

# REGIONAL INVESTMENT CORPORATION

<b>SECTION 1: ENTITY OVERVIEW AND RESOURCES .....</b>	<b>185</b>
1.1 Strategic direction statement .....	185
1.2 Entity resource statement .....	186
1.3 Budget measures.....	187
<b>SECTION 2: OUTCOMES AND PLANNED PERFORMANCE .....</b>	<b>188</b>
2.1 Budgeted expenses and performance for Outcome 1.....	189
<b>SECTION 3: BUDGETED FINANCIAL STATEMENTS.....</b>	<b>193</b>
3.1 Budgeted financial statements.....	194



# REGIONAL INVESTMENT CORPORATION

## Section 1: Entity overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

The Regional Investment Corporation (RIC) is a corporate Commonwealth entity established by the *Regional Investment Corporation Act 2018*. An independent Board oversees the RIC and is responsible for providing loans to eligible farm businesses and advising government on nationally significant water infrastructure projects.

The RIC streamlines the administration of concessional loans to farm businesses in need, delivering national consistency and ensuring loans are prudently assessed in a timely manner. Loans are targeted at farm businesses impacted by drought, those that mainly supply, or intend to mainly supply, products into supply chains that are interstate or overseas and those affected by major flooding events. The concessional loan programs support the long-term strength, resilience and profitability of eligible farm businesses by helping them prepare for, manage through and recover from periods of hardship brought about by drought or flood. The RIC concessional loans will also assist eligible farm businesses to take advantage of new and emerging opportunities across Australia and overseas by building and maintaining diversity in the markets they supply.

The RIC also provides independent advice to government on projects for consideration under the National Water Infrastructure Loan Facility (NWILF) and then deliver approved loans to the states and territories to fast-track the construction of priority water infrastructure projects. The NWILF is designed to assist state and territory government co-investment in vital water infrastructure. Loan funding aims to accelerate the construction of major water infrastructure projects such as dams, weirs, pipelines, managed groundwater (aquifer) recharge and wastewater reuse schemes that deliver broad public benefits, including through increased regional water availability and security for water users. Funding for the NWILF is appropriated to the Department of Infrastructure, Regional Development and Cities.

The RIC achieves this through its outcome:

**Outcome 1:** Encourage growth, investment and resilience in Australian farm businesses and rural and regional communities by delivering the Commonwealth's farm business concessional loans and the National Water Infrastructure Loan Facility.

## 1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total resources from all sources. The table summarises how resources will be applied by outcome and by administered and departmental classification.

**Table 1.1: Regional Investment Corporation – Resource Statement – Budget Estimates for 2019–20 as at Budget April 2019**

	<i>2018–19 Estimated actual \$'000</i>	2019–20 Estimate \$'000
<b>Opening balance/cash reserves at 1 July</b>	-	-
<b>Funds from Government</b>		
Annual appropriations – ordinary annual services <sup>(a)</sup>		
Outcome 1	12,555	15,414
<b>Total annual appropriations</b>	<b>12,555</b>	<b>15,414</b>
<b>Total funds from Government</b>	<b>12,555</b>	<b>15,414</b>
<b>Total net resourcing for RIC</b>	<b>12,555</b>	<b>15,414</b>
	<b>2018–19</b>	<b>2019–20</b>
<b>Average staffing level (number)</b>	32	32

(a) Appropriation Bill (No. 1) 2019–20. Appropriation is provided through the Department of Agriculture and Water Resources and is specified within the Annual Appropriation Bills as a payment to the RIC.

Please note: All figures shown above are GST exclusive - these may not match figures in the cash flow statement.

Prepared on a resourcing (i.e. appropriations available) basis.

### 1.3 BUDGET MEASURES

Budget measures in Part 1 relating to the Regional Investment Corporation are detailed in *Budget Paper No. 2: Budget Measures 2019–20* and are summarised below.

**Table 1.2: Regional Investment Corporation 2019–20 Budget measures**

**Part 1: Measures announced since the 2018–19 Mid-Year Economic and Fiscal Outlook (MYEFO)**

Program	2018–19 \$'000	2019–20 \$'000	2020–21 \$'000	2021–22 \$'000	2022–23 \$'000
<b>Expense measures</b>					
North Queensland Flood Recovery Package <sup>(a),(b)</sup>	1.1				
Administered expenses	-	-	-	-	-
Departmental expenses	-	2,463	754	755	760
<b>Total</b>	-	<b>2,463</b>	<b>754</b>	<b>755</b>	<b>760</b>
<b>Total expense measures</b>					
Administered	-	-	-	-	-
Departmental	-	2,463	754	755	760
<b>Total</b>	-	<b>2,463</b>	<b>754</b>	<b>755</b>	<b>760</b>

(a) The measure description appears in *Budget Paper No. 2: Budget Measures 2019–20* under Cross Portfolio.

