

REGIONAL AUSTRALIA INSTITUTE

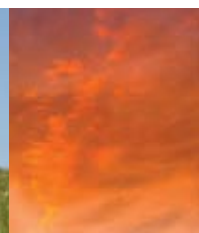
ANNUAL REPORT 2011-12



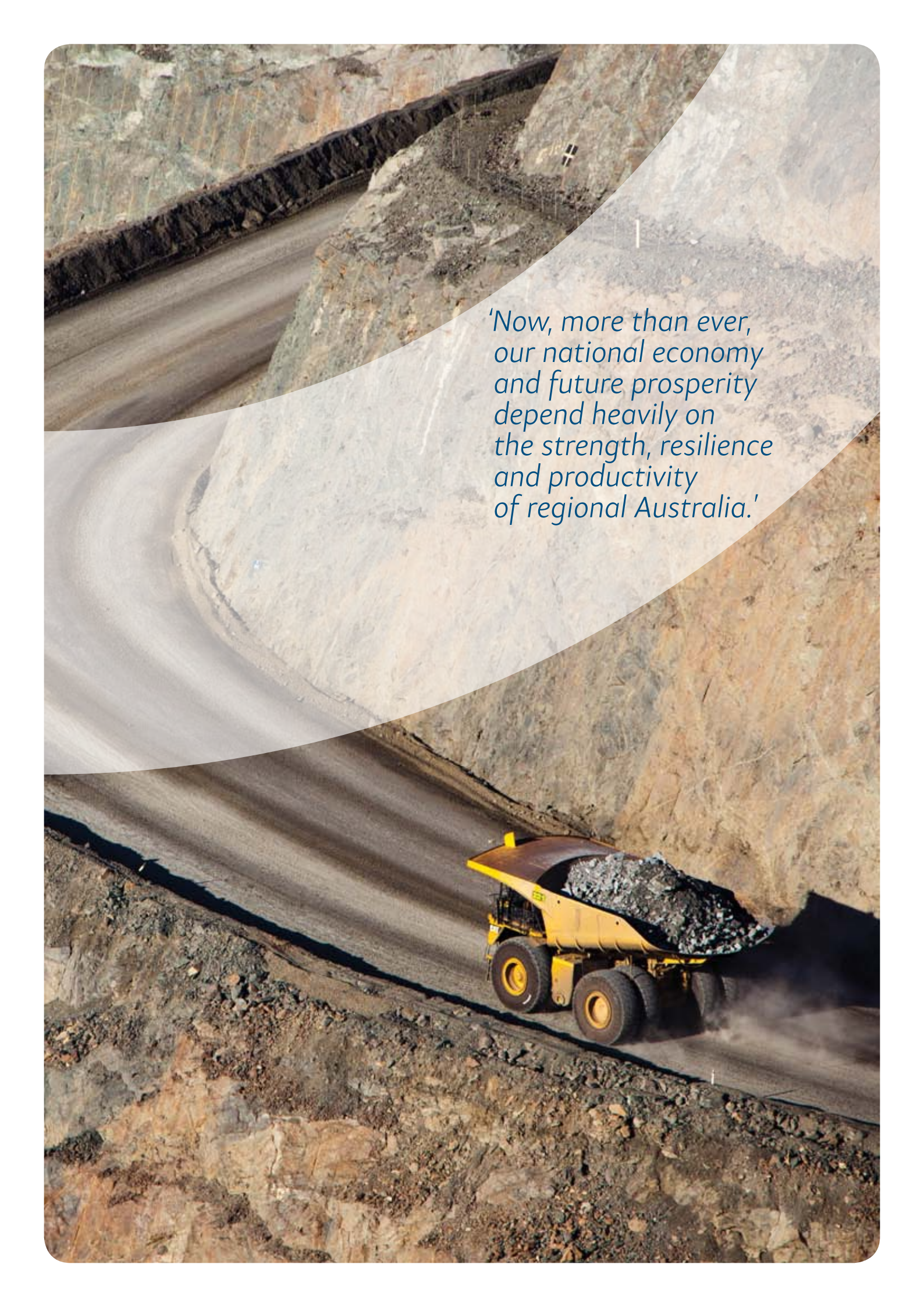
**REGIONAL
AUSTRALIA**
INSTITUTE



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A large yellow mining truck is driving on a dirt road in a quarry. The truck is carrying a load of dark, rocky material. The background shows a steep, layered rock wall. A semi-transparent white curved shape is overlaid on the upper right portion of the image, containing text.

*'Now, more than ever,
our national economy
and future prosperity
depend heavily on
the strength, resilience
and productivity
of regional Australia.'*

Message from the Chairman



As the Chairman of the Regional Australia Institute, I am pleased to present the RAI's Annual Report outlining our achievements in the first year of operation.

Underpinning all that we have done is the reality that now, more than ever, our national economy and future prosperity depend heavily on the strength, resilience and productivity of regional Australia. Regional industries including agriculture, tourism, retail, services and manufacturing generate two-thirds of Australia's export income.¹ In 2010–11 food exports alone accounted for more than \$27 billion in export earnings.² Mining too has been a driving force for much of the exploration of Australia's remote inland and for Australia's industrial development, from the gold rushes of the 19th century to today's huge demand for minerals to fuel global industrial growth.³

Today there are massive opportunities for new growth and development in the regions but there are also many challenges. Compared to the more economically and socially diverse urban centres, regional economies are more vulnerable to global economic shifts. Some traditional industries such as agriculture offer limited employment opportunities. In some areas unemployment is high, welfare dependency entrenched and poor health all too common.

Critical to identifying and tackling these challenges is quality research, which supports robust arguments and evidence-based policy that governments can use to get results on the ground. This is why the RAI exists; it is only through these well-researched rationales that governments will change the way they think about regional Australia.

As the first truly independent, think tank for regional Australia, the RAI is uniquely placed to influence policy and make a difference.

Research-based policy thinking is critical to a better understanding of how we can realise the enormous potential of regional Australia. Through research, we can better understand the opportunities and risks in different regions, chart the way forward for growth and help shape policy at a regional level.

In its inaugural year the RAI has hit the ground running thanks, in no small part, to the hard work and dedication of the Board and staff.

The Board members, a diverse group of eminent Australians with a passion for regional Australia and getting things done, are a great source of experience and knowledge. They are well supported by our inaugural CEO Ms Su McCluskey.

Guiding all we do is the reality that when the regions are strong, so too is the nation.

Together we are determined to make a fundamental difference for all those Australians who live, work and raise their families outside the capital cities.

