

Part 11

Minister for Regional Development; Agriculture and Food

Summary of Portfolio Appropriations

Agency	2016-17 Budget \$'000	2016-17 Estimated Actual '000	2017-18 Budget Estimate '000
Rural Business Development Corporation			
– Delivery of Services	236	236	235
Total	236	236	235
GRAND TOTAL			
– Delivery of Services	236	236	235
Total.....	236	236	235

Division 17 Rural Business Development Corporation

Part 11 Minister for Regional Development; Agriculture and Food

Appropriations, Expenses and Cash Assets

	2015-16 Actual \$'000	2016-17 Budget \$'000	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
DELIVERY OF SERVICES							
Item 26 Net amount appropriated to deliver services	232	236	236	235	233	233	233
Total appropriations provided to deliver services.....	232	236	236	235	233	233	233
TOTAL APPROPRIATIONS	232	236	236	235	233	233	233
EXPENSES							
Total Cost of Services.....	946	744	744	736	641	485	485
Net Cost of Services ^(a)	409	633	633	632	543	393	393
CASH ASSETS ^(b)	5,685	5,358	5,288	4,891	4,581	4,421	4,261

(a) Represents Total Cost of Services (expenses) less retained revenues applied to the agency's services. Reconciliation to the 'Total appropriations provided to deliver services' includes adjustments related to movements in cash balances and other accrual items such as resources received free of charge, receivables, payables and superannuation.

(b) As at 30 June each financial year.

Spending Changes

Recurrent spending changes, other than cashflow timing changes and non-discretionary accounting adjustments, impacting on the agency's Income Statement since the publication of the 2016-17 Pre-election Financial Projections Statement on 9 February 2017, are outlined below:

	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
2017-18 Streamlined Budget Process Incentive Funding.....	-	2	-	-	-
Revision to Indexation for Non-Salary Expenses	-	-	(6)	(8)	(10)

Significant Issues Impacting the Agency

- The Corporation (on behalf of the State Government) administers a number of assistance schemes through the *Rural Business Development Corporation Act 2000*. The Corporation currently administers five schemes, including four Commonwealth Government initiated and funded concessional loans schemes. As at 30 June 2017, the Corporation is managing 49 loans, with a total of \$18.1 million in outstanding loan principal.
- The Commonwealth Government's Farm Finance Concessional Loans Scheme commenced taking applications in Western Australia in January 2014, while the Drought Concessional Loans Scheme commenced taking applications in September 2014. These schemes resulted in 159 applications, of which 53 (totalling \$19.2 million) were approved. The loans were approved with a concessional interest rate, and loan terms of five years, with a possibility of another two years. The first loan is scheduled for repayment in April 2019, and the last for April 2022.

- At the request of the Commonwealth Government, the State Government has commenced negotiations for two new loans schemes to be in place as transitional arrangements before the Commonwealth Government establishes its own Regional Investment Corporation, from 1 July 2018. The two new loans schemes will be the Drought Assistance Loans and the Business Improvement Concessional Loans - both available under the Farm Business Concessional Loans Scheme. The new schemes are proposed to offer loans over a 10 year term. Further engagement and consultation in relation to administration of the loans, and the responsible authority, is required ahead of any agreement being entered into between the State and Commonwealth Governments.
- The State Government commenced the Farm Debt Mediation Scheme (the Scheme) through the Corporation in June 2015, which is expected to remain open on an on-going basis. The Scheme is voluntary for both the financier and the farmer, and has been modelled around schemes operating in New South Wales and Victoria. The Commonwealth Government is seeking a nationally consistent approach to farm debt mediation via a legislative approach as already adopted by New South Wales and Victoria, and recently Queensland. Western Australia is currently reviewing how farm debt mediation is functioning locally, and how it compares to the legislative models in place nationally. This is expected to be completed by the end of 2017.

Resource Agreement

The following performance information (financial and non-financial) is the subject of a Resource Agreement signed by the Minister, Accountable Authority and Treasurer under Part 3, Division 5 of the *Financial Management Act 2006*.

Outcomes, Services and Key Performance Information

Relationship to Government Goals

Broad government goals are supported at agency level by specific outcomes. Agencies deliver services to achieve these outcomes. The following table illustrates the relationship between the agency's service and desired outcome, and the government goal it contributes to. The key effectiveness indicators measure the extent of impact of the delivery of services on the achievement of desired outcomes. The key efficiency indicators monitor the relationship between the service delivered and the resources used to produce the service.

