



**REGIONAL
AUSTRALIA**
INSTITUTE

Annual Report

2013-14



About us

Established in September 2011, the Regional Australia Institute (RAI) is an independent, not-for-profit organisation developing real solutions to key policy issues through research and an ongoing conversation with Australian communities.

While acknowledging and celebrating the many successes of regional Australia, the RAI does not believe that it has reached its full potential, or that we can rely on current approaches for the sustainable future of our country. We can and will do better.

Our mission is two-fold: to help regions understand and capitalise on their potential, and to share with Australia the fact that our regions are vibrant, adaptable and integral to our future. We run a tightly focused research and policy agenda, improving the quality of and access to knowledge on how we can ensure the prosperity of Australia's regions, and our nation as a whole.

We won't stop until we have an informed and connected community, a stronger and more sustainable economy and a better quality of life for all Australians, both now and in the future.

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View from the lookout
tower in Rosalind Park
over Bendigo, Victoria.



Gaden Trout Hatchery,
Thredbo River, New South Wales.



Message from the Chairman



It is hard to believe the RAI is such a young organisation, when you consider the scale of its aims and ambitions for regional Australia's future.

But thinking big is very much a necessary quality for the RAI, as is thinking beyond

the usual parameters of research and policy. It is this thinking that provides the exciting, dynamic framework upon which some of our most significant future projects will be taking place.

Having thoroughly prepared the ground with an existing suite of projects covering competitiveness indicators, population movement, natural disaster response and other key elements to regional prosperity, the RAI is looking to redefine the way that we manage regional development.

The *Prosperous Futures* project hinges on the premise that governments and regions must be nimble and innovative in their responses to the shifts that inevitably occur in this nation's operating environments.

As the resources sector evolves and growth rates are tempered, regional industries such as agriculture, gas and tourism are expected to underpin future economic opportunities.

Regions must be encouraged to step up and play a more active role in their development, and through the provision of comprehensive, strategic research, we can equip regions to be in the best position to do this.

All regions are different, as are their inherent opportunities and potential. While current systems tend to be structured around fairly uniform aims for development and success, our work acknowledges that regions must be equipped to respond flexibly to each opportunity and challenge it faces.

We are essentially, placing the future of each region in the hands of its own people and communities.

The RAI's role is to assist with the successful navigation of rapid change, through a new model that considers regions according to their unique matrix. By examining population size, proximity to cities, industrial hubs and other measures of diversity, the RAI is working to place the control firmly with each region as they look towards future opportunities.

Prosperous Futures is emblematic of what the RAI is always working towards. Through continuing collaboration with governments, regional bodies and communities themselves, we will develop innovative ways to get the basics right – and from here, so much can follow.

To ensure the longer term viability of the organisation, additional sources of funding will need to be secured. A fundraising strategy has been developed that identifies a diverse membership and investment pool for a range of government, corporate and philanthropic sources. In the upcoming year, a clear focus will be put on seeking the RAI's long term financial sustainability.

I would like to thank the RAI staff, led so ably by Su McCluskey and Jack Archer, who are all so clearly motivated by their passion for our regions. I must also acknowledge my fellow Directors for another year of hard work and dedication. Together, we have created an established, positive force in the regional policy landscape, and laid the foundation for the significant work that lies ahead.

I have every confidence that the RAI's future work will be an essential factor in attaining the optimal outcomes for the places that lie outside our cities. Now, more than ever, Australia will need its regions performing at their best.

A handwritten signature in black ink, appearing to read 'Mal Peters'. The signature is stylized and fluid, with a large initial 'M' and 'P'.

Mal Peters OAM

Report from the CEO



It is exciting to take stock of the RAI's third year, and the speed with which we have developed and delivered projects of significant importance.

Our research and policy team has expanded considerably, enabling

the RAI to bring a high level of internal experience and expertise to our work. This has resulted in a lower research spend on external resources as the intellectual capacity of the organisation has grown.

Being a think tank for regional Australia was always going to mean journeying into those places where our research is having an impact. It is gratifying that already, as a relatively new organisation, the conversations and debates we have stimulated are leading to invitations to examine future pathways and potential for the regions.

A key focus of our work in the past year centered around Northern Australia, the region on everyone's lips, as this vast space takes the spotlight as a major development frontier. Our report on rethinking the future of Northern Australia's regions set the scene for a different way of examining the unique challenges and opportunities of the north, and we are proud to have created an alliance working in collaboration with Central Queensland University, James Cook University, University of Notre Dame Australia and NintiOne in generating papers to support policy development on Northern Australia.