It is our collective responsibility to deliver solutions and positive change for them.

To achieve this, we are prepared to challenge the status quo—to take on governments and policy makers and challenge entrenched views about regional Australia.

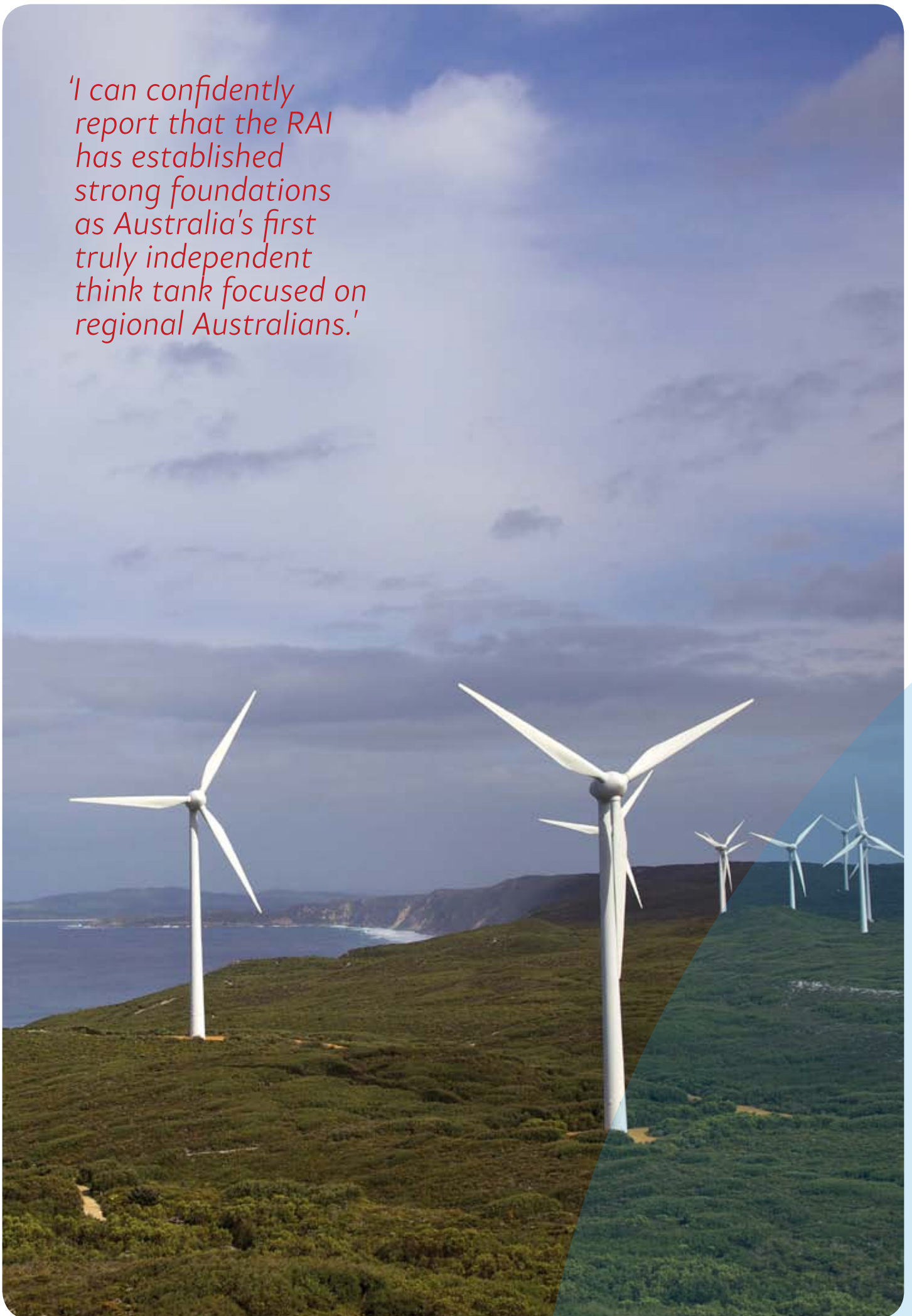
Mal Peters

1 Department of Regional Australia, Local Government, Arts and Sport www.regional.gov.au/regional/

2 Department of Agriculture, Fisheries and Forestry www.daff.gov.au/__data/assets/pdf_file/0009/2175156/national-food-plan-green-paper-072012.pdf

3 Department of Resources, Energy and Tourism www.ret.gov.au/resources/mining/Pages/Mining.aspx

*'I can confidently
report that the RAI
has established
strong foundations
as Australia's first
truly independent
think tank focused on
regional Australians.'*



Report from the CEO



As inaugural CEO of the Regional Australia Institute, I can confidently report that the RAI has established strong foundations as Australia's first truly independent think tank focused on regional Australians.

Our task is to link research and policy to deliver innovative solutions on the ground. This means translating research findings into the language of policy makers to ensure regional Australia has a strong voice in developing and implementing policy that affects them. To complete the link, in partnership with regional communities we are determined to drive practical solutions that can produce positive results.

Clearly, we cannot do this in isolation. Already we have begun building partnerships with the many organisations and people who represent, advocate and work so hard for regional communities. It is only by working collectively that we will achieve tangible outcomes for those who build their lives in regional Australia.

Our conversation with regional Australia is already well underway.

Early stakeholder consultations and submissions from non-metropolitan regional development associations have helped shape our focus. To those who took part in these consultations, thank you. As people at the frontline of regional Australia, we are grateful for your views, ideas and continuing support.

To encourage the flow of ideas we have recently launched 'Pitch an Idea' on our website and look forward to receiving ideas and proposals for research, policy or other areas of work.

In September we staged our first major event—hosting a delegation from the Organisation for Economic Co-operation and Development (OECD) at the Shine Dome in Canberra.

Attracting considerable interest from around the country, the presentations from the OECD drew on international experience and research to highlight the critical importance of regional areas to any national economy. They also confirmed our view—that it should not be a choice between supporting growing areas or propping up struggling regions, because economic growth is possible across all regions.

I would like to thank my highly experienced Board for the support and encouragement they have given as we pursue solutions that deliver for regional Australia. I would also like to thank Jack Archer, the RAI's interim CEO and the person who did all the hard yards in establishing the RAI before I began. Jack is now leading our research agenda and I am delighted that he has remained with us. I also welcome the additional members to our team who have come on board more recently.

I'm confident the year ahead will position the RAI to deliver on its charter to shape solutions for a sustainable and prosperous regional Australia.

As I said when I started, fasten your seatbelts—we're in for one hell of a ride!

