

NSW RURAL ASSISTANCE AUTHORITY  
ANNUAL REPORT  
2008-2009





### ***Annual report for the year ending 30 June 2009***

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The Hon Ian Macdonald MLC  
Minister for Primary Industries  
Minister for Mineral Resources  
Minister for State Development  
Level 33 Governor Macquarie Tower  
1 Farrar Place  
SYDNEY NSW 2000

Dear Minister

We take pleasure in presenting the 2008-09 Annual Report for the NSW Rural Assistance Authority. This report is offered for your information and presentation to Parliament.

In order to comply with the requirements of the Annual Reports (Statutory Bodies) Act 1984 and Division 3, section 10 of the Rural Assistance Act 1989 an extension of time up to 15 November 2009 was granted by the NSW Treasurer for the following reasons:

- The audit of the Authority's financial reports while scheduled to commence on 12 September 2009 is not scheduled to be completed until 20 October 2009. This time frame will not allow the Authority sufficient time to have the Annual Report proofed, printed and issued by 31 October 2009.

The above factors have resulted in delays in the submission of the Authority's report.

Yours sincerely

A handwritten signature in black ink, appearing to read "Ian Rowe".

**Ian Rowe**  
Chair

A handwritten signature in black ink, appearing to read "George Davey".

**George Davey**  
Chief Executive

New South Wales Government



# CONTENTS

Chair's report .....	3
Introducing the NSW Rural Assistance Authority .....	4
Performance under objectives .....	5
Other schemes .....	10
Statistics on applications and approvals .....	12
Corporate governance .....	14
Corporate services and human resources .....	18
Financial statements .....	19
Appendices .....	51
Index .....	59

A National Rural Advisory Council review during the financial year resulted in the revocation of Exceptional Circumstances (EC) in many areas of the state of New South Wales; however the southern and western areas of the state continue to experience an Exceptional Circumstance event with support remaining in place until at least early 2010.

During the financial year the Authority received over 11,000 EC applications and approved 9,500 interest rate subsidies valued at \$263 million. Since the initial declaration of Exceptional Circumstances in NSW the Authority has processed almost 47,000 applications approving approximately 39,000 subsidies valued at \$1.2 billion.

NSW is a state of climatic extremes; while much of the state remains drought declared as of June 2009, extreme climatic events resulted in 30 natural disaster declarations during the financial year. The Authority processed over 150 Natural Disaster Relief loans and 340 grant applications with total support to affected primary producers and small businesses approximating \$11.5 million.

The Special Conservation Scheme attracted 371 applications and \$18.6 million in low interest rate loans in the financial year ending 30 June 2009. This scheme continues to prove an effective incentive to the state's farmers encouraging both a positive response to climatic change and improvements to the state's natural resource base.

The AgStart Scheme has been a practical support response to our younger generation of farmers. 360 applications were processed by the Authority with more than \$1.9 million in assistance provided. Measures of support included access to education and training in the planning process, stamp duty relief on property purchase and improvements in productive assets.

In December 2008 the Minister for Primary Industries, the Hon Ian Macdonald MLC appointed Mr. George Davey as Chief Executive of the NSW Rural Assistance Authority. George is the Deputy Director-General and Executive Director Fisheries, Compliance and Regional Relations with the NSW Department of Primary Industries. His skills and expertise are welcomed by all board members.

The Authority continues to benefit from the knowledge and skills of committed board members and staff. Their ongoing support will be invaluable in ensuring the ongoing success of the NSW Rural Assistance Authority.



**Fran Rowe**  
**CHAIR**

# INTRODUCING THE NSW RURAL ASSISTANCE AUTHORITY

## **A brief history**

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

Eighteen years later the NSW Rural Assistance Authority came into being as a result of the *Rural Assistance Act 1989*, which amalgamated the Rural Assistance Board with the Rural Industries Agency of the then State Bank of NSW.

The Authority operated from Sydney in its various guises until early 1997 when it completed relocating to Orange in central western NSW. The relocation was designed to strengthen services to rural industries and give the Authority a regional presence with greater access to its client base.

## **Charter**

The function of the Authority as set by the 1989 legislation is to 'provide assistance, and administer programs for the provision of assistance, to farmers or other persons engaged in rural industries or any other persons eligible to obtain such assistance'. Assistance measures are funded by both the Australian and NSW governments.

While the rural sector is the Authority's principal client, it also deals with small businesses through administering financial assistance schemes for small businesses that have suffered loss or damage due to natural disaster.

## **Vision**

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

## **Mission**

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

## **Objectives**

The Authority's three corporate objectives relate to administration of assistance under the Natural Disaster Relief Assistance, Rural Adjustment Scheme and Special Conservation Scheme.