Government Goal	Desired Outcome	Service
Better Places: A quality environment with liveable and affordable communities and vibrant regions.	Improved ecologically sustainable development of agri-industry.	1. Farm Business Development

Service Summary

Expense	2015-16 Actual \$'000	2016-17 Budget \$'000	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
1. Farm Business Development	946	744	744	736	641	485	485
Total Cost of Services	946	744	744	736	641	485	485

Outcomes and Key Effectiveness Indicators ^(a)

	2015-16 Actual	2016-17 Budget	2016-17 Estimated Actual	2017-18 Budget Target	Note
Outcome: Improved ecologically sustainable development of agri-industry:					
The extent to which recipients were satisfied with the way schemes are administered	84.6%	90%	89%	90%	

(a) Further detail in support of the key effectiveness indicators is provided in the agency's Annual Report.

Services and Key Efficiency Indicators

1. Farm Business Development

This service provides financial support to farmers who have been significantly impacted by exceptional seasonal events. It assists them to enhance their skills in order to improve and sustain long-term profitability and be better equipped to deal with risks inherent in farming.

This service contributes to the ecologically sustainable development of agri-industry in a number of ways. The Corporation aims to implement the industry support within the funding guidelines to maximise the protection of the resources of the agri-industries.

	2015-16 Actual	2016-17 Budget	2016-17 Estimated Actual	2017-18 Budget Target	Note
	\$'000	\$'000	\$'000	\$'000	
Total Cost of Service.....	946	744	744	736	
Less Income.....	537	111	111	104	
Net Cost of Service.....	409	633	633	632	
Efficiency Indicators					
Administrative Cost Per Loan Advanced Amount.....	\$12,000	\$7,000	\$4,000	\$5,000	1
Administrative Cost as a Percentage of Loan Advanced Amount.....	4%	15%	1.2%	1.2%	2

Explanation of Significant Movements

(Notes)

1. The reduction in Administrative Cost per Loan Advanced Amount from the 2016-17 Budget (\$7,000) to the 2016-17 Estimated Actual (\$4,000) reflects that the Corporation dispersed a greater number of loans than first anticipated, and also reduced its associated administration expenses through internal processing efficiencies.
2. Consistent with the above, the improvement in Administrative Cost as a Percentage of Loan Advanced Amount from the 2016-17 Budget (15%) to the 2016-17 Estimated Actual (1.2%) reflects that the total value of loans disbursed was larger than first anticipated, and that administration expenses were reduced through internal processing efficiencies.

Financial Statements

Statement of Financial Position

The estimated decrease in total liabilities between the 2016-17 Budget and the 2016-17 Estimated Actual of \$59,000 (48.4%) reflects a reduction in accrued expenses for concessional loan scheme administration costs incurred by the Corporation during the 2016-17 financial year. The Corporation expects the administration costs to remain at this amount over the forward estimates.

Statement of Cashflows

Cash assets at the end of the reporting period will continue to decline over the forward estimates period. This reflects the cost of administration for the Commonwealth's Farm Finance Concessional Loans and Drought Concessional Loans Schemes, where the cash was received in previous periods.

INCOME STATEMENT ^(a) (Controlled)

	2015-16 Actual \$'000	2016-17 Budget \$'000	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
COST OF SERVICES							
Expenses							
Employee benefits.....	-	9	9	10	10	10	10
Grants and subsidies ^(b)	18	200	200	190	150	150	150
Supplies and services.....	265	109	109	110	105	100	100
Other expenses.....	663	426	426	426	376	225	225
TOTAL COST OF SERVICES	946	744	744	736	641	485	485
Income							
Other revenue.....	537	111	111	104	98	92	92
Total Income.....	537	111	111	104	98	92	92
NET COST OF SERVICES	409	633	633	632	543	393	393
INCOME FROM STATE GOVERNMENT							
Service appropriations.....	232	236	236	235	233	233	233
TOTAL INCOME FROM STATE GOVERNMENT	232	236	236	235	233	233	233
SURPLUS/(DEFICIENCY) FOR THE PERIOD.....	(177)	(397)	(397)	(397)	(310)	(160)	(160)

(a) Full audited financial statements are published in the agency's Annual Report.