Su McCluskey

Highlights of 2011–12



International Policy Forum

Launch

RAI Chairman Mal Peters and Minister for Regional Australia, Regional Development and Local Government and Minister for the Arts, Simon Crean officially launched the Regional Australia Institute in February 2012 at Parliament House in Canberra.

Stakeholder forums

Between December 2011 and February 2012, the RAI hosted five stakeholder forums. Feedback from these forums indicated the RAI should focus on:

- bringing forward community perspectives
- developing practical solutions
- building on existing work.

Regional Development Australia survey

The RAI invited non-metropolitan RDAs to provide input to the development of the RAI through an online survey. RDAs identified challenges in accessing good information, particularly data for their region that was up to date and linked to relevant issues. Access to case studies of regional development success stories will help them develop their own strategies for change.

Research agenda

The RAI research agenda was released identifying research priorities under four themes:

- Position and potential
- Realising opportunity
- Successful transitions
- Better services and engagement.

Research Fellows and Research Advisory Committee

The RAI announced its Research Fellows, among them the most highly regarded academics on regional development in the world. Inaugural Fellow, Professor John Tomaney from the UK joined

Professor Andrew Beer and Professor Graeme Hugo on the Research Advisory Committee along with RAI Board members Professor Sandra Harding as Chair and Professor Ngiare Brown.

International Policy Forum

In September, the RAI staged its first major event at the Shine Dome in Canberra showcasing the OECD's most recent work on regions, highlighting that strong economic growth is possible in all regions and regional policy should not be a choice between picking winners or losers.

Pitch an Idea

Launched online, 'Pitch an Idea' is an opportunity for anyone with an interest in regional Australia to share ideas and comments. It provides an online 'crowdsourcing' approach to developing ideas the RAI can draw on, providing the widest possible base and allowing people who are not insiders in the research process to contribute to the RAI research agenda.

Stocktake of Regional Research

The RAI announced the most comprehensive stocktake to date on regional Australia research, which provides a concise summary of recent and important national and international research in a searchable database. Identified research gaps will guide future research priorities.

Regional Competitiveness Index

A scoping study on the development of a competitiveness index for non-metropolitan regions of Australia was completed. There is potential for this index to be an anchor point for regional policy. It will be used to develop a clearer understanding of the potential for new growth and prosperity in regional areas, identifying the drivers of positive economic outcomes and areas for policy change.

About the Regional Australia Institute



The RAI is the first Australian policy think tank and research organisation to support better policy making for regional Australia. The organisation was established in September 2011 as an independent company limited by guarantee and has been endorsed as an approved research institute. The Regional Australia Institute was established with the support of the Australian Government.

'Enabling regions to achieve their potential for the benefit of all Australians'

While acknowledging and celebrating the ongoing success of regional Australia, the RAI does not believe that regional Australia has reached its potential or that we can rely on current approaches for the future. We can and will do better.

To achieve this will require a better informed discussion about the status of regional Australia and where we want it to be in the future. It will require new policy approaches, different thinking among government and industry leaders and the empowerment and engagement of regional communities so they can better shape their own futures. This process of positive change is something that will benefit all Australians and contribute significantly to developing national prosperity and the Australian way of life.

The aspiration of the RAI is to enable all regions to recognise and reach their potential.

'To be Australia's pre-eminent, authoritative source of independent information and policy advice on issues impacting regional Australia'

Our role as a think tank is to build the quality of thinking and support quality decision making for issues affecting regional Australia.

We will do this by building the evidence base and an informed public debate, by developing new ideas, by harvesting the best approaches used around Australia and internationally and by working to help others involved in the debate and in decision making to be more effective in what they do.

Our mission is to become an authoritative and trusted source of independent information and policy advice.

'Our mission is to become an authoritative and trusted source of independent information and policy advice.'

Our people



Regional Australia Institute Board

The RAI is governed by a diverse group of independent thinkers, who span the political divide and bring together the right mix of knowledge, expertise, skills and experience in regional Australia. The Board has extensive knowledge of research and policy implementation at local, state and federal levels and strong community links.

The RAI Board members are:

- Mr Mal Peters (Chairman)
- Professor Ngiare Brown
- Professor Sandra Harding
- Mr Grant Latta
- Mr Tim Shackleton
- Rt Hon Ian Sinclair
- Mr Christian Zahra.



From left to right: Mr Grant Latta, Prof Sandra Harding, Mr Tim Shackleton (appointed 24/8/12), Mr Mal Peters (Chairman), Mr Christian Zahra, Rt Hon Ian Sinclair.
Absent: Prof Ngiare Brown.

'The RAI is governed by a diverse group of independent thinkers, who span the political divide ...'

The Research Advisory Committee

The Research Advisory Committee was established to provide advice to the RAI Board on research matters. The Research Advisory Committee develops and commissions research projects and ensures that the portfolio aligns with the RAI vision, identifies and addresses priority issues and concerns, and meets the highest research standards before being recommended for the Board's endorsement.

The Research Advisory Committee members are:

- Professor Sandra Harding (Chair)
- Professor Andrew Beer
- Professor Ngiare Brown
- Professor Graeme Hugo
- Professor John Tomaney
- The RAI CEO is an ex-officio member of the Research Advisory Committee.

Regional Australia Institute Fellows

A Regional Australia Institute Fellow is a recognised expert in regional development who has agreed to support the work of the RAI. RAI Fellows raise awareness of the RAI and its work in their professional networks and contribute to the RAI's awareness and public debate of regional issues and regional research.

The Board has appointed eight Research Fellows:

- Professor John Tomaney (Inaugural Fellow)
- Professor Andrew Beer
- Professor AJ Brown
- Professor Chris Cocklin
- Professor Graeme Hugo
- Professor John Martin
- Professor Fiona Haslam McKenzie
- Adjunct Professor Tony Sorensen.

Research agenda



In April 2012, the RAI put in place a research agenda to guide research to 2014. The research agenda emphasises the need to understand and facilitate positive change in regional Australia.

A significant consultation effort laid the foundation for the research agenda and initial projects. The RAI hosted five stakeholder forums and conducted a survey of the non-metropolitan RDAs. The goal was to provide insights and guidance for the RAI's strategic directions, input to possible priority research themes and advice on the approaches the RAI should consider.

The RAI was urged to take a first step in its research by making existing information more accessible and policy relevant. Valuable research already existed but it needed to be more effectively drawn together and presented to fill gaps.

Themes

Integrating the insights from the stakeholder forums, the RDA survey and numerous other meetings and discussions with people involved in regional research and policy, four themes emerged to guide RAI research.

