

ANNUAL REPORT 2017-18



**REGIONAL
AUSTRALIA**
INSTITUTE

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ABOUT US

The Regional Australia Institute (RAI) is a think tank devoted to issues concerning regional Australia.

- We gather and analyse the best information on regions and make this readily accessible to people around the country.
- We work with regional leaders around the nation to understand their challenges and help them identify opportunities for future development that they can implement.
- We engage governments at all levels and provide independent, evidence-based advice about the options they have to make regions even greater.

The RAI is a not-for-profit organisation established as a public company limited by guarantee and we are an Approved Research Institute for tax purposes. The Institute was founded in 2012 with seed funding from the Australian Government. A mix of Commonwealth and State government support, partnerships with Universities and a range of companies and projects working directly with regions support our on-going work.



KNOWLEDGE



POLICY



PRACTICE

SOLUTIONS FOR OUR REGIONS

MESSAGE FROM THE CHAIRMAN



I'm pleased to present the Regional Australia Institute's Annual Report for 2017-18.

The past year has been an important one for the Institute with the organisation working successfully with governments around Australia to establish the Shared Inquiry Program for Regional Policy. This is the first time all State and Territory Governments with regional responsibilities have come together to share lessons and invest together in new information and ideas for regional policy. We thank leaders in each government for working with the RAI to bring this idea to fruition.

The concurrent establishment of Regional Research Connections is also an important moment for the organisation. This partnership with four Universities brings an injection of resources and expertise that greatly enhances the Institute's capacity to provide insightful research and policy advice. The sheer range of issues in which we are engaged – the economy, population change, infrastructure investment, telecommunications, education, health to name just a few – demands a diverse range of skills and capabilities. Regional Research Connections is a partnership we will be looking to grow in the coming years alongside the growth of the Institute itself to ensure we can deliver insights for governments and regions across a range of issues.

The formation of these partnerships sets the Institute up for the future and gives it the foundations it needs to deliver on its mandate as the nation's independent think tank on regional issues.

However this year was not only about setting up for the future. This Annual Report is also testament to the increasing influence of the Regional Australia Institute in policy and regional issues with our documented impact on public debate, policy and decision making increasing each year.

As I reflect on 6 years of work at the RAI, I am proud of what we have achieved and believe that the organisation is clearly delivering on the need for regional Australia to have a leading, independent evidence-based voice on its future.

Thanks to my fellow Directors for their support and commitment to the Institute and to our CEO Jack and his team for all that they do to make this organisation great. Thanks also to our partners who invest in and collaborate with us on our work. Without you none of this would be possible.

It's been a great year and the RAI has big plans for 2018-19. The challenges and opportunities for regional Australia are substantial, and the momentum we've developed this year is a strong platform for the years ahead.

MAL PETERS

A handwritten signature in black ink, appearing to read 'Mal Peters', written in a cursive style.

REPORT FROM THE CEO



The end of 2017-18 is an important moment for Regional Australia. After the end of the mining boom which was followed by a period of intense growth in our largest cities, trends are moving back towards higher levels of population and economic growth in regions.

The work of the RAI has been focused in 2018 on working with government to set regions up for a period of success.

Our work on migration is identifying the hidden constraint to rural growth and development and with the engagement of government and regional leaders we have made enormous steps towards resolving this issue. If this continues, it could be transformational for hundreds of rural communities.

More broadly our policy work is helping to establish substantive new directions for regional policy. A distinct separation between investment in the status quo and economic catalytic investment by government has been taken up by governments and their advisors. Deals as a way of doing business on key regional priorities continue to gain traction in government and across party lines. This is the

foundation of a transformation in regional policy that government can make and that the RAI team is keen to support.

In 2017-18 we have been excited to establish new partnerships with governments that underpin the organisation's future and we are heartened by the willingness of governments and universities to collaborate with us on this new direction.

In 2018-19 the first results from these new partnerships will be brought to the public debate about regions and to the decisions made by governments. In 2018-19 the RAI will also look to expand our work with corporates and regions to balance the support we receive from government. We will launch a range of events and other initiatives which will create new forums for debate on regional issues.

Thanks to all our supporters for being part of the last financial year. Thanks also to the Board and the team at the RAI whose hard work and dedication to our mission as an organisation has made this a truly successful year for the RAI.

JACK ARCHER

A handwritten signature in black ink, appearing to read 'Jack Archer', written in a cursive style.

OUR PEOPLE

REGIONAL AUSTRALIA INSTITUTE BOARD

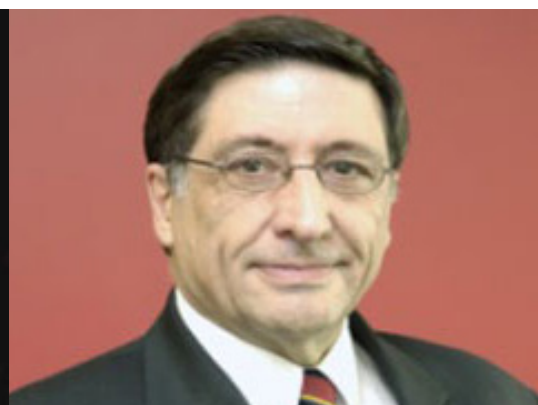
The RAI is governed by a diverse group of independent thinkers, who bring together the right mix of knowledge, expertise, skills and experience. The Board has extensive capacity in research and policy implementation at local, state and federal levels, and strong community links.



MR MAL PETERS OAM (CHAIR)



PROFESSOR ANNABELLE DUNCAN



MR GRAHAME MORRIS



MR TIM SHACKLETON



RT HON IAN SINCLAIR AC



MR CHRISTIAN ZAHRA AM

FELLOWS

The RAI's Fellows are recognised experts in regional development and provide input on the direction of our research. Our Fellows come from a range of community, government, industry and academic platforms, and are committed to the vision of the Institute.

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

THE RESEARCH ADVISORY COMMITTEE

The Research Advisory Committee assists the Board in the development and implementation of the RAI's research agenda. The Committee is responsible for ensuring that our research aligns with the research vision, framework and priority areas of the Institute.