(b) Funding for this measure passes through the Department of Agriculture and Water Resources to the RIC.

Prepared on a Government Finance Statistics (Fiscal) basis.

**Part 2: Other measures not previously reported in a portfolio statement**

RIC does not have any measures not previously reported in a portfolio statement.

## Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

**Note:**

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in annual reports – to provide an entity's complete performance story.

The most recent corporate plan for the Regional Investment Corporation can be found at:

<http://www.ric.gov.au/SiteCollectionDocuments/ric-corporate-plan.pdf>.

The most recent annual report for the Regional Investment Corporation can be found at:

<http://www.ric.gov.au/about/reporting/annual-report>.

The RIC did not publish a corporate plan for the period of March to end June 2018, and there was no separate entry in the Portfolio Budget Statements for 2017-18.

Therefore, there were no performance measures to report against in the 2017-18 annual report.

## 2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

**Outcome 1: Encourage growth, investment and resilience in Australian farm businesses and rural and regional communities by delivering the Commonwealth’s farm business concessional loans and the National Water Infrastructure Loan Facility.**

### Linked programs

<b>Department of Agriculture and Water Resources</b>
<p><b>Program:</b></p> <ul style="list-style-type: none"> <li>• Program 1.11: Drought Programs</li> </ul>
<p><b>Contribution to Outcome 1 made by linked program:</b></p> <p>The Regional Investment Corporation works together with the Department of Agriculture and Water Resources to ensure more sustainable, productive, internationally competitive and profitable Australian agricultural industries.</p>
<b>Department of Infrastructure, Regional Development and Cities</b>
<p><b>Program:</b></p> <ul style="list-style-type: none"> <li>• Program 3.1: Regional Development</li> </ul>
<p><b>Contribution to Outcome 3 made by linked program:</b></p> <p>The Regional Investment Corporation works with the Department of Infrastructure, Regional Development and Cities to support state and territory investment in water infrastructure that will provide affordable water to support the growth of regional economies.</p>

**2.1.1 Budgeted expenses for Outcome 1**

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

**Table 2.2.1 Budgeted expenses for Outcome 1**

	2018–19 Estimated actual \$'000	2019–20 Budget \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000	2022–23 Forward estimate \$'000
<b>Outcome 1: Encourage growth, investment and resilience in Australian farm businesses and rural and regional communities by delivering the Commonwealth's farm business concessional loans and the National Water Infrastructure Loan Facility.</b>					
<b>Program 1.1: Regional Investment Corporation</b>					
Revenue from Government Ordinary annual services (Appropriation Bill (No. 1)) <sup>(a)</sup>	12,555	15,414	14,110	14,345	14,454
<b>Total expenses for program 1.1</b>	<b>12,555</b>	<b>15,414</b>	<b>14,110</b>	<b>14,345</b>	<b>14,454</b>
<b>Outcome 1 totals by resource type</b>					
Revenue from Government Ordinary annual services (Appropriation Bill (No. 1))	12,555	15,414	14,110	14,345	14,454
<b>Total expenses for Outcome 1</b>	<b>12,555</b>	<b>15,414</b>	<b>14,110</b>	<b>14,345</b>	<b>14,454</b>
	<b>2018–19</b>	<b>2019–20</b>			
<b>Average staffing level (number)</b>	32	32			

(a) The RIC is a corporate Commonwealth entity (CCE) under the PGPA Act and does not receive direct appropriations. Instead, this funding passes through the Department of Agriculture and Water Resources to the RIC.



**2.1.2 Performance criteria for Outcome 1**

Table 2.1.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2019–20 Budget measures have created new programs or materially changed existing programs.

<b>Outcome 1 – Encourage growth, investment and resilience in Australian farm businesses and rural and regional communities by delivering the Commonwealth’s farm business concessional loans and the National Water Infrastructure Loan Facility.</b>		
<b>Program 1.1: Regional Investment Corporation</b>		
<b>Objectives</b>	<p>Provide practical support and investment to help rural and regional communities achieve economic growth, agricultural productivity and resilience through the delivery of farm business loans, flood recovery loans and water infrastructure loans.</p> <p>The Corporation’s farm business loans and flood recovery loans provide low-cost finance to farm businesses that are in financial need of assistance, to recover from short-term hardship, but are assessed as financially viable over the long-term and able to repay the loan.</p> <p>The Corporation administers water infrastructure loans to the states and territories to support long-term regional economic growth and development by investing in economically viable water infrastructure that will provide secure and affordable water.</p>	
<b>Delivery</b>	<p>Concessional loans are delivered directly to eligible farm businesses in a streamlined and nationally consistent way.</p> <p>Applications for water infrastructure loans from all states and territories are assessed and the achievement of project milestones monitored to enable loan instalments of funding.</p>	
<b>Performance information</b>		
<b>Year</b>	<b>Performance criteria</b>	<b>Targets</b>
2018–19	The entity is established with appropriate structures in place for the delivery of farm business loans and the assessment and administration of water loans.	Finalised.
2019–20	All eligible farm businesses have access to farm business loans and flood recovery loans.	Establishment of a nationally consistent delivery model.
	The water loan facility is available to states and territories.	No days are lost in the transfer of the administration of the loan facility to RIC.