Theme 1: Position and potential

Any informed policy discussion requires answers to two simple questions—where are we now and where do we want to be in the future?

An independent and credible view of what success looks like and where we are in comparison to that vision is fundamental if new, innovative ideas are to develop over time.

This theme will provide foundational evidence and knowledge about the status and potential of regional Australia.

Key objectives of this theme include:

- improving the integration and availability of regional data and information
- building a better understanding of the socio-economic situation in different regions and the drivers of change
- building a better understanding of the sources of potential for future growth and prosperity in different regional areas
- building an understanding of how we can sustain and renew regional communities.

Theme 2: Realising opportunity

Opportunities for new prosperity and a better quality of life in regional Australia are diverse. They may flow from natural resources, geographical location, the knowledge, skills and ingenuity of a region's people, a favourable economic outlook for key industries or a region's ability to attract new citizens or investment.

Realising these opportunities is not always easy. It requires the harnessing of local resources and the cooperation of governments and industry. Opportunity also brings change and has important trade-offs that need to be understood and managed effectively.

Research under this priority will look in more detail at key opportunities for future development in different regions around the country. This will include examining the costs and benefits for regions and the nation, the different views on change and development in the community and the policy settings, and local and industry strategies that can help regional areas gain the most from new development.

'Regional Australians also need opportunities to have a genuine stake in the policy decisions that shape their communities.'

Theme 3: Successful transitions

Regions are subject to global and national forces that drive change beyond their control. The smaller populations and less diverse economies of regions often mean that shifts in markets, policy or population can lead to significant and rapid changes in employment and business prospects. The shifts create significant uncertainty and stress for communities, undermining health and wellbeing in addition to economic costs.

The way in which regions themselves and decision makers in government and industry understand and respond to these changes can be crucial to minimising the downsides of change and identifying opportunities for a sustainable long-term future. The ability for regions to develop organic growth from existing resources is also essential.

The RAI will contribute to successful transitions in regional areas by undertaking research to better document the consequences of change and the perceptions and aspirations of the people involved. Solutions that have been tried and new options that hold potential to better deal with change will also be researched.

Theme 4: Better services and engagement

A region's potential is underpinned by its people and their quality of life, health and education. Access to basic government services such as health, education and law and order are essential. It is expected that all Australians should have similar access to these services.

However, service delivery approaches that work well in metropolitan areas are often not effective in inner regional areas or remote parts of Australia where the population is sparse. Identifying better ways of providing services to regional areas is an ongoing challenge.

Regional Australians also need opportunities to have a genuine stake in the policy decisions that shape their communities. Governments find it challenging to effectively engage communities and regional governance structures are seen as fragmented and lacking real power and influence in government decision making.

Research under this theme will examine practical innovations in service delivery and community engagement that can help achieve better service outcomes for regional Australia.

Research in progress



The RAI has initiated two projects to solve the major challenges identified by stakeholders. These projects will be a major RAI contribution to informing regional research and policy and creating a foundation for well-targeted future research.

A series of smaller projects have also been developed to support an informed discussion and debate on contemporary policy issues.

Stocktake of Regional Research

The RAI undertook a stocktake of regional research to catalogue existing research on regional issues.

The stocktake helps make the knowledge from existing research more readily available to users of research in the community, government and industry. This will make it much easier to identify and use relevant research.

Many researchers and users of research in regions and government have identified the ongoing challenge of connecting with relevant existing knowledge about regional development so that good policy and decisions can be made.

The stocktake is a long-term solution to this issue. It will benefit both the people involved in regional development who need easy access to the latest knowledge, as well as researchers who want to see their work taken up and used for the benefit of regions.

Products from the stocktake include:

- an **online searchable database** of research undertaken since 2000 to identify existing knowledge on regional issues of interest
- a series of literature reviews summarising the **state of knowledge for each RAI research theme**
- a list of the **datasets available for analysing regional issues**
- a **gap analysis** to identify areas of knowledge where further effort is needed.

The stocktake will be an ongoing project and the RAI will keep the information up to date so it remains useful and relevant. Information on new research will also be added as it becomes available.

Regional Competitiveness Index

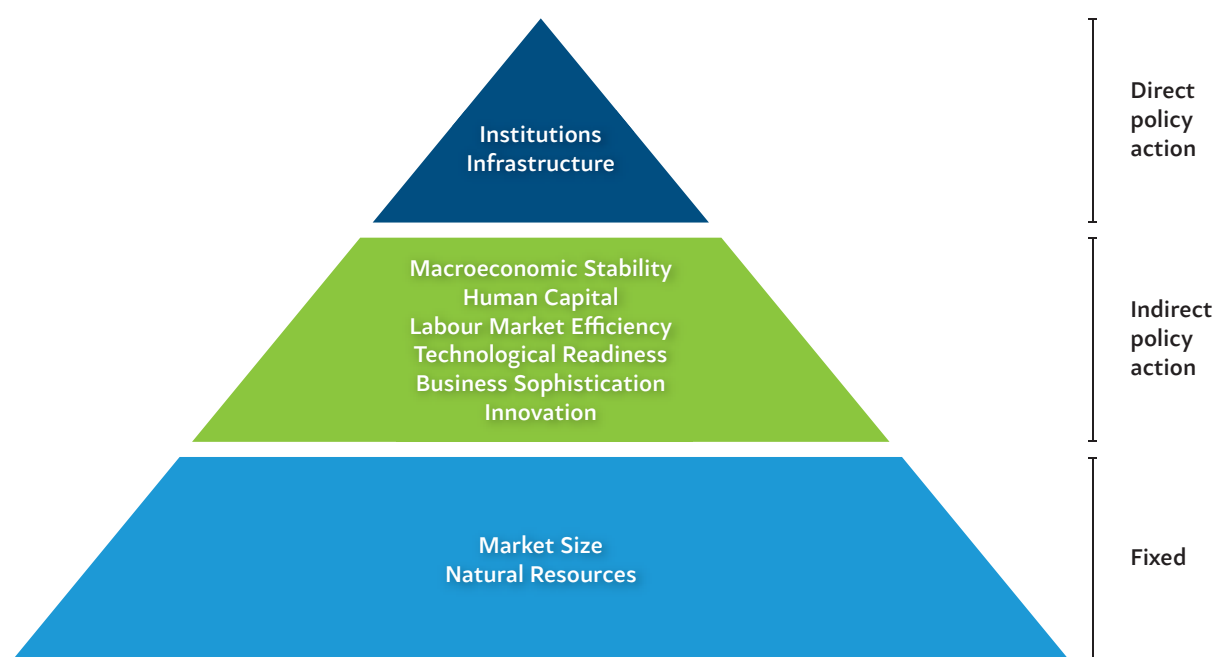
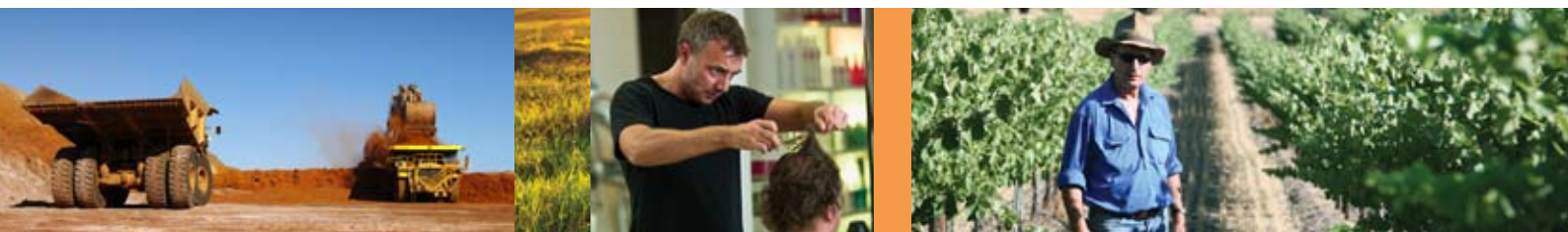
Understanding the position and potential of different regions and the policy mix that might influence regional development is a challenge for governments and regional leaders alike.