Professor Annabelle Duncan (Chair)
Professor Andrew Beer
Professor John Tomaney
Mr Tim Shackleton
Ms Kate Charters
Dr Chris McDonald
Ms Maree Parker
Ms Nicole Pearson

STAFF

CORPORATE

Mr Jack Archer, Chief Executive Officer
Ms Julie Anderson, Business Manager

RESEARCH

Dr Kim Houghton, General Manager
Research and Policy
Dr Leonie Pearson, Leader, Major
Research Projects
Dr Jude Walker, Leader, Future
Regional Jobs
Ms Lynne Duckham, Leader, Regions
in Transition
Dr Kylie Bourne, Senior Researcher
Dr Emily Longstaff, Senior Researcher
Ms Hayley Achurch, Senior Researcher
Mr Ben Vonthethoff, Researcher
Ms Geraldine How, Research Assistant (P/T)
Mr Richard Beaton, Senior Data Analyst
Mr Kevin Le, Researcher, Data Analytics

PARTNERSHIPS AND COMMUNICATION

Mr David Spear, General Manager
Partnerships and Communications
Ms Shannon Rennie, Digital Media
and Communications Manager
Ms Amanda Barwick, Editor-in-Chief
Mr Steve Gleeson, Leader, Corporate
and Regional Partnerships
Ms Nina Davis, Graphic Designer
and Communications Assistant (P/T)



9.05 MILLION

PEOPLE

call regional
Australia home



- not regional Australia
- regional Australia

Regional Australia is
ALL AREAS outside
5 major cities and
Canberra



Regional Australia
accounts for **1/3**
of national output

OUR WORK

2017-18 saw a big transition for RAI, with the development and adoption of our new Shared Inquiry Program, and the launch of Regional Research Connections. These have led us to develop strong partnerships with the Australian Government, all State and Territory Governments with regional responsibilities, as well as with Charles Darwin University, Southern Cross University, RMIT University, and University SA.

We continued to address issues pressing regional Australia through our reports, policy papers, discussion papers, talking points, multimedia content, and government submissions. The depth and breadth of work we have produced this year is a testament to our dedication and passion for helping our regions reach their full potential, by providing independent, evidence-based advice.

You can find out more about our projects from the year on the following pages.

THE NUMBERS

46
BLOGS

10
REPORTS

7
SUBMISSIONS

2
EVENTS

2
CAPACITY
BUILDING
PROGRAMS

1
SHARED
INQUIRY
PROGRAM



SHARED INQUIRY PROGRAM FOR REGIONAL POLICY



In 2018 the RAI established a Shared Inquiry Program for Regional Policy Research which is backed by the Australian Government and all State and Territory Governments with regional responsibilities.

This landmark initiative for regional policy will deliver a cooperative platform for governments and an ongoing source of better evidence for policy makers as well as informing debate about the regional contribution to Australia's future economy.

In 2018 the Program is investigating three key topics:

Regions in Transition

The transition of regional towns and economies experiencing disruption to major industries is an active challenge for all governments. The RAI's major project is providing guidance on how governments can help communities through major economic change and examines current transitions in several regions around the country. Supporting work will also provide guidance to governments on the best practice use of grants versus deals in regional investment and government procurement practices.

The Future of Regional Jobs

The regional workforce is changing with a surge in the use of digital technologies and automation. The RAI is analysing job changes and providing guidance on education, workforce and employment strategies for regions. Supporting work is examining the opportunities to increase migration to regions to support job growth and clarify the growth prospects for regions in agribusiness, tourism, manufacturing and creative industries.

Regional Cities and Towns

Australia's small cities have delivered growth and productivity comparable with the performance of our largest cities. The role they play in our national economy is likely to become more important as we consider a future Australia with a population of 40 million. This Inquiry is looking at the potential benefits of increased regional settlement in Australia through small city population growth. Supporting work will provide specific guidance to small city leaders and governments on policy options to help stimulate local city growth and investigate how flexible funding pools and partnerships could produce better outcomes in small towns.

REGIONAL RESEARCH CONNECTIONS



To support the Shared Inquiry Program, the Institute partnered with four Universities to establish Regional Research Connections in 2018.

The partnership includes the University of South Australia, RMIT University, Southern Cross University and Charles Darwin University and will provide additional resources and expertise to the Institute and the Shared Inquiry Program.

Over the next three years, teams of researchers from these institutions and the RAI will collaborate on the Shared Inquiry Program and associated research topics. This is an exciting initiative which will deepen and extend the capacity of the RAI to deliver insights for policy makers and regional leaders.



Ageing and work in regional Australia: Pathways for accelerating economic growth

Our report, talking point, and data tool found that engaging a higher proportion of older people in work could result in a significant lift to local incomes and economic growth, as well as a lower pension bill for the government.

Pillars of Communities: service delivery professionals in small Australian towns

We reviewed how as a nation we have fared in providing essential service professionals to those living in small towns. The release included a report card and report. While some professions have made progress over the last 30 years, this research questioned government spending to improve education and health outcomes in regional areas. We suggested four ways to address service delivery in small towns: supporting community initiatives; role flexibility; delivery of online services; and targeted funding.

Public investment in economic development in Australia

This was a first-ever analysis of the pattern of allocation of regional grant funding. We found that most funding supported projects were not designed to catalyse regional economies directly, and recommended specialist programs be developed for catalytic economic development funding.

The Missing Workers

Including 14 community narratives, a policy paper, and three videos, this work highlighted an opportunity to support and enable the development of locally-led migration projects in rural communities facing the challenge of population decline and workforce shortages. It also focused on the need to make these identified areas a priority for migrant settlement.

Riding the next wave of automation in rural Australia: Safeguarding agriculture and rural labour markets through migration and skills development

This report revealed the automation risks that rural areas are facing and outlined how simultaneously increasing migration and lifting local skills development can prepare rural labour markets to do well in an era of changing workforce demand.

RAPAD Pathfinder

We worked collaboratively with the Remote Area Planning and Development (RAPAD) board and the Queensland Department of State Development to identify priority areas that will grow the regional economy. We found the region is in transition and now has the potential to deliver an extra \$1.5 billion in gross value added by 2031. Through the Pathfinder process, the RAPAD board and partners agreed to follow six priorities to grow the region: bring back the sheep; tourism growth; infrastructure connections; energy and water security; healthy aged care living; and improve telecommunications.

Toowoomba and Surat Basin Pathfinder

This Pathfinder Project was delivered through collaboration with partners Toowoomba and Surat Basin Enterprise (TSBE), QGC, Australia Pacific LNG, and Regional Development Australia (RDA), along with support from the Western Downs and Maranoa regional councils. The findings highlighted that the agriculture, and transport and logistics sectors will play a vital role in assisting the Toowoomba and Surat Basin region to reach \$10 billion of growth by 2030.

Limestone Coast Pathfinder

We worked with the seven member-councils of the Limestone Coast Local Government Association (LCLGA) and RDA Limestone Coast to develop this work. The Strategy highlights that a well-coordinated, collaborative and strategically focused effort can set the Limestone Coast region on the path to deliver a 20 percent lift in economic performance. This would add \$700 million in growth annually and more than 5,700 new jobs by 2026. The Strategy received unanimous commitment by civic leaders to work together to implement.