They are to ensure that:

- NSW farmers, agricultural industries and the general public are aware of and have access to the assistance available when dealing with extreme events
- NSW farmers and farming-related small businesses increase their ability to resist and overcome financial challenges
- NSW farmers and agricultural industries utilise improved natural resource management techniques.

## **Excellence in service delivery**

The Authority recognises the importance of excellence in customer service and is committed to improving the quality of the services it offers. Excellence in service delivery is about identifying the needs of clients, ensuring that the service offered is relevant to those needs, and that the mode of delivery is appropriate for individual circumstances.

The Authority is sensitive to the challenges faced by rural NSW, in particular the varying availability of, and access to internet and email services as well as services for people with a disability.

The Authority's adaptability and commitment to meeting the changing needs of its diverse client base is evidenced by its multi-media approach to communication and its willingness to pursue new opportunities to provide rural NSW with information about its services.

## **Guarantee of Service**

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

- providing information about the types of financial assistance available
- assessing applications fairly and impartially
- under normal circumstances, making an initial decision within 28 days of receiving an application
- not discriminating against a client who has difficulty understanding English and, if necessary, providing access to a free interpreter or translator
- providing clear decisions
- being honest, courteous and respectful at all times
- keeping personal information confidential as required by law
- being available for inquiries from 8.30 am to 5.00 pm Monday to Friday, excluding public holidays.

To achieve high service standards the Authority requests that clients:

- treat all staff with courtesy and respect
- provide all the necessary information to enable an accurate decision to be made
- notify the Authority if assistance is no longer required.

The full *Guarantee of Service* is available on the Authority's website and in the appendices of this report.

### *Performance at a glance*

<b>Scheme</b>	<b>Applications Received</b>	<b>Applications Approved</b>	<b>Assistance \$</b>
Natural Disaster Relief Assistance - loans	159	118	10,697,100
Natural Disaster Relief Assistance - grants	346	68	799,820
Special Conservation Scheme	371	270	18,631,199
Rural Adjustment Scheme – primary producer	10,504	8,741	246,155,639
Rural Adjustment Scheme – small business	1,068	785	17,622,670

A total of 106 new cases commenced under the *Farm Debt Mediation Act 1994*.

## OBJECTIVE 1

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

### NATURAL DISASTER RELIEF ASSISTANCE

This scheme provides loans and grants to farmers and small businesses in rural and regional NSW to allow them to continue their normal farming and business operations following a natural disaster. Assistance is through recovery grants and concessional, fixed-interest rate loans with the interest rate fixed from the date of approval.

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

In 2008-09 the Authority assisted applicants who were affected by natural disasters such as storms and floods. These events are listed in the following table.

#### Natural disaster declarations

Type of Event	Date of Event	Local Government Area Covered
Hailstorm	21/09/2008	Tabulam South (Tenterfield/Kyogle Shires)
Windstorm	14/10/2008	Kingstown (Northern Tablelands)
Hailstorms	20-21/10/2008	Coffs Harbour Region (Barraganyatti, Corindi, Eungai, Fishermans Reach, Grassy Head, Moonee Beach, Rollands Plain, Sandy Beach, Stuarts Point, Woolgoolga, Yarrahappini)
Hailstorm	22/10/2008	Tregeagle, Suffolk Park (Northern Rivers)
Hail, Wind & Snow	22-23/11/2008	Orange
Storms & Flooding	28/11-1/12/2008	Tamworth, Gunnedah, Narrabri, Walcha
Hailstorm	26/11/2008	Bellata
Hailstorms	26-28/11/2008	North West (Bourke, Brewarrina, Narrabri, Walgett)
Storms & Flooding	28-29/11/2008	Upper Hunter Valley
Storms & Flooding	13/12/2008	Liverpool Plains
Hailstorm	18/12/2008	Riverina (Leeton, Carathool, Griffith)
Hailstorm	18/12/2008	Tumbarumba
Hailstorm	18/12/2008	Young
Hailstorm	23/12/2008	Cootamundra, Harden
Bushfire	26-29/12/2008	Bland
Bushfire	6-18/01/2009	Wingecarribee, Shoalhaven, Goulburn, Mulwaree
Bushfire	15-16/01/2009	Penrith
Severe Storm	22/01/2009	Cootamundra, Harden
Severe Storm	20/01/2009	Bilbul (Griffith area)
Wind Storm	2/02/2009	Mildil (west of West Wyalong)
Storms & Flooding	13-18/02/2009	Walgett
Floods	14-15/02/2009	Mid North Coast (Bellingen, Coffs Harbour, Nambucca, Kempsey, Port Macquarie-Hastings, Greater Taree, Clarence Valley)
Floods	14-15/02/2009	North West (Bourke, Moree Plains)
Storms & Flooding	15-17/02/2009	Gwydir
Floods	13/03/2009	Rankin Springs
Storms & Flooding	30/03-01/04/2009	Mid North Coast (Bellingen, Clarence Valley, Coffs Harbour, Kempsey, Nambucca)
Heavy Rain & Flooding	13/04/2009	Rose Hill, Cullinga Creek (Cootamundra, Harden LGAs)
Storm	19/04/2009	Lord Howe Island
Rain & Wind Storm	25/04/2009	Balranald/Kyalite district
Storms & Flooding	20-22/05/2009	North Coast (Armidale Dumaresq, Ballina, Bellingen, Byron, Coffs Harbour, Glen Innes Severn, Kempsey, Kyogle, Lismore, Nambucca, Port Macquarie-Hastings, Richmond Valley, Tweed)

