolidated Revenue Fund (CRF) money

The RIC receives funds from the Commonwealth Consolidated Revenue Fund (CRF) via DAFF for the purpose of funding approved concessional loans. Any balance of funds received from DAFF, the bank or loan recipients that are yet to be disbursed are held by the RIC on behalf of the loan recipient.

There are a number of circumstances that could result in individual loan settlements being rejected or delayed, this may be due to incorrect account details or circumstances changing at the point of settlement. In this situation funds are paid out of the bank account to the settlement trust account, returned and paid out again.

This note reflects the difference between the funds received and the funds disbursed at the end of the financial year. All other loan cashflows are shown in the administered accounts of DAFF. Payments are all outgoings from the loan accounts this includes: funds lent to loan recipients, interest returned to DAFF; principal repayments returned to DAFF. Similarly receipts are all incoming transactions into the loan accounts this includes: interest from loan recipients; interest from the bank; principal repaid and funds from DAFF for loans.

At the 30<sup>th</sup> June 2023 the difference between what the RIC has received and what has been lent or returned is detailed below. The beneficiary of these funds is the loan recipient or the Commonwealth, not the RIC. The closing balance is an asset reported by DAFF in their administered financial statements.

	2023	2022
	\$	\$
<b>Note 5.2A: Loan funding received but not disbursed</b>		
<b>As at 1 July</b>		
Assets held in trust added to receipts	10,008,093	5,178,067
Receipts	274,448,653	1,792,619,679
Payments	274,345,339	1,787,789,653
<b>Total as at 30 June</b>	<b>10,111,407</b>	<b>10,008,093</b>
<b>Total amount held at the end of the reporting period</b>	<b>10,111,407</b>	<b>10,008,093</b>

### 5.3 Budget Variances

Budget variance explanation	Affected statements and line items
<p>The RIC budgeted for a \$4.4 million deficit based on expected loan activity and an assumed commensurate level of charges from the loan services provider. There was also an assumption that the RIC's transformation IT agenda would be largely expended in this financial year, associated with the insourcing of lending activity and disengagement from the contracted LSP.</p> <p>The RIC finished the year with a deficit of \$1.5M which is significantly less than budgeted. This is due to supplier expenditure, most notably lower charges from the loan services provider and delayed spend associated with the insourcing project, a portion of which is now expected in the 2023/24 financial year. The result is also cognisant of a one-off budget repair measure of \$908k, announced by the government in November 2022, which was able to be mitigated by the RIC through review of expenditure. But not reflected by a reduction in income.</p> <p>The RIC also generated more interest income than budgeted which is a result of the more buoyant general rate environment.</p>	<p>Statement of Comprehensive Income:</p> <ul style="list-style-type: none"> <li>- Employee benefits</li> <li>- Suppliers</li> <li>- Own source revenue</li> </ul> <p>Statement of Financial Position: -</p> <p>Cash and cash equivalents</p> <ul style="list-style-type: none"> <li>- Total payables</li> <li>- Employee provisions</li> </ul> <p>Statement of Cash Flows</p> <ul style="list-style-type: none"> <li>- Cash used suppliers</li> <li>- Cash used Employees</li> </ul> <p>Statement of Changes in Equity</p> <ul style="list-style-type: none"> <li>- Surplus for the period</li> </ul>
<p>The lower than budgeted expenses and greater than budgeted revenue contributed to levels of available cash and the RIC continued to maximise interest revenue to above budget levels through investment strategy. The RIC invested significant portions of retained earnings (available cash) in term deposits, leveraging the available rates.</p> <p>The RIC continued using its own digital settlement account in this financial year and was reimbursed by the loan service provider for the cost of those transactions.</p>	<p>Statement of Comprehensive Income:</p> <ul style="list-style-type: none"> <li>- Revenue from contracts with customers</li> <li>- Other revenue</li> <li>- Trade and other receivables</li> </ul> <p>Statement of Financial Position:</p> <ul style="list-style-type: none"> <li>- Other investments</li> </ul> <p>Statement of Cashflows</p> <ul style="list-style-type: none"> <li>- Investing activities</li> </ul>
<p>Total liabilities for the RIC are greater than budgeted due to an increase in employee provisions. The RIC's workforce has significantly increased due to the loan insourcing project, with onboarding commenced.</p> <p>Financial assets are also a greater level than expected due to underutilisation of the approved deficit in 2022/23 financial year, with some significant spend delayed until 2023/24.</p> <p>The RIC holds less non-financial assets than budgeted. This also impacts the budgeted depreciation expense which is greater than budgeted.</p>	<p>Statement of Financial Position:</p> <ul style="list-style-type: none"> <li>- Non- Financial assets</li> <li>- Payables, Provisions, Leases</li> <li>- Equity</li> </ul> <p>Statement of Comprehensive Income</p> <ul style="list-style-type: none"> <li>- Depreciation</li> </ul>
<p>The RIC considers a major variance between budget and actuals is greater than 10% of the original estimate or it is considered important for the reader's understanding.</p>	