It is a privilege to be playing a role in ensuring that questions of development in the north consider how to enable the different regions to achieve development which meets their needs, capacity and goals.

We also released the first of our work on population mobility in the regions. The first in a series of talking points focuses on those choosing to return to regional locations. Our research in this field garnered significant media traction, and stories of people choosing to make their home and business life in the regions struck a chord with the public.

Talking Point: Returning to regional Australia looks at the trend of people in their late 20s to early 30s leaving the capital cities in favour of regional areas. Our research and engagement with people who have made this move suggests that a large portion of these are 'Regional Returners'. Regional Returners are people who were raised in regional Australia and left as young adults for the big city. However later in life, typically as they started (or were looking to start) a family, the desire for the regional lifestyle begins to take hold.

We found that the increasing value of lifestyle, proximity to family and friends and access to schools, childcare and health services were key drivers in attracting people back to the regions. Affordability is also key, with the reduced cost of housing and the overall cost of living in many regions is a definite draw card.

The RAI continues to cement its place as a provider of premium quality research and policy processes.

I personally was honoured to be named the Westpac and Australian Financial Review Women of Influence winner in the regional category, and the outstanding contributor to policy development in the Women in Australian Agriculture 100 series. This recognition, while drawing on my own diverse history of work in finance, transport and agriculture, is most of all a reflection of how the RAI team has cooperatively built a strong reputation for being the authoritative voice for regional Australia.

My colleague Jack Archer took the RAI's 'voice' even further afield when he travelled to the United Kingdom and Europe in November and December. During this trip, Jack saw first-hand the gravitas of regional issues and regional policy in these places, which are seen as fundamentally important to national economic development in many countries. The RAI, with Jack as its emissary, was also able to forge closer ties with international leaders in regional policy and analysis from the Organisation for Economic Co-operation and Development (OECD), the European Commission, the Regional Studies Association, the Centre for Cities (UK) and a range of academic institutions. We will continue to engage with our peers abroad to bring international insights to Australian issues and to collaborate through global partnerships on key initiatives such as *[In]Sight: Australia's Regional Competitiveness Index*.

And, coming almost full circle to some of our major work from the previous year, we are on track with the continuation of our work in the natural disasters sphere. We are working to develop this project further by investigating the pros and cons of policy options and the role businesses can play in responding and adapting to natural disasters. Work on our keystone competitiveness projects, *[In]Sight* and *[In]Form* also continues, as have our submissions to a range of policy matters and initiatives affecting the regions.

Based on the impacts of these established projects and new collaborative initiatives underway, I am both proud of the achievements of this organisation in such a relatively short space of time, and energised by the dynamic work that lies ahead of us.



Su McCluskey



Orange, New South Wales.

Port Headland, Western Australia.

Highlights of 2013-14

Better Information for Regional Australia

The RAI has continued to focus significant effort over the last 12 months on making knowledge and data on regional issues more readily accessible to the regional development community, policy makers and the general public.

Two major pieces of work in 2013-14 underpin the RAI's on-going commitment to regional policy and regional Australia.



1 Northern Australia

To foster meaningful, productive conversations with communities, government and policy-makers on the future potential of Northern Australia, the RAI released *Rethinking the future of northern Australia's regions: more than mines, dams and development dreams* in November 2013.

The results show very clearly that infrastructure and human capital are the two most widely present and serious bottlenecks for growth in Northern Australia. However, strategies for improving these will need to reflect three distinct types of regions found within Northern Australia: northern cities, industry hubs and the very remote.

Three types of regions in Northern Australia



Northern cities



Industry hubs



The very remote

2 Population dynamics in regional Australia

In response to a significant interest by stakeholders in population change and movements, the RAI initiated a project to provide a summary analysis of major trends in population dynamics across Australian regions.

The RAI produced a series of talking points leveraging off this research. *Returning to regional Australia* was released in January 2014 and stimulated significant public discussion and stakeholder engagement. *An ageing (Regional) Australia and the rise of the Super Boomer* was released later in 2014 and explores where the Baby Boomers are and how they are contributing to regional futures.

Super Boomers

Baby Boomers are transforming regional Australia and the ageing experience. So forget about the term 'Baby Boomer' – now is the time of the Super Boomer.