NBN Regional Development Reports

Produced in partnership with NBN Co, these three evidence-based reports for Mackay (QLD), Gippsland (VIC) and Mount Gambier (SA) outline the potential impact of fast broadband services to businesses and the wider region.



Accessibility and Quality of Mental Health Services in Rural and Remote Australia: Submission to the Senate Community Affairs Reference Committee

We found that access to mental health support services in regional areas is limited. The distance prevented many from seeking help and suggested more accessible and quality services to address the issue.

The Indicators, and Impact, of Regional Inequality in Australia: Senate Standing Committees on Economics

We identified critical areas for policy focus to address inequalities in regions, including human capital; employment and income inequality; transport and technological infrastructure; and innovation and entrepreneurship.

Submission to the Department of Prime Minister and Cabinet: Creating Locally Appropriate Policy For Remote Communities

This submission recommended how government can create more flexible policy solutions to better suit the labour market diversity in remote Australia. Providing local people with the genuine power to determine how policies work in their community to address unemployment issues in remote Australia will create better outcomes.

Submission to the Select Committee on Regional Development and Decentralisation

We gave recommendations on how establishing a set of national priorities in each region could expand the impact of policy through deal-making, better procurement and contracting processes, and increase local employment outcomes from government spending.

Inquiry into the Australian Government's Role in the Development of Cities: Response to the Sub-inquiry into 'Sustainability Transitions in Existing Cities' with SAP Australia Pty Ltd.

We worked with SAP Australia to suggest a platform that allowed the sharing of data and information between Government, industry, and communities could be extremely valuable to regional development and decision making.

Independent Review into Regional, Rural and Remote Education: Response to Discussion Paper

We recommended the scope of this review be expanded to issues beyond schooling, including setting a goal for continual engagement of all regional Australians in some form of education or skills training.

Inquiry into the Australian Government's Role in the Development of Cities: Growing New and Transitioning Existing Sustainable Regional Cities and Towns

This submission provided direction on how the government can deliver greater returns by maximising the potential of regional cities.

CAPACITY BUILDING PROGRAMS



Regional Online Heroes 2017

In partnership with Google Australia, this program recognises outstanding regional innovators and encourages small and medium-sized businesses around the country to realise the potential of mobile and online technologies for growth.

Lightbulb Moments 2018

In partnership with Prime7/GWN7 and the Foundation for Rural and Regional Renewal (FRRR), this program captures the best ideas for community and economic development from all over regional Australia, and helps them get up and going.

EVENTS



Migration Nation Roundtable

The RAI brought together local leaders from around rural Australia who had successfully developed locally-led migration strategies. Previously working in isolation of each other, the event offered the opportunity to form a network, define a national rural migration issue and its potential resolution. Discussion centred on projects aimed at attracting and retaining migrants in rural areas. Their thoughts and experiences assisted in developing the foundations of a national policy for regional settlement which supported the development of The Missing Workers policy paper and narratives.

More Migrants for Small Towns

The event was held in conjunction with the National Rural Press Club and Scanlon Foundation, at Parliament House on 22 May, including the Deputy Prime Minister, Minister for Regional Development, Territories and Local Government and Shadow Minister for Rural and Regional Australia.

The event showcased the need to 'up-scale' locally-led migration strategies in rural areas across the country. At the event the RAI released The Missing Workers policy paper and a suite of 14 regional community narratives.

BLOGS



July 2017

Census 2016: Capitals stay young while regions keep ageing

Census 2016: Overseas migrants vital to prosperity

Census 2016: Local growth across Australia

WANTED: 100 farms in 100 days for 100 aspiring farmers

The top 10 Lightbulb Moments: Where are they now?

August 2017

Share your experience

Women and the world wide web of work

Regions are getting connected online; Are you leading the way?

September 2017

Real time skills knowledge – so what does LinkedIn data add?

What social media data can tell us about the performance of cities

Digital governance – Uber for regions?

12,000 people, 320,000 square kilometres, \$1.5 billion in growth

Education review lacks lifelong learning

RDA Reform

You can't run an economy on the pension crisis

October 2017

Flexible policy approaches to support longer working lives

November 2017

Could flexibility from government solve a problem in your region?

Best practice regional policy settings – Our current thinking

Flexibility in service design needed for effective telehealth provision to remote areas

Beyond tourism 'hot spots'

Do creative workers fuel local economic performance?

December 2017

Census 2016: The changing face of regional Australia's jobs

January 2018

The wheeling and dealing of City Deals – Where to from here?

March 2018

The Next Crop forum series: Have your say!

Digital governance: Presenting a solution to consultation fatigue

Locally led approaches are needed to solve remote employment issues

Pathfinder: Limestone Coast Growth Strategy

TSBE Health Initiative – Is your region growing its strengths?

Our multicultural regions – Some stories you may not know!

Big city blinkers in the Big Australia debate

Regional Australia: International migration key to country towns

April 2018

Need for more workers in regions is consistent and rising

Deals or grants – Which is the best regional development policy tool?

Pathways for development in Tassie's Cradle Coast

Rethinking regional development policymaking

Whose town is the most creative?: Hot spots of creativity in regional Australia

Big Australia: International migration is transforming our small country towns as well as our big cities.

Big City Blinkers in the Big Australia Debate / Our network of small cities must be part of the Big Australia debate

Representatives Regional Development Inquiry heading for the finish line

June 2018

Riding the next wave of automation in rural Australia

Place-based policy to solve regional inequality

Fast broadband levelling the playing field

Closing the gap in mental health services

Regional migration to take centre stage

Regional centres a solution to Big Australia issue

OUR IMPACT

KNOWLEDGE. POLICY. PRACTICE.

Through our strong research capability, policy influence, and engagement, the RAI has a measurable impact on the future of regional Australia. These are some of the impact highlights from 2017-18.

The Rural Migration Initiative

In 2017-18 the RAI has placed rural migration and workforce issues on the national agenda as the nation discussed the implications of rapid population growth and a 'Big Australia'.

Following our *More Migrants for Small Towns* event at Parliament House on 22 May 2018 and the concurrent launch of *The Missing Workers* policy paper and 14 community narratives, we received a flurry of media coverage and community interest in regional migration. Both national and international media picked up on our content, with more than 300 media mentions in total across regional and metro print, online, television, and radio outlets. The New York Times published a front-page story profiling Pyramid Hill, with input from us.

Since the release of *The Missing Workers* report in May, the Australian Government has repeatedly flagged policy changes to increase migration to regional Australia in the media. Shortly before the release of this Annual Report, Minister Alan Tudge mentioned changes to the visa system to enable local governments and others to achieve priority for local workforce needs, consistent with the recommendations of *The Missing Workers* paper.