(b) Refer to the Details of Controlled Grants and Subsidies table below for further information.

DETAILS OF CONTROLLED GRANTS AND SUBSIDIES

	2015-16 Actual \$'000	2016-17 Budget \$'000	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Future Rural Support Schemes.....	10	100	100	100	150	150	150
Research Grants.....	8	100	100	90	-	-	-
TOTAL	18	200	200	190	150	150	150

STATEMENT OF FINANCIAL POSITION ^(a)
(Controlled)

	2015-16 Actual \$'000	2016-17 Budget \$'000	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
CURRENT ASSETS							
Cash assets	5,685	5,358	5,288	4,891	4,581	4,421	4,261
Receivables	4	3	4	4	4	4	4
Other.....	34	98	34	34	34	34	34
Total current assets	5,723	5,459	5,326	4,929	4,619	4,459	4,299
TOTAL ASSETS	5,723	5,459	5,326	4,929	4,619	4,459	4,299
CURRENT LIABILITIES							
Payables	-	9	-	-	-	-	-
Other.....	63	113	63	63	63	63	63
Total current liabilities	63	122	63	63	63	63	63
TOTAL LIABILITIES.....	63	122	63	63	63	63	63
EQUITY							
Accumulated surplus/(deficit).....	5,660	5,337	5,263	4,866	4,556	4,396	4,236
Total equity	5,660	5,337	5,263	4,866	4,556	4,396	4,236
TOTAL LIABILITIES AND EQUITY	5,723	5,459	5,326	4,929	4,619	4,459	4,299

(a) Full audited financial statements are published in the agency's Annual Report.

STATEMENT OF CASHFLOWS ^(a)
(Controlled)

	2015-16 Actual \$'000	2016-17 Budget \$'000	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
CASHFLOWS FROM STATE GOVERNMENT							
Service appropriations.....	232	236	236	235	233	233	233
Net cash provided by State Government.....	232	236	236	235	233	233	233
CASHFLOWS FROM OPERATING ACTIVITIES							
Payments							
Employee benefits.....	-	(9)	(9)	(10)	(10)	(10)	(10)
Grants and subsidies.....	(18)	(200)	(200)	(190)	(150)	(150)	(150)
Supplies and services	(245)	(109)	(109)	(110)	(105)	(100)	(100)
Other payments.....	(721)	(426)	(426)	(426)	(376)	(225)	(225)
Receipts							
GST receipts.....	14	-	-	-	-	-	-
Other receipts	565	111	111	104	98	92	92
Net cash from operating activities	(405)	(633)	(633)	(632)	(543)	(393)	(393)
NET INCREASE/(DECREASE) IN CASH HELD	(173)	(397)	(397)	(397)	(310)	(160)	(160)
Cash assets at the beginning of the reporting period	5,858	5,755	5,685	5,288	4,891	4,581	4,421
Cash assets at the end of the reporting period	5,685	5,358	5,288	4,891	4,581	4,421	4,261

(a) Full audited financial statements are published in the agency's Annual Report.

Western Australian Meat Industry Authority

Part 11 Minister for Regional Development; Agriculture and Food

Asset Investment Program

The Authority's Asset Investment Program (AIP) supports the delivery of services at the Muchea Livestock Centre (MLC). The total AIP for 2017-18 is \$650,000 for the following major projects:

- construction of a new administration office building at the MLC;
- upgrade of sheep watering troughs to improve facilities for better management of sheep;
- installation of cattle half pens to improve animal welfare and safety in relation to small consignments;
- undertake dam remediation work to prevent erosion of dam walls; and
- replacement of the existing compressor with a new air compressor to reduce power costs and improve air supply to the cattle separation and weigh-in area.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-17 \$'000	2016-17 Estimated Expenditure \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
COMPLETED WORKS							
Saleyard - 2016-17 Program.....	668	668	668	-	-	-	-
NEW WORKS							
Saleyard							
2017-18 Program.....	650	-	-	650	-	-	-
2018-19 Program.....	450	-	-	-	450	-	-
2019-20 Program.....	350	-	-	-	-	350	-
2020-21 Program.....	450	-	-	-	-	-	450
Total Cost of Asset Investment Program.....	2,568	668	668	650	450	350	450
FUNDED BY							
Internal Funds and Balances.....			668	650	450	350	450
Total Funding.....			668	650	450	350	450