## LOANS

Loans are limited to the minimum amount required to cover normal farming and business activities, replace losses and make repairs not covered by insurance. The maximum loan is \$130,000. There is an interest and repayment-free period of two years followed by a maximum repayment term of 10 years. The interest rate for Natural Disaster Relief Assistance loans at 30 June 2009 was 2.85 per cent.

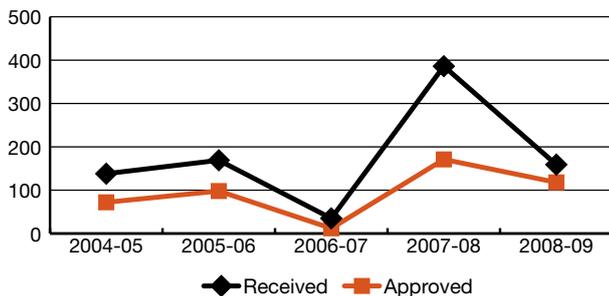
In 2008–09 the Authority received 159 Natural Disaster Relief Assistance applications and approved close to \$10.6 million in loans.

See the *Statistics on applications and approvals* chapter in this report for more details.

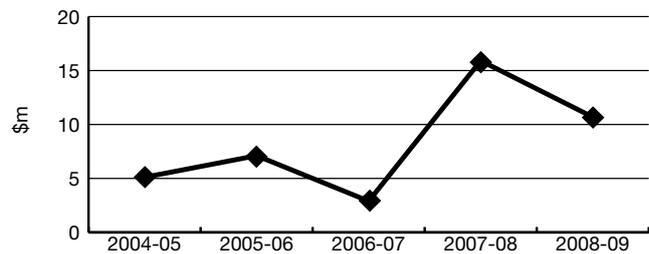
The following charts show Natural Disaster Relief Assistance loan applications received and approved and amounts approved over the past five years.

### Natural Disaster Loan Applications & Approvals

**Natural Disaster Relief - Loan Applications**



**Natural Disaster Relief Assistance - Loan Amounts Approved**



## RECOVERY GRANTS

Additional assistance measures have been available since June 2007 as part of the Community Recovery Package to provide immediate relief to eligible primary producers and small businesses for clean-up and restoration costs in the aftermath of extreme natural disasters.

These measures include recovery grants which are made available to assist with urgent clean-up costs such as hire of equipment to remove debris, essential repairs to fittings and other basic restoration tasks.

The Recovery Grants are funded by both the State and Australian governments and are in addition to the loans and subsidies offered in the standard package. Activation of recovery grant provisions of the Natural Disaster Relief Arrangements requires specific approval from the Australian and State governments.

During 2008-09 recovery grant provisions were activated following the devastating floods on the Mid-North Coast during March/April 2009 and the North Coast during May

2009 where grants of up to \$15,000 per small business/farm enterprise were made available.

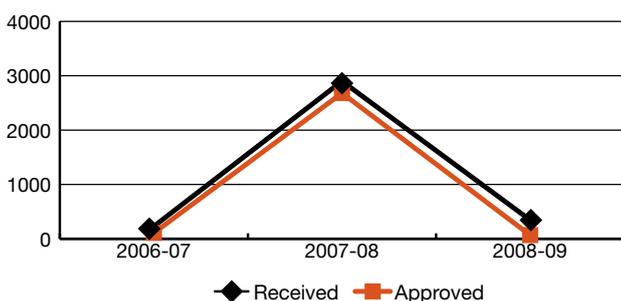
As at 30 June 2009 there have been 334 applications lodged for the Mid-North Coast and North Coast floods with approvals totalling \$748,930. A further 12 applications were processed as a result of the floods in the Northern and Central West regions of NSW during December 2007 and January 2008 with assistance of \$50,890 approved. Total number of applications was 346 and total amount in grant approvals over \$799,000 under the Natural Disaster Relief and Recovery Arrangements (Community Recovery Package).