We have continued to be contacted by regional communities and employers looking for ways to connect with and support migrants to live locally. From this interest, we have generated a contact database for any parties that may be interested in receiving the regional settlement toolkit that we are developing in collaboration with the Scanlon Foundation and Emmanuel Musoni.

The RAI is now working with regions to develop a Rural Migration Initiative to scale up locally-led migration in rural areas across Australia, alongside policy changes that may be achieved nationally.

Ageing and Work in Regional Australia

The RAI has raised the profile of regional aged workforce challenges and taken an influential position in the development of future policy and community campaigns.

During the launch of this work, we collaborated and liaised with a number of key departments and organisations including Age Discrimination Commissioner, The Hon Dr Kay Patterson AO; the Department of Employment; the Department of The Treasury; the Department of the Prime Minister and Cabinet; The Australian Human Rights Commission; the Council on the Ageing (COTA); and the Benevolent Society.

The work was acknowledged by Minister for Aged Care and Minister for Indigenous Health, the Hon Ken Wyatt MP, in his address at the National Press Club on the topic of *Australia's New Age of Opportunity* in October 2017.

We also had direct engagement with the Department of Employment's senior staff responsible for the Career Transition Assistance Program (CTAP), who are using the findings of the report to inform their design of flexible pilot program trials for roll-out in regional areas.

The RAI is now a founding member of the Every Age Counts campaign for improving conditions of older workers, and the Collaborative Partnership on Mature Age Employment whose aim is to create more mature age-friendly workplaces, reduce age discrimination, and equip managers and business owners to work with an ageing workforce.

Service Delivery Professionals in Small Australian Towns

Our *Pillars of Communities* report shone a light on the on-going challenges in securing a services workforce in rural and remote areas despite billions in annual expenditure, refreshing and reinvigorating a long-standing debate and area of national policy effort.

We connected and liaised with the Department of Infrastructure and Regional Development, the Department of Premier and Cabinet, the Department of State Development Queensland, the Royal Flying Doctor Service, Virtual Health, The Benevolent Society, Royal Far West, the National Rural Health Alliance, and the National Farmers' Federation. There was a total of 196 media mentions for the release across television, radio, and print.

Annastacia Palaszczuk MP, Premier of Queensland, referenced the work in an editorial for the *Courier Mail* as a driver for her government's focus on improving rural services and the supporting workforce. The report was cited in Australia Healthcare and Hospitals Association's (AHHA's) pre-budget submission to Treasury and by the Grattan Institute in their report *A crisis of trust: The*

rise of protest politics in Australia, and was used by several workforce task forces across jurisdictions. For example, the WA Primary Health Alliance (WAPHA) cited it in their submission to the Aged Care Workforce Strategy Taskforce.

Progress in Regional Development and Decentralisation Policy

The RAI has continued a leading role in the public discussion about regional development and decentralisation policy.

One key example was the Productivity Commission report on *Regions in Transition* which referenced our submission and worked in its design, analysis and conclusions following significant input by the RAI.

We also made a substantial and influential contribution to the House of Representatives Regional Development and Decentralisation Inquiry. Our CEO Jack Archer was a member of the expert advisory panel for this inquiry, and through submissions and hearings, we provided a synthesis of issues and policy approaches at the national level that could enable a new national policy approach for regional development.

The resulting report *Regions at the Ready: Investing in Australia's Future* directly referenced our submission, our *City Deals* work, and Jack Archer's discussion input from the hearings. Its conclusions have a strong alignment with the recommendations the RAI made for future policy and is now being considered by the government.



Image: More Migrants for Small Towns event at Parliament House (May 2018)

The *Public Investment in Economic Development* report supported the development of future government policy approaches in the grant programs that dominate traditional regional policy. For example, the findings of this report directly contributed to the latest design of the Building Our Regions program in Queensland, with the new approach currently being rolled out to Queensland Regions.

Entrenching Regions in Cities Policy and the Deals Approach

Our work in this area has shown the importance and potential benefits from proactively including regional cities in national cities policy, and utilising City Deals. RAI's work continues to be a core contributor to progress in this area of policy.

The Australian Government has continued its development of City Deals, including in regional areas such as Geelong, and flagged the development of a regional deals policy commencing in Tennant Creek, NT.

The Australian Labor Party (ALP) also released a new cities policy, City Partnerships, which includes provision for a program of regional city partnerships. The ALP put forward a policy position which is different to the current government's City Deals policy. However, the RAI sees this as confirming bipartisan commitment to the development of this new approach to regional development in Australia.

Helping Regions Develop Best Practice Development Strategies

Cradle Coast in Tasmania and Limestone Coast in South Australia are the regions where we most recently engaged in Pathfinder projects that enable regions to develop best practice regional development strategies. Previous work had been done in the Namoi, Toowoomba and Surat Basin, Townsville and North Queensland, and the RAPAD regions in Western QLD.

Regional leaders from these areas told us these Pathfinder projects helped them to achieve real gains in their regions in the priority areas identified and valued during Pathfinder. They remarked on the confidence Pathfinder creates to implement appropriate, evidence-based strategies based on credible data to successfully grow their regions.

Influential and Engaging Insights for Regions

Alongside our major reports and initiatives, the team produced and disseminated blogs and other information that is widely read and utilised by regions and groups around Australia. Cumulatively, this work created significant impact for regions. Amongst the 46 blogs and other pieces of work in this space, here are a couple of highlights:

Informing Innovation Policy for Regions and Australia

The RAI's series of work on innovation in regions ([In] Sight Innovation Index; Online Heroes and Lightbulb Moment Competitions; Blogs; and Presentations) was featured in Start Up Australia's Crossroads report as the contributor of data and insights on regional innovation issues. This influential report provides a snapshot of the Australian Innovation ecosystem and promotes better policy for innovation to governments. It is acknowledged as a foundational contributor to recent national innovation policy such as the National Innovation and Science Agenda.

This publication and our participation in Start Up Australia's Policy Hack see us playing a central role in recognising regional contributions to innovation in Australia and the development of future innovation policy.

Revealing and Developing the Creative Economy in Regions

We undertook unique research examining the presence of creative jobs in regions, and creative hotspots around Australia, informing an issue which is the subject of local and national interest. The release of this work generated many interview requests, articles, contacts from regions using the work locally (e.g. Coffs Harbour, Cairns, Armidale) as well as Regional Arts groups at both the local and national level.

The RAI has been invited to be a member of a Strategic Advisory Panel to produce a State of the Arts report for Cairns Council, to partner with the Queensland University of Technology in a new ARC Linkage Grant bid, and to present at national and state-based Regional Arts conferences to discuss the further development of creative opportunities in regions.