# Appendices

## Appendix 1: Accountable Authority

Details of Accountable Authority during the reporting period 2022-23

Name	Post Nominals	Qualifications of the Accountable Authority	Experience of the Accountable Authority	Position Title / Position held	Exec / non-Exec	Start Date (1 July 2022 or after)	End Date (30 June 2023 or before)	No. of meetings accountable authority attended
Ms Karen Smith-Pomeroy	ADip (Acc), FIPA, SF FIN, GAICD, AGIA	Associate Diploma (Accounting), Fellow of the Institute of Public Accountants, Senior Fellow of the Financial Services Institute of Australasia, Member Institute of Financial Accountants (UK), Graduate of the Australian Institute of Company Directors, Affiliate of the Governance Institute of Australia	Karen is an experienced non-executive director, with involvement across a number of sectors including agribusiness, energy, property and financial services. She has significant experience as a senior executive in the financial services sector. Karen has specific expertise in compliance, risk and governance, and deep expertise in credit risk and specialist knowledge of a number of industry sectors, including property, energy and infrastructure. Karen is currently a non-executive director of Kina Securities Limited, Stanwell Corporation Limited, National Reconstruction Fund Corporation and Queensland Treasury Corporation (Capital Markets Board). She is also the Chair of National Affordable Housing Consortium. Karen is currently an Audit Committee member of the Qld Department of Premier and Cabinet and Public Sector Commission, and Audit Committee Chair of Qld Department of State Development, Infrastructure, Local Government and Planning	Board Chair	Non-Exec	1/07/2022	30/06/2022	6 of 6

Name	Post Nominals	Qualifications of the Accountable Authority	Experience of the Accountable Authority	Position Title / Position held	Exec / non-Exec	Start Date (1 July 2022 or after)	End Date (30 June 2023 or before)	No. of meetings accountable authority attended
Ms Prue Bondfield	LLB, Gdip Bus, Mkting, Mngt, MAICD	Bachelor of Laws, Diploma in Project Management, Graduate Diploma of Business, Marketing & Management, Graduate of the Australian Institute of Company Directors.	Prue has significant agribusiness and farming expertise from her role as General Manager and Director of the Palgrove Group, a corporate livestock business with properties in Queensland and NSW. Prue has strong agriculture industry networks from various roles on Commonwealth and State entities and advisory committees. Prue is currently a Director of Australian Livestock Export Corporation Ltd, Black Box Co Pty Ltd, Harvest Road Group Pty Ltd and Bush Heritage Australia.	Board Member	Non-Exec	1/07/2022	30/06/2022	6 of 6
Ms Sharon Starick	BAGSci(Hons), MAICD	Bachelor of Agricultural Science Honours in Plant Science	Sharon runs a combined grain and pork business in the Murraylands in South Australia. She brings not only practical on-farm knowledge, but 20 years' experience with industry bodies, natural resource management groups, government boards and other private and public organisations. Sharon is the current Chair of Animal Health Australia and APIQ which is the quality assurance program for the pork industry. Sharon is also on the Board of the Grains Research and Development Corporation, Murray Plains Farmers, Royal Automobile Association of SA, and is Independent Chair of the Future Drought Fund Advisory Group in SA.	Board Member	Non-Exec	1/07/2022	30/06/2022	6 of 6

Name	Post Nominals	Qualifications of the Accountable Authority	Experience of the Accountable Authority	Position Title / Position held	Exec / non-Exec	Start Date (1 July 2022 or after)	End Date (30 June 2023 or before)	No. of meetings accountable authority attended
Ms Sally Freeman	BComm, FICA, GAICD	Bachelor of Commerce, Fellow of the Institute of Chartered Accountants, Graduate of the Australian Institute of Company Directors, Member of Chief Executive Women	Sally is an experienced Non-Executive Director with a proven ability in risk management, financial and internal audit, board governance, and compliance, having over 30 years' experience in accounting and consulting industries. Sally's current directorships include Netwealth, Netwealth Superannuation Services, Eastern Health, Melbourne Football Club, ADICA and Regis Aged Care. Sally is currently an audit committee member of Health Share Victoria, Commonwealth Games Australia, and Caulfield Grammar.	Board Member	Non-Exec	1/07/2022	30/06/2022	6 of 6
Mr Mark Tucker	BSci(Hons), EFP ANZSOG	Bachelor of Science (Hons), Executive Fellow Graduate, Australian & New Zealand School of Government	Mark brings extensive experience as a former Deputy Secretary across Australian Government departments including Agriculture, Fisheries, Forestry, Water and Environment, Communications, and the Arts. In 2021, Mark was the Senior Agriculture Industry Engagement Officer for the Federal Government during the COVID pandemic. He also conducted independent reviews of the financial sustainability of the Australian Antarctic Division and the Overseas Agriculture Counsellor Network. Most recently, Mark held the position of Member of the Bureau of Meteorology Audit Committee and Deputy Chair of the Bureau of Meteorology Financial Statements Sub-Committee and Deputy Chair of the Australian Government Bundanon Trust.	Board Member	Non-Exec	28/04/2023	30/06/2023	0 of 1