This assistance measure will expire on 30 September 2009.

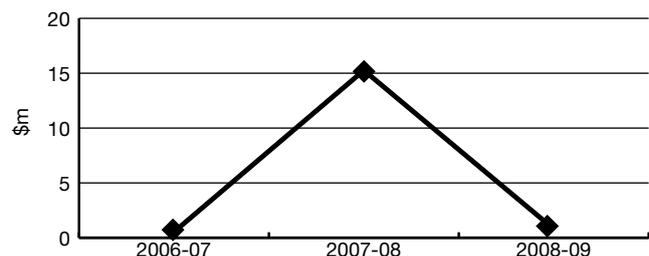
See the *Statistics on applications and approvals* chapter in this report for more details.

The following charts show Natural Disaster Relief Assistance grant applications received and approved and amounts approved over the past two years.

**Natural Disaster Relief - Grant Applications**



**Natural Disaster Relief Assistance - Grant Amounts Approved**



## OBJECTIVE 2

“ NSW farmers and farming-related small businesses increase their ability to resist and overcome financial challenges. ”

### RURAL ADJUSTMENT SCHEME – EXCEPTIONAL CIRCUMSTANCES INTEREST RATE SUBSIDY

Special assistance may be made available to farmers and small businesses under the Exceptional Circumstances provisions of the Rural Adjustment Scheme. Assistance is available to eligible farmers and farming-related small businesses (those with less than 100 employees and/or that operate in towns with population of less than 10,000 people that are substantially reliant on farmer income), to assist them in overcoming difficulties due to either industry downturns or their location in areas suffering the effects of specific exceptional circumstances.

Activation of Exceptional Circumstances assistance requires specific approval from the Australian Government. The current Exceptional Circumstances (drought) have been in place since November 2002.

The Scheme aims to assist farmers and small businesses with long-term prospects in specific industries or regions

suffering from the effects of exceptional circumstances to obtain carry-on finance, restructure debt and implement productivity improvements. Assistance is through an interest subsidy grant to a maximum of 80 per cent of the interest payable on, and associated costs of, either existing or new farm or business related loans. The subsidy can be up to \$100,000 per year over periods set by the Australian Government.

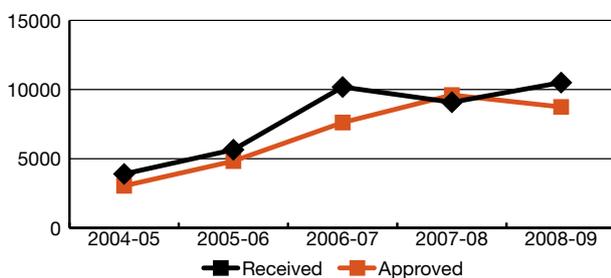
Due to improved conditions during 2008-09 in central and northern areas of the State, Exceptional Circumstances assistance was not extended beyond 31 March 2009. The Australian Government has approved extended recovery periods for southern and western Exceptional Circumstances declared areas, which has allowed eligible primary producers and small businesses in these areas to apply for continued Exceptional Circumstances support until 31 March 2010.

### PRIMARY PRODUCERS

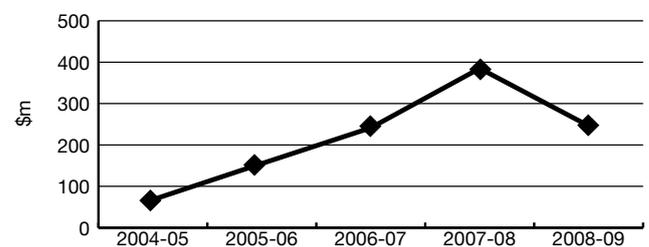
The 2008-09 financial year continued to see very high levels of demand for Exceptional Circumstances assistance from Primary Producers with more than 10,500 applications received and over \$246 million in assistance approved.

The following charts show Rural Adjustment Scheme – Primary Producer applications received and approved and amounts approved over the past five years.