THE NUMBERS

Engaging with 3 levels of government, businesses, and communities

2 States and Territories Regional Development Secretaries' forums

3 States and Territories Regional Development Policy Directors' forums

12 PUBLIC SECTOR PARTNERS

10 PRIVATE SECTOR PARTNERS

LIGHTBULB MOMENTS 2018

160 ENTRIES

10 NATIONAL FINALISTS

1 NATIONAL WINNER
CleanM8



5.4 MILLION

TV OUTREACH TO TARGET AUDIENCES



2964 TWITTER FOLLOWERS (Up 11%)



1917 FACEBOOK FOLLOWERS (Up 39%)



1277 LINKEDIN FOLLOWERS (Up 98%)

REGIONAL ONLINE HEROES 2017

87 ENTRIES

1 NATIONAL WINNER

10 NATIONAL FINALISTS

Magpie Goose



17 E-NEWSLETTERS

1630



MEDIA MENTIONS (Up 424%)

42,491



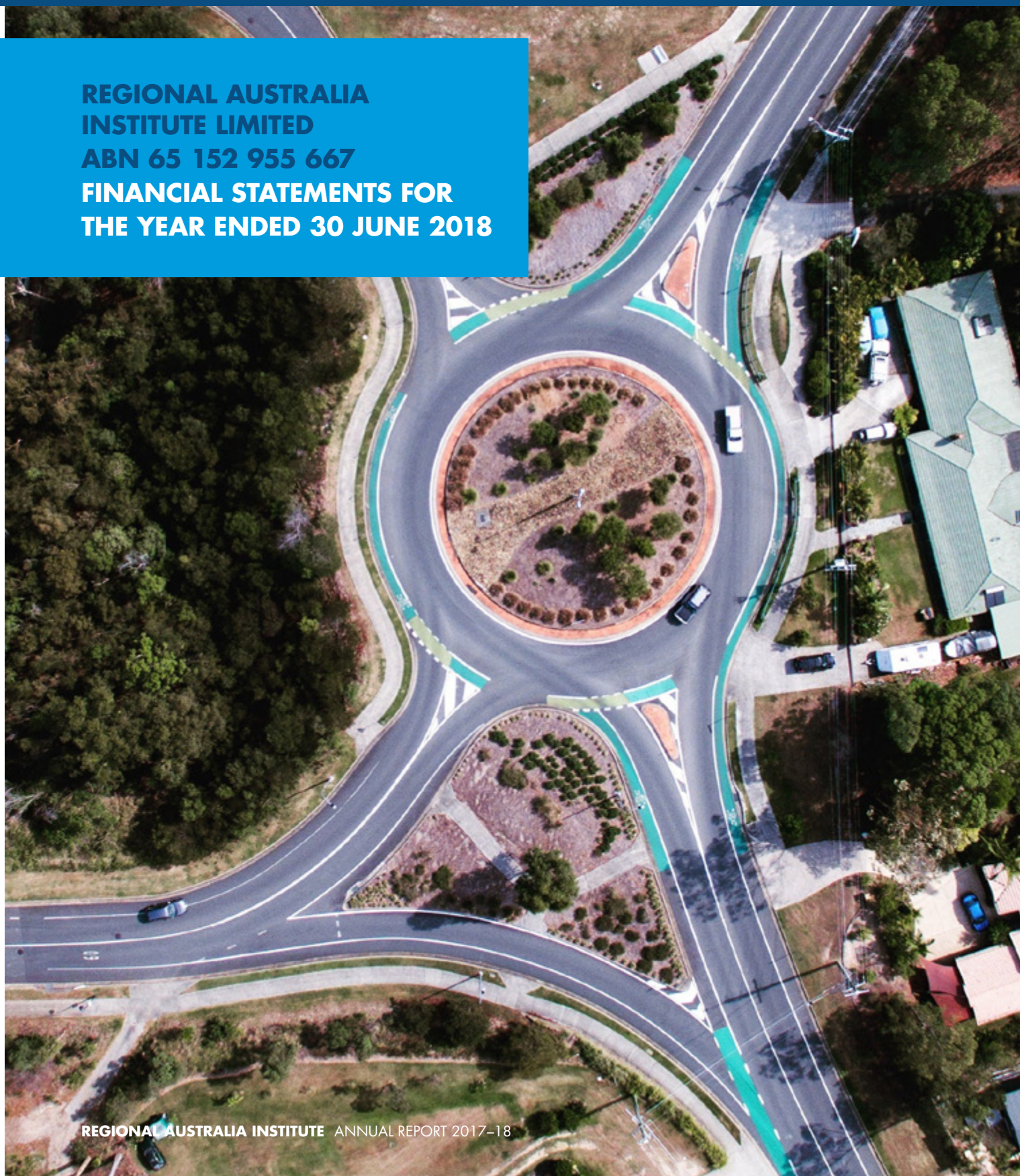
WEB VISITORS (Up 8%)



Image: Regional Online Heroes Masterclass at Google Australia in Sydney (December 2017)

FINANCIAL STATEMENTS

**REGIONAL AUSTRALIA
INSTITUTE LIMITED
ABN 65 152 955 667
FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE 2018**



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 Institute for the financial period ended 30 June 2018.

DIRECTORS

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

Names	Position	Appointed
Malcolm John Peters OAM	Director, Chairman	22 September 2011
Rt Hon Ian McCahon Sinclair AC	Director	14 November 2011
Christian John Zahra AM	Director	22 September 2011
Timothy Walter Shackleton	Director	24 August 2012
Grahame Allan Morris	Director	1 January 2017
Professor Annabelle Duncan	Director	1 May 2017

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

PRINCIPAL ACTIVITIES

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

The Institute's objectives are:

- 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**

The RAI develops a program of research and information products that are widely used and recognised by our stakeholders as authoritative sources of knowledge on regional issues.

The RAI has established a Shared Inquiry Program for Regional Policy in partnership with the Commonwealth and all State and Territory Governments with regional responsibilities. Supporting this is Regional Research Connections, a research partnership with Universities that extends the capability of the research team and the resources available to the Inquiry Program. A Research Advisory Committee assists the RAI Board in oversight of the Shared Inquiry Program and other projects included in the RAI annual research agenda.

Together, these structures provide the resources and mandate for the organisation to undertake authoritative research on regional Australian issues.

- **Influential policy advice and promotion of an informed debate on regional issues**

The RAI develops and presents 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.

DIRECTORS' REPORT

SHORT TERM OBJECTIVES (cont'd)

- **Financial sustainability based on a diversity of memberships and investment from government, corporations, philanthropists and interested individuals**

The RAI has diversified its sources of financial support including agreements with the Australian Government and State Government partners as well as Universities. These relationships provide the foundation for future sustainability of the organisation and its core research activities.