While regional leaders are likely to understand the particular challenges of their regions, connecting these to a national or state policy framework and solutions relevant at that level can be difficult. For governments, identifying those areas where specific policies are relatively more important can be challenging, meaning that policies are insufficiently tested at the regional level in many cases.

To help overcome this challenge, the RAI is developing an assessment of the global competitiveness of Australia's regions.

By adapting indicator frameworks developed by the World Economic Forum and the European Commission, the assessment will consider a range of regional factors to understand the relative competitiveness of regions in governance, services, infrastructure, people and the economy.

The competitiveness assessment will be completed for each local government area. This will allow the competitiveness of a range of regions to be assessed including Regional Development Australia regions, functional economic regions and other boundaries used by policy makers.



The index will use a mixture of data and expert survey information to assess 10 themes of competitiveness. These are described in the figure above, which also identifies how each aspect of the index relates back to policy issues and decision making.

Through a summary report and publication of the results and underlying data online, the RAI will use the assessment to facilitate an informed discussion of the trends in regional competitiveness and policy priorities for increasing competitiveness over time.

This will be an ongoing project for the RAI. The first edition is expected to be available in early 2013.

Other projects



From Recovery to Renewal

Regional Australia has withstood a series of major natural disasters in the last three years. The recovery of local businesses and the local economy after a disaster is essential for the effective long-term recovery of regional communities.

For many communities, once the immediate trauma eases, a disaster may also open the possibility of renewal and positive long-term change through innovative reconstruction and recovery initiatives.

However, there is anecdotal evidence that the recovery approaches used in Australia may not be providing the necessary foundation for economic recovery and renewal. The RAI is examining the economic recovery of regional communities affected by a variety of natural disasters.

By integrating new evidence from current regional community experience of economic recovery following recent disasters in Victoria and Queensland (fire, flood and cyclone) with what is known internationally about facilitating economic recovery, this project will provide a basis for critically reviewing current approaches and making practical suggestions on how these can be improved.

The project is being led by Dr Ed Blakely of the United States Studies Centre at the University of Sydney. An international expert and author, Dr Blakely brings his extensive international and Australian experience in disaster management to the RAI project.

Population Mobility in Australia's Regions

RAI's stakeholder engagement identified significant interest in population changes and how policy or regional initiatives can influence people to move to regional areas. The release of the latest census provided an opportunity to update our understanding of the patterns of change in regional populations.

In response, the RAI initiated a project to provide a summary analysis of major trends in population dynamics in Australian regions and to initiate a discussion of implications stemming from these trends and the development of policy approaches that might address some of these implications.

This research will provide the RAI, governments, industry and regional communities with a current analysis of population change and mobility at relevant local area levels to address specific regional issues and national policy debates. Regional growth and prosperity relies on people, and by providing an in-depth understanding of the different elements of population mobility and change, using the most up-to-date data available, this research will help regional areas plan for the future.

The project is being led by the Australian Population and Migration Research Centre at the University of Adelaide.

'Australia has a significant local infrastructure deficit, which has accumulated after years of inadequate investment.'

Providing a Catalyst for Local Infrastructure Renewal

Local investment and adequate local infrastructure is fundamental for regional development and prosperity. Australia has a significant local infrastructure deficit, which has accumulated after years of inadequate investment. Estimates put the current deficit in the range of \$12–\$15.3 billion.

The Australian Government is considering the recommendations of a new report on the issue from advisors Ernst and Young. This report recommends the establishment of a National Finance Authority and a National Advisory Body for Local Infrastructure Procurement without providing detail on how this reform could be practically achieved.

The RAI conducted independent research to complement Ernst and Young's work and recommendations. The research reviewed the recommendation for new advisory and financing bodies and more clearly defined a model for putting these recommendations into action based on past local and international experience.

An assessment of the associated costs and risks for governments was made to facilitate negotiation and agreement to the best approach.

Brian Dollery from the Centre for Local Government at the University of New England led the research for the RAI.

Forward agenda



In the coming year, the RAI's research agenda will fully develop.

The Board has set several strategic priorities, which will guide an initial tranche of new research initiatives.

This includes two projects looking at major opportunities for regional development that exist in the current economic environment. Issues such as generating regional benefits from resource developments and the opportunities for growth as faster broadband comes online are currently being considered.

Research examining opportunities for improving regional governance and assessing potential efficiencies for government through decentralisation will also be undertaken.

The RAI is also examining the feasibility of a major survey of regional businesses to complement the knowledge gained from data-based assessment with what people at the frontline of regional development are seeing in their region.

The results of the major research initiatives of 2012 will also guide the development of the RAI Board's new strategic priorities.

The gap analysis component of the stocktake will provide the RAI and the wider research community with a clear indication on the need for new research across a range of topics. The discussion of ideas on 'Pitch an Idea' will reinforce this.

The assessment of regional competitiveness will provide guidance on which issues are most pressing in different areas of the country, allowing research to be focused in the regions where it matters the most.