Continued on following page

**Contributions to Outcome 1 (continued)**

<b>Performance information (continued)</b>		
<b>Year</b>	<b>Performance criteria</b>	<b>Targets</b>
2019–20 (continued)	Loan monies (farm business loans, flood recovery loans and water loans) are disbursed and received accurately and in line with contractual and legislative requirements.	100 per cent.
	Farm businesses improve their circumstances through access to concessional financial assistance.	\$500 million is made available to eligible farm businesses in need to improve their circumstances (2019–20 and beyond).
2020–21 and beyond	All eligible farm businesses have access to farm business loans and flood recovery loans.	Delivery channels ensure timely and accurate access to information and assessment for all eligible farm businesses.
	Loan monies (farm business loans, flood recovery loans and water loans) are disbursed and received accurately and in line with contractual and legislative requirements.	100 per cent.
	Farm businesses improve their circumstances through access to concessional financial assistance.	\$500 million is made available to eligible farm businesses in need to improve their circumstances (2019–20 and beyond).
	Greater capacity for regional and economic growth, water security and affordability and irrigation and agriculture.	States and territories can co-invest in projects.  Approved water infrastructure projects complement the outcomes of the Murray Darling Basin Plan, where relevant.  Approved water infrastructure projects are in accordance with the National Water Initiative.
<b>Purpose</b>	To provide loans that support the long-term strength, resilience and profitability of Australian farm businesses and for water infrastructure that will provide secure and affordable water supplies to support the growth of regional economies and communities.	

## **Section 3: Budgeted financial statements**

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2019–20 budget year, including the impact of budget measures and resourcing on financial statements.

### **3.1 BUDGETED FINANCIAL STATEMENTS**

#### **3.1.1 Explanatory notes and analysis of budgeted financial statements**

The Regional Investment Corporation is budgeting for a balanced budget position in 2019–20. The Corporation’s expected employee and supplier expense budget is \$15.4 million in 2019–20 and \$14.1 million in 2020–21.

In 2019–20, the Corporation will continue to develop its corporate ability to support the provision of loans to eligible farm businesses and advice to government on nationally significant water infrastructure projects. It will be the first full financial year the Corporation will be staffed by its own ongoing workforce.

The expense budget reflects the work programs for the Corporation in receiving and evaluating loan applications and managing approved loans to eligible farm businesses, as well as evaluating projects for consideration under the National Water Infrastructure Loan Facility, providing independent advice to the Government and delivering approved loans to the states and territories.

### 3.2 BUDGETED FINANCIAL STATEMENTS TABLES

**Table 3.1 Comprehensive income statement (showing net cost of services) (for the period ended 30 June)**

	2018–19 Estimated actual \$'000	2019–20 Budget \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000	2022–23 Forward estimate \$'000
<b>EXPENSES</b>					
Employee benefits	2,130	4,148	4,173	4,197	4,233
Supplier	10,425	11,266	9,937	10,148	10,221
<b>Total expenses</b>	<b>12,555</b>	<b>15,414</b>	<b>14,110</b>	<b>14,345</b>	<b>14,454</b>
<b>Net cost of (contribution by) services</b>	<b>(12,555)</b>	<b>(15,414)</b>	<b>(14,110)</b>	<b>(14,345)</b>	<b>(14,454)</b>
Revenue from Government <sup>(a)</sup>	12,555	15,414	14,110	14,345	14,454
<b>Total revenue from Government</b>	<b>12,555</b>	<b>15,414</b>	<b>14,110</b>	<b>14,345</b>	<b>14,454</b>
<b>Surplus/(deficit) attributable to the Australian Government</b>	-	-	-	-	-
<b>Total comprehensive income/(loss) attributable to the Australian Government</b>	-	-	-	-	-

(a) The RIC is a corporate Commonwealth entity (CCE) under the PGPA Act and does not receive direct appropriations. Instead, this funding passes through the department to the RIC.

Prepared on Australian Accounting Standards basis.