The RAI will work to consolidate these relationships with governments and universities in the coming year and also to grow other income sources from corporate and regional partnerships to further diversify revenue sources into the future and provide for the organisations growth to meet its objectives.

- **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 are established. Internal policies and procedures to ensure appropriate transparency and manage the operations of the business are in place, including a Board Charter, delegations and operational policies.

LONG TERM OBJECTIVES AND STRATEGIES

1. **Enabling regions to achieve their potential for the benefit of all Australians**

The RAI is leading a better informed national discussion about the status of regional Australia and its future opportunities and challenges.

The RAI's work catalyzes new thinking and the development of new policy approaches for regional development as well as the empowerment of regional communities to shape their own futures.

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

RAI research builds a publicly available evidence base and our communications enable informed public debate. We also proactively provide advice to governments and regional leaders on future policy options and the best approaches to implementation of their policies for regional Australia.

By developing new ideas, by harvesting the best approaches used around the country and internationally and by working collaboratively with others involved in regional issues we positively influence decision making and achieve this pre-eminent position on regional issues.

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

DIRECTORS' REPORT

DIRECTORS INFORMATION

Malcolm John Peters OAM	Director, Chairman
<i>Experience</i>	Chair, Northern Basin Advisory Committee MDBA; Past President, NSW Farmers Association; Inaugural Board Member, Australian Farm Institute
<i>Special Responsibilities</i>	Chairman, Chair, Remuneration and Nomination Committee, finance, audit and risk committee member.
Rt Hon. Ian McCahon Sinclair AC	Director
<i>Qualifications</i>	BA, LLB,(Syd); Hon Docs UNE; SCU Chairman of the Institute for Rural and Regional Renewal (FRRR); President of Scouts Australia (NSW); Adj Prof Social Sciences (UNE); former Member for New England; Minister for Social Services; Shipping and Transport; Primary Industry; Special Trade Representations; Communications; Defence;
<i>Experience</i>	Leader of the House; Speaker of the House of Representatives; Leader of the National Party; President Murray Darling Basin Commission.
<i>Special Responsibilities</i>	Member, Finance, Audit and Risk Committee
Christian John Zahra AM	Director
<i>Qualifications</i>	B.Economics, M.Assessment and Evaluation, FAICD Principal at strategy and policy consulting firm, Impact Partners Australia and Independent Non-Executive Director at Waardi Limited. Formerly Chief Executive Officer of Wunan Foundation in the Kimberley region, a Director in KPMG's Strategy Group, Executive Director at Pacific Strategy Partners, Partner at Government Relations Australia, Chairman of the Federal Government's \$1B Regional Development Australia Fund Advisory Panel and Non-Executive Director at several public and private sector companies over the last 14 years. Representative of the electorate of McMillan in the Federal Parliament between 1998 and 2004.
<i>Experience</i>	
<i>Special Responsibilities</i>	Chair, Finance, Audit and Risk Committee, Member, Remuneration and Nomination Committee.

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

DIRECTORS' REPORT

DIRECTORS INFORMATION (cont'd)

Timothy Walter Shackleton

Director

Qualifications

BPE, Post Grad Dip Health Admin, GAICD

Experience

CEO Rural Health West, CEO Royal Flying Doctor Service (Western Operations), Director Virtual Health, Chair WA Pastoral Lands Board, Chair Wheatbelt Development Commission, Chair Western Australian Regional Development Council, Director WA General Practice Education and Training.

Special Responsibilities

Member, Research Advisory Committee.

Grahame Alan Morris

Director

Experience

Chairman and Federal Director of Barton Deakin Government Relations, based in Canberra. Formerly Chief of Staff to Prime Minister John Howard, Partner at PricewaterhouseCoopers; Chairman of PwC's Office of Federal Government Services and head of the PwC Government Strategy Unit based in Canberra; CEO of leading issues management firm Jackson Wells Morris, Strategic Policy Director for News Ltd; Deputy Federal Director, Liberal Party of Australia and State Director, South Australian Liberal Party. Associate Professor Pennsylvania State University, and Journalist.

Annabelle Duncan

Qualifications

B.Sc. Otago (NZ) 1975; Postgraduate Diploma of Science, (with Credit) Otago (NZ) 1976; M.Sc. Otago (NZ) 1978; Ph.D. La Trobe (Australia) 1987; DSc Murdoch (Honoris causa) (Australia) 2005

Experience

Professor Annabelle Duncan is the Vice-Chancellor and Chief Executive Officer of the University of New England. She joined the University in September 2010, initially as Deputy Vice-Chancellor Research and then as Deputy Vice-Chancellor.

Professor Duncan is a member of the AARNet Board, and member NSW Innovation Productivity Council.

Prior to joining UNE, Professor Duncan spent 16 years in the CSIRO, including 6 years as Chief of the Division of Molecular Science. She has also served in managerial roles within the Bio21 Institute at University of Melbourne and AgriBio Institute at La Trobe University.

Professor Duncan acted as an advisor to the Department of Foreign Affairs and Trade on biological weapons control, representing Australia at international arms control meetings and acting as a biological weapons inspector with the United Nations in Iraq.

She was awarded a Public Service Medal in 1996, and Honorary Doctor of Science (DSc) from Murdoch University in 2005 for her work in arms control.

Special Responsibilities

Chair, Research Advisory Committee

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

DIRECTORS' REPORT

MEETINGS OF DIRECTORS

During the financial year, 5 meetings of Directors were held. 2 meetings of the Finance Audit and Risk Committee and 1 meetings 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
Malcolm John Peters OAM (Chairman)	4	4
Rt Hon Ian McCahon Sinclair AC	4	4
Christian John Zahra AM	4	4
Timothy Walter Shackleton	4	3
Grahame Allan Morris	4	3
Annabelle Duncan	4	2

	Finance, Audit and Risk Committee Meetings	
	Number eligible to attend	Number attended
Christian John Zahra AM	4	4
Rt Hon Ian McCahon Sinclair AC	4	4

	Research Advisory Committee Meetings	
	Number eligible to attend	Number attended
Professor Annabelle Duncan	1	1
Timothy Walter Shackleton	1	0

MEMBER'S GUARANTEE

The Institute is incorporated under *Corporations Act 2001* and is an Institute limited by guarantee. If the Institute 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 Institute. As at 30 June 2018, the total amount that members of the Institute are liable to contribute if the Institute is wound up is \$70.00.

**REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667**

DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, for the year ended 30 June 2018 has been received.