The RAI will continue to invest in smaller, issue-based, short-term research that responds to policy needs and public debate. This work may arise through the RAI's engagement with regional, state or federal decision makers or emerging issues in the public debate on regional issues. The aim of this work is to progress discussions effectively towards informed resolutions.

'The assessment of regional competitiveness will provide guidance on which issues are most pressing in different areas of the country.'

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

FINANCIAL STATEMENTS
FOR THE PERIOD FROM 21 SEPTEMBER 2011 TO 30 JUNE 2012

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

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REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

DIRECTORS' REPORT

Your directors present their report on the company for the financial period ended 30 June 2012.

DIRECTORS

The names of each person who has been a director during the period and to the date of this report are:

Names	Position	Appointed
Malcolm John Peters	Director, Chairman	22 September 2011
Professor Ngiare Joy Brown	Director	22 September 2011
Professor Sandra Lee Harding	Director	22 September 2011
Grant Frederick Latta	Director	22 September 2011
Rt Hon Ian McCahon Sinclair	Director	14 November 2011
Christian John Zahra	Director	22 September 2011

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

PRINCIPAL ACTIVITIES

The principal activity of the company during the financial period was conducting research into priority policy issues impacting all areas of Australia lying outside capital cities.

The company's objectives are to:

- To conduct research into priority issues impacting on regional Australia, with the aim of identifying solutions that enhance the prosperity, and sustainability of regional Australia.
- To promote the results of policy research to governments and the wider community
- To foster debate on policy issues impacting regional Australia.
- To engage in other such activities of a like nature as may be identified as contributing to regional Australia.

SHORT TERM OBJECTIVES

- **Authoritative research resulting in widely used information products**
RAI will develop a program of research and information provides that are widely used and recognised by our stakeholders as authoritative sources of knowledge on regional issues.

The foundation for achieving this goal will be the development of a competitiveness index that looks at the status of regional Australia and trends in the key indicators of its success. This product will provide a foundation of knowledge and insight for policy makers. Supporting this will be smaller, short term research projects to provide timely input to policy debates and explore new concepts and issues that have the potential to be important for regional policy in the future. A Research Advisory Committee has been formed to assist the RAI Board in developing and implementing projects under the research agenda.

- **Influential policy advice and promotion of an informed debate on regional issues**
RAI will develop and present advice in a range of formats including through products on the RAI website, formal briefings, actively engaging in public debate through public commentary, opinion pieces and forums and by presentations at conferences. A communication and stakeholder engagement strategy underpins this.
- **Financial sustainability based on a diversity of memberships and investment from government, corporations, philanthropists and interested individuals**
A fundraising strategy has been developed that identifies a diverse membership and investment pool for a range of government, corporate and philanthropic sources.
- **Operational and governance structures that are efficient and meet stakeholder expectations.**
Governance structures that reinforce the RAI's position as an independent, apolitical contributor to policy have been established. Internal policies and procedures to ensure appropriate transparency and manage the operations of the business have been put in place, including a Board Charter, delegations and operational policies.

REGIONAL AUSTRALIA INSTITUTE LIMITED
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DIRECTORS' REPORT

LONG TERM OBJECTIVES AND STRATEGIES

- 1. Enabling regions to achieve their potential for the benefit of all Australians**
To achieve this will require better informed discussion about the status of regional Australia and where we want it to be in the future. It will require new policy approaches, different thinking amongst governments and industry leaders and the empowerment and engagement of regional communities so that they can better shape their own futures
- 2. To be Australia's pre-eminent authoritative source of independent information and policy advice on issues impacting regional Australia**
We will do this by building the evidence base and informed public debate and by developing new ideas, by harvesting the best approaches used around the country and internationally and by working to help others involved in the debate and in decision making, to be more effective in what they do.

INFORMATION ON DIRECTORS

Malcolm John Peters

Experience

- Chairman
- Chair of Regional Development Australia Northern Inland, Mayor of Inverell, Member of Ministerial Advisory Council on Regional Australia and former President of NSW Farmers Association

Special Responsibilities

- Chairman, Chair, Remuneration and Nomination Committee

Ngiare Joy Brown

Qualifications

Experience

- Board Member
- Bachelor of Medicine, Masters in Public Health and Tropical Medicine
- Foundation CEO of the Australian Indigenous Doctors Association, Associate Professor and Director of the Poche Centre of Indigenous Health, Fellow of the Royal Australian College of General Practitioners

Special Responsibilities

- Member, Research Advisory Committee

Sandra Lee Harding

Qualifications

Experience

- Board Member
- BSc (Hons), M.Pub.Admin., PhD, FQA, FACE, FAICD, FAIM
- Vice Chancellor and President of James Cook University; Director and Deputy Chair of Universities Australia, Board Member of Skills Queensland, Council Member of the Australian Institute for Marine Sciences, Director of NQ Cowboys Rugby League Football Limited

Special Responsibilities

- Chair, Research Advisory Committee

Grant Frederick Latta

Qualifications

Experience

- Board Member
- CPA, MBA, B.Bus, C.Eng., FAIM, AAIM, FAICD
- Executive Chairman of GCMCorp Pty Ltd, Australian Capital Strategies Pty Ltd and Director of SunRice (Ricegrowers Limited), McWilliam's Wines Group Ltd, The Sealy Group and Coleambally Irrigation Co-operative Limited. Member of the Australian Competition Tribunal.

Special Responsibilities

- Company Secretary and Chair, Finance, Audit and Risk Committee

Ian McCahon Sinclair

Qualifications

Experience

- Board Member
- BA, LLB
- Former Leader of the National Party, Chairman of the Foundation for Rural and Regional Renewal, President of Scouts Australia (NSW), Co-Chair of NSW Health Care Advisory Council.

Christian John Zahra

Qualifications

Experience

- Board Member
- B.Economics, M.Assessment and Evaluation, FAICD
- Executive Director at Pacific Strategy Partners, Chairman of Regional Development Australia Fund Advisory Panel, Member of the Ministerial Advisory Council on Regional Australia and Director of Waardi Limited.

Special Responsibilities

- Member, Finance, Audit and Risk Committee, Member, Remuneration and Nomination Committee.