**Table 3.2: Budgeted departmental balance sheet (as at 30 June)**

	2018-19 Estimated actual \$'000	2019-20 Budget \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	7,180	7,261	7,287	7,304	7,318
Trade and other receivables	7	7	7	7	7
<b>Total financial assets</b>	<b>7,187</b>	<b>7,268</b>	<b>7,294</b>	<b>7,311</b>	<b>7,325</b>
<b>Non-financial assets</b>					
Intangibles	-	-	-	337	337
<b>Total non-financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>337</b>	<b>337</b>
<b>Total assets</b>	<b>7,187</b>	<b>7,268</b>	<b>7,294</b>	<b>7,648</b>	<b>7,662</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	319	335	350	357	360
Other payables	31	50	60	70	81
<b>Total payables</b>	<b>350</b>	<b>385</b>	<b>410</b>	<b>427</b>	<b>441</b>
<b>Provisions</b>					
Employee provisions	47	93	94	94	94
<b>Total provisions</b>	<b>47</b>	<b>93</b>	<b>94</b>	<b>94</b>	<b>94</b>
<b>Total liabilities</b>	<b>397</b>	<b>478</b>	<b>504</b>	<b>521</b>	<b>535</b>
<b>Net assets</b>	<b>6,790</b>	<b>6,790</b>	<b>6,790</b>	<b>7,127</b>	<b>7,127</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	-	-	-	337	337
Retained surplus (accumulated deficit)	6,790	6,790	6,790	6,790	6,790
<b>Total Equity</b>	<b>6,790</b>	<b>6,790</b>	<b>6,790</b>	<b>7,127</b>	<b>7,127</b>

\*'Equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

**Table 3.3: Departmental statement of changes in equity—summary of movement  
(Budget year 2019–20)**

	Contribution equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2019</b>		
Balance carried forward from previous period	6,790	6,790
<b><i>Adjusted opening balance</i></b>	<b>6,790</b>	<b>6,790</b>
<b>Estimated closing balance as at 30 June 2020</b>	<b>6,790</b>	<b>6,790</b>
<b>Closing balance attributable to the Australian Government</b>	<b>6,790</b>	<b>6,790</b>

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)**

	2018–19 Estimated actual \$'000	2019–20 Budget \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000	2022–23 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Receipts from Government	12,555	15,414	14,110	14,345	14,454
<b>Total cash received</b>	<b>12,555</b>	<b>15,414</b>	<b>14,110</b>	<b>14,345</b>	<b>14,454</b>
<b>Cash used</b>					
Employees	2,058	4,083	4,162	4,187	4,222
Suppliers	10,334	11,250	9,922	10,141	10,218
<b>Total cash used</b>	<b>12,392</b>	<b>15,333</b>	<b>14,084</b>	<b>14,328</b>	<b>14,440</b>
<b>Net cash from (used by) operating activities</b>	<b>163</b>	<b>81</b>	<b>26</b>	<b>17</b>	<b>14</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of non-financial assets	-	-	-	337	-
<b>Total cash used</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>337</b>	<b>-</b>
<b>Net cash from (used by) investing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(337)</b>	<b>-</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Contributed equity	-	-	-	337	-
<b>Total cash received</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>337</b>	<b>-</b>
<b>Net cash from (used by) financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>337</b>	<b>-</b>
<b>Net increase (decrease) in cash held</b>	<b>163</b>	<b>81</b>	<b>26</b>	<b>17</b>	<b>14</b>
Cash and cash equivalents at the beginning of the reporting period	7,017	7,180	7,261	7,287	7,304
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>7,180</b>	<b>7,261</b>	<b>7,287</b>	<b>7,304</b>	<b>7,318</b>

Prepared on Australian Accounting Standards basis.

**Table 3.5: Departmental capital budget statement (for the period ended 30 June)**

	2018-19 Estimated actual \$'000	2019-20 Budget \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000
<b>NEW CAPITAL APPROPRIATIONS</b>					
Equity injections - Bill 2	-	-	-	337	-
<b>Total new capital appropriations</b>	-	-	-	<b>337</b>	-
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	-	-	-	337	-
<b>Total items</b>	-	-	-	<b>337</b>	-
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriations	-	-	-	337	-
<b>TOTAL</b>	-	-	-	<b>337</b>	-
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	-	-	-	337	-
<b>Total cash used to acquire assets</b>	-	-	-	<b>337</b>	-

Consistent with information contained in the Statement of Asset Movements and the Budgeted Statement of Cash Flows.

Prepared on Australian Accounting Standards basis.



**Table 3.6: Statement of asset movements (Budget year 2019–20)**

The statement of asset movements (Budget year 2019–20) does not apply to the RIC for this Budget update.

**Table 3.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)**

The schedule of budgeted income and expenses administered on behalf of Government does not apply to the RIC.

**Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)**

The schedule of budgeted assets and liabilities administered on behalf of Government does not apply to the RIC.

**Table 3.9: Schedule of budgeted administered cash flows (for the period ended 30 June)**

The schedule of budgeted administered cash flows on behalf of Government does not apply to the RIC.