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

Director



Dated this 13th of September 2018

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Regional Australia Institute Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM Australia Partners

RSM Australia Partners

A handwritten signature in black ink, appearing to read 'Rodney Miller', with a long horizontal stroke extending to the right.

Rodney Miller
Partner

Canberra, Australian Capital Territory
13 September 2018

INDEPENDENT AUDITOR'S REPORT To the Members of Regional Australia Institute Limited

Opinion

We have audited the financial report of Regional Australia Institute Limited, which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by those charged with governance.

In our opinion, the financial report of Regional Australia Institute Limited has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the registered entity's financial position as at 30 June 2018 and of its financial performance and cash flows for the year ended on that date; and
- (b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Regional Australia Institute Limited in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in Regional Australia Institute Limited's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Report

The Directors of the registered entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Australian Charities and *Not-for-profits Commission Act 2012* (ACNC Act) and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing Regional Australia Institute Limited's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Regional Australia Institute Limited or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.


RSM Australia Partners

A handwritten signature in black ink, appearing to be 'Rodney Miller', with a long horizontal stroke extending to the right.

Rodney Miller
Partner

Canberra, Australian Capital Territory
13 September 2018

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		\$	\$
Revenue	2	2,309,749	2,535,726
Depreciation and amortisation expense		(5,654)	(1,764)
Board meeting and travel expenses		(7,667)	(10,542)
Salaries, wages and directors fees		(1,742,303)	(1,342,944)
Consulting expenses		(50,682)	(76,772)
Other expenses	3	(344,229)	(304,172)
Data and other research costs		(38,551)	(23,827)
Profit for the year		120,663	775,705
Other comprehensive income		-	-
Total comprehensive income for the year		120,663	775,705

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 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	1,659,483	2,190,205
Trade and other receivables	5	9,077	6,877
Prepayments	6	15,234	8,573
TOTAL CURRENT ASSETS		<u>1,683,794</u>	<u>2,205,655</u>
NON-CURRENT ASSETS			
Property, plant and equipment	7	21,463	2,254
Intangible assets	7	1,048	-
TOTAL NON-CURRENT ASSETS		<u>22,511</u>	<u>2,254</u>
TOTAL ASSETS		<u>1,706,305</u>	<u>2,207,909</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	241,935	222,442
Provisions	9	64,079	46,068
Other liabilities	10	475,061	1,143,790
TOTAL CURRENT LIABILITIES		<u>781,075</u>	<u>1,412,300</u>
NON-CURRENT LIABILITIES			
Provisions	9	28,862	19,904
TOTAL NON-CURRENT LIABILITIES		<u>28,862</u>	<u>19,904</u>
TOTAL LIABILITIES		<u>809,937</u>	<u>1,432,204</u>
NET ASSETS		<u>896,368</u>	<u>775,705</u>
EQUITY			
Retained earnings		775,705	-
Current year earnings		120,663	775,705
TOTAL EQUITY		<u>896,368</u>	<u>775,705</u>

The accompanying notes form part of these financial statements.

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Retained earnings \$	Total \$
Balance at 1 July 2016	-	-
Surplus attributable to members	<u>775,705</u>	<u>775,705</u>
Balance at 30 June 2017	<u>775,705</u>	<u>775,705</u>
Balance at 1 July 2017	775,705	775,705
Surplus attributable to members	<u>120,663</u>	<u>120,663</u>
Balance at 30 June 2018	<u>896,368</u>	<u>896,368</u>

The accompanying notes form part of these financial statements.

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members, sponsors and financial institutions		1,838,146	2,438,673
Payments to suppliers and employees		(2,379,872)	(1,678,594)
Interest income		36,915	27,083
Net cash provided by/ (used in) operating activities	13	<u>(504,811)</u>	<u>787,162</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment and intangibles	7	<u>(25,911)</u>	<u>(2,472)</u>
Net cash used in investing activities		<u>(25,911)</u>	<u>(2,472)</u>
Net increase/(decrease) in cash held		(530,722)	784,690
Cash and cash equivalents at beginning of the financial year		<u>2,190,205</u>	<u>1,405,515</u>
Cash and cash equivalents at the end of the financial year	4	<u>1,659,483</u>	<u>2,190,205</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 YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Basis of preparation

These general purpose financial statements have been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The Institute is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, 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 amounts presented in the financial statements have been rounded to the nearest dollar.

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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.

Other revenue is recognised when it is received or when the right to receive the payment is established and performance obligations have been met.

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 amounts 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.

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property plant and equipment (Cont'd)

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. 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.

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 assets	Depreciation rate
Computer equipment	40%
Leasehold improvements	10%
Furniture and fittings	10%
Website development	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

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 Institute 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.

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Employee benefits

Provision is made for the Institute'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.

Income tax

No provision for income tax has been raised as the Institute 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).

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 Institute.

Key judgement - Estimation of useful lives of assets

The Institute determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Key judgement - Impairment

The Institute assesses impairment at each reporting date by evaluating conditions specific to the Institute that may lead to impairment of assets. Should an impairment indicator exist, the determination of the recoverable amount of the asset may require incorporation of a number of key estimates. No impairment indicators were present at 30 June 2018.

Key judgement - Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2018. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out below.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The company will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the company.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The company will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the company.

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

New Accounting Standards and Interpretations not yet mandatory or early adopted (cont'd)

AASB 1058 Income of Not-for-Profit Entities

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 1004 Contributions and clarifies the treatment of the receipt of income by not-for-profit entities.

Income received where there is an associated performance obligation should be recognised in line with the principles of AASB 15, whereas donations with no future obligation may be recognised immediately. In cases where assets or services that were received below market value, such assets or services should be recognised at fair value. When an entity receives volunteer services and can reliably measure the fair value of those services, the entity may elect to recognise the services as an asset (provided the relevant asset recognition criteria are met) or an expense. The company will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the company.