Name	Post Nominals	Qualifications of the Accountable Authority	Experience of the Accountable Authority	Position Title / Position held	Exec / non-Exec	Start Date (1 July 2022 or after)	End Date (30 June 2023 or before)	No. of meetings accountable authority attended
Mr Michael Carroll	BAGSci, MBA, FAICD	Bachelor of Agricultural Science, Master of Business Administration, Advanced Management Program at Harvard Business School, Fellow of the Australian Institute of Company Directors	Michael has more than 35 years of experience in food and agribusiness and has held senior positions at the National Australia Bank where he established the bank's agribusiness division. Other director roles include Rural Funds Management, Paraway Pastoral Company and Viridis Ag. Mike also Chairs the Australian Rural Leadership Foundation	Board Member	Non-Exec	1/07/2022	20/07/2022	0 of 0

## Appendix 2: Audit Committee

The Regional Investment Corporation Audit Committee Charter can be viewed at:

[https://www.ric.gov.au/sites/default/files/documents/RIC\\_Audit\\_Risk\\_Committee\\_Charter\\_1092023.pdf](https://www.ric.gov.au/sites/default/files/documents/RIC_Audit_Risk_Committee_Charter_1092023.pdf)



Details of Audit Committee during the reporting period 2022-23

Name	Post nominals	Qualifications, knowledge, skills or experience	Number of meetings attended	Total number of meetings held	Total annual remuneration (GST inc.)
Mr Tim Youngberry	EFP ANZSOG, FCPA, FCA	Tim has 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. He also works as an expert on public finances with the International Monetary Fund and the OECD in a number of countries. 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 and is a Fellow of both CPA Australia and Chartered Accountants Australia and New Zealand.	3	3	\$16,000
Ms Sharon Starick	BAGSci(Hons), MAICD	See Accountable Authority table	3	3	See Executive Remuneration table
Ms Sally Freeman	BComm, GAICD	FICA, See Accountable Authority table	3	3	See Executive Remuneration table
Ms Emily Canning	BComm, FCPA, FCA, GAICD	Emily has held senior executive roles in the Australian Government including Chief Financial Officer designation, and more recently in the private sector and brings extensive public sector financial management experience to her role on the Committee. She holds a Bachelor of Commerce from the Australian National University and is a Fellow of CPA Australia and the Chartered Accountants Australia and New Zealand. Emily is also a Graduate of the Australian Institute of Company Directors.	3	3	\$8,160

## Appendix 3: Management of human resources

### All Ongoing Employees Current Report Period (2022-23)

	Man / Male			Woman / Female			Non-binary			Prefers not to answer			Uses a different term			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
NSW	28	1	29	27	4	31										60
Qld	2		2	6		6										8
SA	3		3	1		1										4
Tas																0
Vic	4		4	4	1	5										9
WA																0
ACT	1		1													1
NT																0
External Territories																0
Overseas																0
Total	38	1	39	38	5	43										82

### All Non-Ongoing Employees Current Report Period (2022-23)

	Man / Male			Woman / Female			Non-binary			Prefers not to answer			Uses a different term			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
NSW	5		5	2	2	4										9
Qld																0
SA	1		1													1
Tas																0
Vic																0
WA																0
ACT																0
NT																0
External Territories																0
Overseas																0
Total	6		6	2	2	4										10

### All Ongoing Employees Previous Report Period (2021-22)

	Man / Male			Woman / Female			Indeterminate			Total
	Full time	Part time	Total Male	Full time	Part time	Total Female	Full time	Part time	Total Indeterminate	
NSW	23	0	23	25	0	25	0	0	0	48
Qld	2	0	2	1	0	1	0	0	0	3
SA	1	0	1	0	0	0	0	0	0	1
Tas	0	0	0	1	0	1	0	0	0	1
Vic	1	0	1	0	0	0	0	0	0	1
WA	1	0	1	0	0	0	0	0	0	1
ACT	1	0	1	0	0	0	0	0	0	1
NT	0	0	0	0	0	0	0	0	0	0
External Territories	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0
Total	29	0	29	27	0	27	0	0	0	56

### All Non-Ongoing Employees Previous Report Period (2021-22)

	Man / Male			Woman / 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	3	2	5	0	0	0	6
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
External Territories	0	0	0	0	0	0	0	0	0	0
Overseas										
Total	1	0	1	3	2	5	0	0	0	6

## **Appendix 4: Executive remuneration**

### **CEO & Board remuneration**

The RIC Board and CEO are remunerated according to the determination of the Commonwealth Remuneration Tribunal. Statutory superannuation is paid in addition to the fees set by the Tribunal for Board members however is included as part of the remuneration determination for the CEO.