**Exceptional Circumstances – Primary Producer Applications**



**Exceptional Circumstances – Primary Producer Amounts Approved**



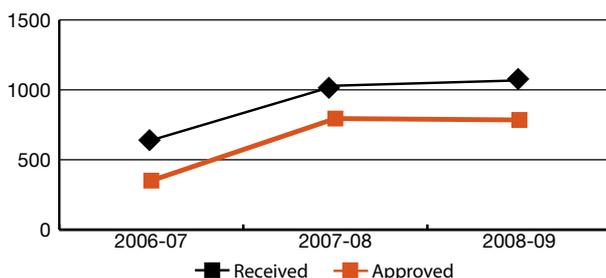
See the *Statistics on applications and approvals* chapter in this report for more details.

### SMALL BUSINESS

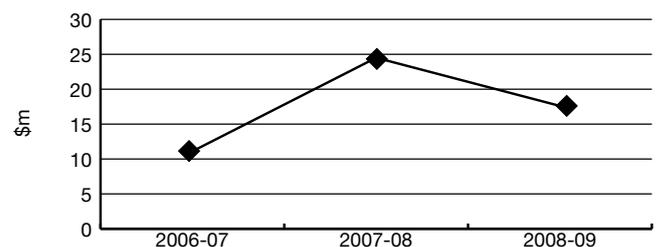
During 2008-09 the Authority received continued demand for financial assistance from small businesses affected by drought in Exceptional Circumstances declared areas. There were over 1,000 applications received and more than \$17 million in assistance approved.

The following charts show Rural Adjustment Scheme – Small Business applications received and approved and amounts approved over the past three years.

**Exceptional Circumstances – Small Business Applications**



**Exceptional Circumstances – Small Business Amounts Approved**



See the *Statistics on applications and approvals* chapter in this report for more details.

## OBJECTIVE 3

“ NSW farmers and agricultural industries utilise improved natural resource management techniques. ”

### SPECIAL CONSERVATION SCHEME

The Special Conservation Scheme is an incentive-based initiative to assist farmers within NSW to protect the States biological and physical resource base by completing certain conservation works on their property which they may not have otherwise undertaken.

The Authority also works closely with other government agencies to assist farmers with their natural resource management projects. These agencies include Catchment Management Authorities, NSW Department of Primary Industries and the NSW Department of Environment and Climate Change.

Changes were made to the Scheme during the previous financial year with the aim of broadening the objective, criteria and the works aspect for which financial assistance is available. This has seen demand for the Special Conservation Scheme maintained.

Examples of acceptable works under the Special Conservation Scheme include:

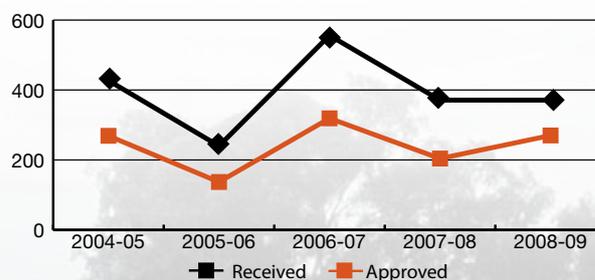
- soil conservation
- woody weed control
- control of noxious weeds (as defined in Schedule 3 of the *Noxious Weeds Act 1993*)
- stock and domestic water supply
- cap and piping of artesian bores
- upgrading/improving of existing irrigation systems
- exclusion netting to prevent flying fox damage to existing orchards with a demonstrated flying fox problem
- hail netting
- livestock effluent control
- refurbishment and de-silting of ground tanks
- planting of perennial species such as lucerne and old man saltbush
- hay, grain and silage storage for livestock fodder.

Assistance is in the form of a fixed-interest loan at a concessional rate. The interest rate for Special Conservation Scheme loans at 30 June 2009 was 5.00 per cent. Loans are limited to 90 per cent of the GST-exclusive cost of the proposed works to a total maximum of \$150,000. A maximum repayment term of 15 years is available with half yearly repayments in line with the client's cash flow.

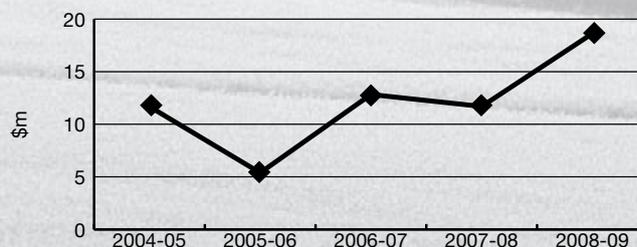
In 2008–09 the Authority received 371 Special Conservation Scheme applications and approved over \$18 million in assistance.

The following charts show Special Conservation Scheme applications and approvals and amounts approved over the past five years.

**Special Conservation Scheme Applications**



**Special Conservation Scheme Amounts Approved**



See the *Statistics on applications and approvals* chapter in this report for more details.