	2018	2017
	\$	\$
NOTE 2. REVENUE AND OTHER INCOME		
Government grants	2,008,829	2,139,862
Sponsorship, research and licencing fees	220,485	329,456
Interest received from investments	36,915	27,083
Other income	43,520	39,325
	2,309,749	2,535,726
NOTE 3. OTHER EXPENSES		
Rental expense	94,479	90,320
Auditors' remuneration	10,355	10,655
IT expense	38,849	36,500
Insurance	19,039	18,135
Telephone	25,458	23,548
Flights and accommodation	114,280	75,269
Bookkeeping	19,739	16,381
Other	22,030	33,364
	344,229	304,172
NOTE 4. CASH AND CASH EQUIVALENTS		
Cash at bank	1,659,483	2,190,205

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 5. TRADE AND OTHER RECEIVABLES		
Trade receivables	2,200	-
Rental bonds receivable	6,877	6,877
	<u>9,077</u>	<u>6,877</u>
NOTE 6. PREPAYMENTS		
Prepayments	<u>15,234</u>	<u>8,573</u>
NOTE 7. NON-CURRENT ASSETS		
Plant and equipment		
Computer equipment		
Computer equipment at cost	64,503	39,678
Less accumulated depreciation	<u>(45,047)</u>	<u>(39,678)</u>
	<u>19,456</u>	<u>-</u>
Leasehold improvements		
Leasehold improvements at cost	2,017	2,017
Less accumulated depreciation	<u>(379)</u>	<u>(177)</u>
	<u>1,638</u>	<u>1,840</u>
Furniture and fittings		
Furniture and fittings at cost	455	455
Less accumulated depreciation	<u>(86)</u>	<u>(41)</u>
	<u>369</u>	<u>414</u>
Total property plant and equipment	<u>21,463</u>	<u>2,254</u>
Intangible assets		
Website development		
Website development at cost	33,326	32,240
Less accumulated amortisation	<u>(32,278)</u>	<u>(32,240)</u>
Total intangible assets	<u>1,048</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Movements in carrying amounts

Movement in the carrying amounts for each class of non-current asset between the beginning and the end of the current financial year:

	Computer equipment	Website development	Leasehold improvements	Furniture and fittings	Total
	\$	\$	\$	\$	\$
2018					
Balance at the beginning of the year	-	-	1,840	414	2,254
Additions	24,825	1,086	-	-	25,911
Depreciation and amortisation expense	(5,369)	(38)	(202)	(45)	(5,654)
Carrying amount at the end of year	19,456	1,048	1,638	369	22,511
2017					
Balance at the beginning of the year	1,546	-	-	-	1,546
Additions	-	-	2,017	455	2,472
Depreciation and amortisation expense	(1,546)	-	(177)	(41)	(1,764)
Carrying amount at the end of year	-	-	1,840	414	2,254

	2018	2017
	\$	\$
NOTE 8. TRADE AND OTHER PAYABLES		
Trade payables	50,111	3,091
Net GST payable	37,982	96,386
Other payables	153,842	122,965
	241,935	222,442

NOTE 9. PROVISIONS

CURRENT

Short term employee benefits	64,079	46,068
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NON-CURRENT

Long term employee benefits	28,862	19,904
	92,941	65,972

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 10. OTHER LIABILITIES

Grants received in advance	475,061	1,143,790
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 11. CAPITAL AND LEASING COMMITMENTS

Operating lease commitments

Operating lease commitments comprise of rental of a part area of Level 2, 53 Blackall Street, Barton. The entity holds a one month lease which can be negotiated at the end of each term.

NOTE 12. RELATED PARTY TRANSACTIONS

a. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Institute, directly or indirectly, including any Director (whether executive or otherwise) is considered key management personnel.

	2018	2017
	\$	\$
Key management personnel compensation		
Short-term benefits	267,417	258,513
Post-employment benefits	21,046	11,539
	288,463	270,052

NOTE 13. CASH FLOW INFORMATION

Reconciliation of cash flows from operations with profit after income tax

Profit after income tax	120,663	775,705
Non cash flows		
Depreciation and amortisation expense	5,654	1,764
Changes in assets and liabilities		
Decrease in trade and other receivables	(2,200)	18,520
(Increase) in prepayments	(6,661)	(8,573)
Increase in trade and other payables	19,493	85,085
(Decrease) in other liabilities	(668,729)	(92,423)
Increase in provisions	26,969	7,084
	(504,811)	787,162

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 14. FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, receivables and payables and lease liabilities.

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:

		2018	2017
		\$	\$
Financial assets	Note		
Cash and cash equivalents	4	<u>1,659,483</u>	<u>2,190,205</u>
Total financial assets		<u>1,659,483</u>	<u>2,190,205</u>
Financial liabilities			
Trade and other payables	8	<u>241,935</u>	<u>222,442</u>
Total financial liabilities		<u>241,935</u>	<u>222,442</u>

The directors' risk management strategy seeks to assist the company in meeting its financial targets while 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.

There have been no substantive changes in the types of risks the company is exposed to, how these risks arise, or the board's objectives, policies and processes for managing or measuring the risks from the previous period.

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 Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality.

Credit risk related to balances with banks and other financial institutions managed by the finance committee in accordance with approved Board policy.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 14. FINANCIAL RISK MANAGEMENT (CONT'D)

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 below 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	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment						
Trade and other payables	(241,935)	(222,442)	-	-	(241,935)	(222,442)
Total contractual outflows	(241,935)	(222,442)	-	-	(241,935)	(222,442)
Total expected outflows	(241,935)	(222,442)	-	-	(241,935)	(222,442)
Financial assets - cash flows realisable						
Cash and cash equivalents	1,659,483	2,190,205	-	-	1,659,483	2,190,205
Net inflow on financial instruments	1,417,548	1,967,763	-	-	1,417,548	1,967,763

Sensitivity analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit \$	Equity \$
Year ended 30 June 2018		
+/- 1% in interest rates	14,325	14,325
Year ended 30 June 2017		
+/- 1% in interest rates	19,678	19,678

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

No sensitivity analysis has been performed on foreign exchange risk as the company has no material exposures to currency risk.

Net fair values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the above table and can be compared to their carrying amounts as presented in the statement of financial position.

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. 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.

NOTE 15. MEMBERS GUARANTEE

The Institute is incorporated under the *Corporations Act 2001* and is an Institute limited by guarantee. If the Institute 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 Institute. As at 30 June 2018, the total amount that members of the Institute are liable to contribute if the Institute is wound up is \$70.00.

NOTE 16. ENTITY DETAILS

The registered office of the entity is:

Regional Australia Institute Limited

Level 2, 53 Blackall Street

Barton ACT 2600

REGIONAL AUSTRALIA INSTITUTE LIMITED
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DIRECTORS DECLARATION

In the Directors' opinion:

- the attached financial statements and notes comply with the *Australian Charities and Not-for-profits Commission Act 2012* and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board.
- the attached financial statements and notes give a true and fair view of the Institute's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Institute will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors



MALCOLM JOHN PETERS OAM
Chairman

Dated this day 13 of September 2018



CHRISTIAN JOHN ZAHRA AM
Chair, Finance, Audit and Risk Committee

Dated this day 13 of September 2018

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ABOUT THE REGIONAL AUSTRALIA INSTITUTE

Independent and informed by both research and on-going dialogue with the community, the Regional Australia Institute develops policy and advocates for change to build a stronger economy and better quality of life in regional Australia – for the benefit of all Australians.