### **Remuneration and Work Conditions Policy and Procedure and Industrial Instruments**

RIC employees are employed in accordance with the Australian Government Industry Award 2016 (for employees within the salary barrier), National Employment Standard (for employees over the salary barrier) and the Public Sector Workplace Relations Policy 2023.

Employees are paid in accordance with the relevant band within the RIC's remuneration and salary structure which is contained in the RIC's Remuneration and Work Conditions Procedure. The RIC Remuneration and Classification Structure is a 7-level structure and provides delineation between Senior Executive, Executive and non-Executive Level remuneration.

### **Information about remuneration for senior executives**

The RIC Executive Directors are employed in accordance with Letters of Offer, an Employment Agreement, the National Employment Standards and the Public Sector Workplace Relations Policy 2020. Executive Directors are paid in accordance with the RSE band of the RIC's remuneration and salary structure which is contained in the RIC's Remuneration and Work Conditions Procedure. The RSE salary band has a lower and upper level and salary is negotiated between these bands based on capability, experience, and performance.

The RIC has no senior executives excepting those identified as Key Management Personnel (KMP). Senior executive remuneration is reported under KMP.

### **Information about remuneration for other highly paid staff**

There were no staff members classified as other highly paid staff for this period; the RIC has no other highly paid staff remuneration to report.

## Information about remuneration for key management personnel

During the reporting period 2022-23 which ended on 30 June 2023 the RIC had 11 personnel who met the definition of 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		
		\$	\$	\$	\$	\$	\$	\$	\$
Karen Smith-Pomeroy	Board member	88,310	0	0	9,273	0	0	0	97,583
Prue Bondfield	Board member	44,160	0	0	6,805	0	0	0	50,965
Sharon Starick	Board member	52,552	0	0	5,518	0	0	0	58,070
Sally Freeman	Board member	52,552	0	0	5,518	0	0	0	58,070
Michael Carroll	Board member	2,351	0	0	247	0	0	0	2,598
Mark Tucker	Board member	7,955	0	0	835	0	0	0	8,791
John Howard	CEO <sup>4</sup>	233,597	0	20,738	16,245	4,224	0	0	274,804
Paul Dowler	A/CEO & ED Corporate Services <sup>4</sup>	252,422	0	0	23,527	3,217	0	0	279,166
Alli Gartrell	ED Program Delivery	242,791	0	0	24,647	6,267	0	0	273,705
Christopher Rawlins	ED Transformation & Engagement	241,026	0	0	24,647	5,135	0	0	270,807
Hayley Barbetti	A/ED Corporate Services <sup>4</sup>	85,641	0	0	9,221	576	0	0	95,438

<sup>4</sup> CEO was appointed on 21 November 2022, acting appointments applied.

## Appendix 5: Compliance index

Below is the table set out in Schedule 2A of the PGPA Rule. Section 17BE(u) requires this table be included in entities' annual reports.

PGPA Rule Reference	Page of Report	Description	Requirement
17BE	Contents of annual report		
17BE(a)	7	Details of the legislation establishing the body	Mandatory
17BE(b)(i)	7	A summary of the objects and functions of the entity asset out in legislation	Mandatory
17BE(b)(ii)	7	The purposes of the entity as included in the entity's corporate plan for the reporting period	Mandatory
17BE(c)	7	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)	15	Directions given to the entity by the Minister under an Act or instrument during the reporting period	If applicable, mandatory
17BE(e)	15	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)	n/a	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)	16	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)	11, Appendix 1	Information on the accountable authority, or each member of the accountable authority, of the entity during the reporting period	Mandatory
17BE(k)	10	Outline of the organisational structure of the entity (including any subsidiaries of the entity)	Mandatory
17BE(ka)	Appendix 3	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)	9	Outline of the location (whether or not in Australia) of major activities or facilities of the entity	Mandatory
17BE(m)	11	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

PGPA Rule Reference	Page of Report	Description	Requirement
17BE(p)	4, 15	Any significant activities and changes that affected the operation or structure of the entity during the reporting period	If applicable, mandatory
17BE(q)	N/a	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)	14	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)	14	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(taa)	Appendix 2	The following information about the audit committee for the entity: (a) a direct electronic address of the charter determining the functions of the audit committee; (b) the name of each member of the audit committee; (c) the qualifications, knowledge, skills or experience of each member of the audit committee; (d) information about each member's attendance at meetings of the audit committee; (e) the remuneration of each member of the audit committee	Mandatory
17BE(ta)	Appendix 4	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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