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

DIRECTORS' REPORT

MEETINGS OF DIRECTORS

During the financial year, 6 meetings of directors were held. 1 meeting of the Finance Audit and Risk Committee and 1 meeting of the Research Advisory Committee were also held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Mal Peters (Chairman)	5	5
Professor Ngiare Brown	5	3
Professor Sandra Harding	5	5
Grant Latta	5	5
Rt Hon Ian Sinclair	4	4
Christian Zahra	5	5

	Finance, Audit and Risk Committee Meetings	
	Number eligible to attend	Number attended
Grant Latta	1	1
Christian Zahra	1	1

	Research Advisory Committee Meetings	
	Number eligible to attend	Number attended
Professor Sandra Harding	1	1
Professor Ngiare Brown	1	1

MEMBER'S GUARANTEE

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$10.00 each towards meeting any obligations of the company. As at 30 June 2012, the total amount that members of the company are liable to contribute if the company is wound up is \$10.00.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the period ended 30 June 2012 has been received and can be found on page 8 of the financial report.

Signed in accordance with a resolution of the Board of Directors:



MALCOLM JOHN PETERS
Chairman

Dated this day 5th of October 2012



GRANT FREDERICK LATTA
Chair, Finance, Audit and Risk Committee

Dated this day 5th of October 2012



RSM Bird Cameron Partners

RSM Bird Cameron Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Regional Australia Institute Limited, for the period from 21 September 2011 to 30 June 2012, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners

RSM Bird Cameron Partners

Ged Stenhouse

Canberra, Australian Capital Territory
Dated: 5 October 2012

GED STENHOUSE
Partner

Liability limited by a
scheme approved under
Professional Standards
Legislation

Major Offices in:
Perth, Sydney, Melbourne,
Adelaide and Canberra
ABN 36 965 185 036

RSM Bird Cameron Partners is a member of the RSM network. Each member of the RSM network is an independent accounting and advisory firm which practises in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.



INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
REGIONAL AUSTRALIA INSTITUTE LIMITED

We have audited the accompanying financial report of Regional Australia Institute Limited ("the company"), which comprises the balance sheet as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the period 21 September 2011 to 30 June 2012, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Regional Australia Institute Limited would be in the same terms if given to the directors as at the time of this auditor's report.

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RSM Bird Cameron Partners

Opinion

In our opinion the financial report of Regional Australia Institute Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the period ended from 21 September 2011 to 30 June 2012; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*

RSM Bird Cameron Partners

RSM Bird Cameron Partners

G Stenhouse

GED STENHOUSE
Partner

Canberra, Australian Capital Territory
Dated: 5 October 2012

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 21 SEPTEMBER TO 30 JUNE 2012

	NOTE	2012 \$
Revenue	2	614,178
Other income	2	29,986
Depreciation and amortisation expense		(385)
Board meeting and travel expenses		(30,989)
Salaries, wages and directors fees		(298,711)
Consulting expenses		(129,458)
Other expenses		(98,504)
Reimbursement of establishment costs		(86,117)
Surplus before income tax		-
Income tax expense		-
Profit for the year		-
Other comprehensive income		-
Other comprehensive income for the year		-
Total comprehensive income for the year		-

The accompanying notes form part of these financial statements.

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	NOTE	2012 \$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	4	1,666,946
Investments	5	6,500,000
Other assets	6	2,000
TOTAL CURRENT ASSETS		<u>8,168,946</u>
NON-CURRENT ASSETS		
Property, plant and equipment	7	2,613
TOTAL NON-CURRENT ASSETS		<u>2,613</u>
TOTAL ASSETS		<u>8,171,559</u>
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	8	2,077,552
TOTAL CURRENT LIABILITIES		<u>2,077,552</u>
NON-CURRENT LIABILITIES		
Other payables	9	6,093,931
Provisions	10	76
TOTAL NON-CURRENT LIABILITIES		<u>6,094,007</u>
TOTAL LIABILITIES		<u>8,171,559</u>
NET ASSETS		<u>-</u>

The accompanying notes form part of these financial statements.

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 21 SEPTEMBER TO 30 JUNE 2012

	NOTE	2012 \$
CASH FLOW FROM OPERATING ACTIVITIES		
Receipt of grants		8,250,000
Payments to suppliers and employees		(110,043)
Interest received		29,987
Net cash generated from operating activities		<u>8,169,944</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment		(2,998)
Net cash used in investing activities		<u>(2,998)</u>
Net increase in cash held		8,166,946
Cash and cash equivalents at beginning of the financial year		-
Cash and cash equivalents at the end of the financial year	4	<u><u>8,166,946</u></u>

The accompanying notes form part of these financial statements.

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General information

The financial statements cover Regional Australia Institute Limited as an individual entity, incorporated and domiciled in Australia. Regional Australia Institute Limited is a company limited by guarantee. The company was incorporated on 21 September 2011.

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue on 5 October 2012 by the directors.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Revenue and other income

Grant revenue is recognised in the statement of comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the state of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers

All revenue is stated net of the amount of goods and services tax (GST).

Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment). Plant and equipment that have been contributed at no cost or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the entity commencing from the time the asset is available for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Computer Equipment	40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Impairment of assets

At the end of each reporting period, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset

Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows. Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Income tax

No provision for income tax has been raised as the company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

New accounting standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The company has decided against early adoption of these Standards. The following table summarises those future requirements, and their impact on the company:

Reference	Title	Summary	Application date (financial year beginning)	Expected Impact
AASB 9	<i>Financial Instruments</i>	Replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is the result of the first part of Phase 1 of the IASB's project to replace IAS 39.	1 January 2013	Minimal Impact
2009-11	<i>Amendments to Australian Accounting Standards arising from AASB 9</i>	Amends AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12 as a result of the issuance of AASB 9.	1 January 2013	Minimal Impact
2011-7	<i>Amendments to Australian Accounting Standards arising from AASB 10, 11, 12, 127, 128</i>	Amends AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17 as a result of the issuance of AASB 10, 11, 12, 127 and 128	1 January 2013	Minimal Impact
AASB 13	<i>Fair Value Measurement</i>	Provides a clear definition of fair value, a framework for measuring fair value and requires enhanced disclosures about fair value measurement.	1 January 2013	Minimal Impact
2011-8	<i>Amendments to Australian Accounting Standards arising from AASB 13</i>	Amends AASB 1, 2, 3, 4, 5, 7, 9, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132 as a result of issuance of AASB 13 Fair Value Measurement.	1 January 2013	Minimal Impact

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
New accounting standards for application in future periods (cont)

Reference	Title	Summary	Application date (financial year beginning)	Expected Impact
2012-1	<i>Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements</i>	This Standard makes amendments to AASB 3, 7, 13, 140 and 141 to establish reduced disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements for additional and amended disclosures arising from AASB 13 and the consequential amendments implemented through AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13	1 January 2013	Minimal Impact
AASB 119	<i>Employee Benefits</i>	Prescribes the accounting and disclosure for employee benefits. This Standard prescribes the recognition criteria when in exchange for employee benefits.	1 January 2013	Minimal Impact
2011-10	<i>Amendments to Australian Accounting Standards arising from AASB 119</i>	Amends AASB 1, 8, 101, 124, 134, 1049, 2011-8 & Interpretation 14 as a result of the issuance of AASB 119 Employee Benefits.	1 January 2013	Minimal Impact
2011-11	<i>Amendments to AASB 119 arising from Reduced Disclosure Requirements</i>	This Standard makes amendments to AASB 119 Employee Benefits, to incorporate reduced disclosure requirements into the Standard for entities applying Tier 2 requirements in preparing general purpose financial statements.	1 January 2013	Minimal Impact

2012
\$

NOTE 2: REVENUE AND OTHER INCOME

Revenue

- Government grants	614,178
- Interest received on investments in government and fixed interest securities	29,986
Total revenue and other income	644,164

NOTE 3: SIGNIFICANT EXPENSES FOR THE YEAR

No profit was derived during the year.

Significant expenses

- Salaries, wages and directors fees	298,711
- Consultancy expenses	129,458
- Reimbursement of establishment costs	86,117

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2012

	2012
	\$
NOTE 4: CASH AND CASH EQUIVALENTS	
CURRENT	
Cash at bank	1,666,946
NOTE 5: INVESTMENTS	
Investments	6,500,000
NOTE 6: OTHER CURRENT ASSETS	
CURRENT	
Office deposit	2,000
NOTE 7: PROPERTY, PLANT AND EQUIPMENT	
Plant and equipment	
Computer equipment	
At cost	2,998
Less accumulated depreciation	(385)
	2,613
Total plant and equipment	2,613

Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Computer equipment \$	Total \$
2012		
Balance at the beginning of the year	-	-
Additions at cost	2,998	2,998
Depreciation expense	(385)	(385)
Carrying amount at end of year	2,613	2,613

	2012
	\$
NOTE 8: TRADE AND OTHER PAYABLES	
CURRENT	
Grants received in advance	1,291,890
Trade payables	2,903
Other payables	779,823
Provision for annual leave	2,936
	2,077,552

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2012

	2012
	\$
NOTE 9: OTHER PAYABLES	
NON-CURRENT	
Grants received in advance	6,093,931
NOTE 10: PROVISIONS	
NON-CURRENT	
Long-term employee benefits	76
Provision for long term employee benefits	
A provision has been recognised for employee entitlements relating to long service leave. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to these financial statements.	
NOTE 11: RELATED PARTY TRANSACTIONS	
a. Key Management Personnel	
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) is considered key management personnel.	
Key management personnel compensation	
- short-term benefits	37,555
- post-employment benefits	2,965
	40,520
NOTE 12: CASH FLOW INFORMATION	
Reconciliation of Cashflow from Operations with Surplus after Income Tax	
Surplus after income tax	-
Non cash flows	
Depreciation and amortisation	385
Changes in assets and liabilities	-
(Increase)/decrease in trade and other receivables	(2,000)
Increase/(decrease) in trade and other payables	8,153,667
Increase/(decrease) In provisions	17,892
	8,169,944

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2012

NOTE 13: FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term and long-term investments, accounts receivable and payable and leases.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	2012 \$
Financial assets	
Cash and cash equivalents	1,666,946
Held-to-maturity investments	
- term deposits	6,500,000
Total financial assets	<u>8,166,946</u>
Financial liabilities	
Trade and other payables	2,077,552
Total financial liabilities	<u>2,077,552</u>

Financial risk management policies

The directors' risk management strategy seeks to assist the company in meeting its financial targets whilst minimising potential adverse effects on financial performance. Risk management is approved and reviewed by the finance committee. These include credit risk and future cash flow requirements.

Specific financial risk exposures and management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk.

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counter parties of contract obligations that could lead to a financial loss to the company.

Credit risk is managed through the maintenance of procedures ensuring to the extent possible, that customers and counter parties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms are generally 30 days from the invoice date. Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position. The company has no significant concentration of credit risk with any single counter party or group of counter parties. Details with respect to credit risk of Trade and other receivables are provided in Note 3. Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 3.

Credit risk related to balances with banks and other financial institutions managed by the finance committee in accordance with approved Board policy. The following table provides information regarding credit risk relating to cash and money market securities based on Standard & Poor's counter party credit ratings.

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2012

NOTE 13: FINANCIAL RISK MANAGEMENT (continued)

b. Liquidity risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financial activities;
- maintaining a reputable credit risk profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The tables on the next page reflect an undiscounted contractual maturity analysis for financial liabilities. Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Financial liability and financial asset maturity analysis

	Within 1 year		1 to 5 years		Total contractual cash flow	
	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment						
Trade and other payables (excluding estimated leave and amounts received in advance)	785,662	-	-	-	785,662	-
Total contractual outflows	785,662	-	-	-	785,662	-
Total expected outflows	785,662	-	-	-	785,662	-
Financial assets - cash flows realisable						
Cash and cash equivalents	1,666,946	-	-	-	1,666,946	-
Held-to-maturity investments	6,500,000	-	-	-	6,500,000	-
Total anticipated inflows	8,166,946	-	-	-	8,166,946	-
Net (outflow)/inflow on financial instruments	7,381,284	-	-	-	7,381,284	-

Net fair values

Fair value estimation

The fair values of financial assets and financial liabilities approximate their carrying values as presented in the statement of financial position and notes to the financial statements. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below.

Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the company.

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2012

Most of these instruments which are carried at amortised cost are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the company.

The fair values of financial assets and financial liabilities as disclosed in the statement of financial position and in the notes to the financial statements have been determined based on the following methodologies: Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for leave entitlements and amounts received in advance which are not considered to be financial instruments.

NOTE 14: MEMBERS GUARANTEE

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$10.00 each towards meeting any obligations of the company. As at 30 June 2012, the total amount that members of the company are liable to contribute if the company is wound up is \$10.00.

NOTE 15: ENTITY DETAILS

The registered office of the entity is:
Regional Australia Institute Limited
21 Napier Close
Deakin ACT 2601

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

DIRECTORS DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 7 to 16, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Australian Accounting Standards; and
 - (b) give a true and fair view of the financial position as at 30 June 2012 and of the performance for the period ended on that date of the company.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



MALCOLM JOHN PETERS
Director

Dated this day

5th

of

October 2012



GRANT FREDERICK LATTA
Chair, Finance, Audit and Risk Committee

Dated this day

5th

of

October 2012