72%

OF BABY BOOMERS

WOULD RATHER SPEND THEIR MONEY TO ENJOY RETIREMENT, THAN LEAVE IT AS AN INHERITANCE

New Policy Ideas and Issues Analysis

Following the formation of the new Federal Government in September 2013, the RAI has focused on applying its extensive knowledge and data to engage and inform the policy issues and enquiries that impact most on regional Australia. The following submissions were made to reviews relevant to regional Australia.

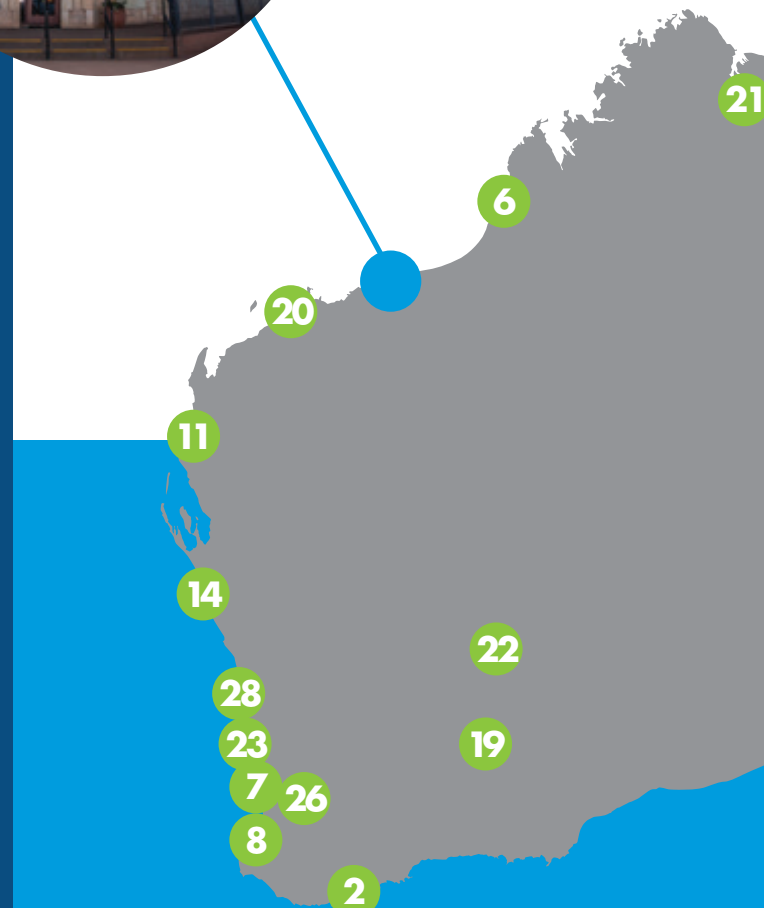
- *The Costs and Benefits of Geographic Labour Mobility: A Regional Perspective*, a submission to the Productivity Commission Inquiry into Geographic Labour Mobility.
August 2013
- *Optimising regional investment: Opportunities for reform, innovation and efficiency*, a submission to the Commonwealth Government 2013 Commission of Audit Review.
December 2013
- *An integrated national approach to investment in local and regional infrastructure*, a submission to the Productivity Commission's Public Infrastructure Inquiry.
January 2014
- A submission to the Joint Select Committee on Northern Australia.
April 2014
- *Regional Development Australia (RDA) Network Reform options: from strategy to action*, a submission to the Australian Government on the review of RDAs.
April 2014
- *Getting the Balance Right: Harmonising mitigation, response and recovery in Australia's natural disaster policy*, a submission to the Productivity Commission's Natural Disaster Funding Inquiry.
June 2014

CEO of the RAI, Su McCluskey, was appointed to the Competition Policy Review Panel. The appointment of Ms McCluskey to the panel recognises the value the RAI will add to this nationally significant, and regionally important, debate and is a major step forward for putting the spotlight on how competition policy affects a vibrant and sustainable regional Australia.



Port Hedland, Western Australia

Unlocking economic prosperity in the Pilbara.
11 September 2013



Promoting Debate

The RAI and the Business Council of Australia (BCA) conducted a series of community conversations across regional Australia.

Geelong, Victoria

Unlocking economic prosperity in the region.
29 October 2013

Townsville, Queensland
Unlocking economic prosperity in
Townsville and the North West
Queensland region.
22 October 2013



Where we have been in 2013-14

Australia

- 1 Adelaide
- 2 Albany
- 3 Alice Springs
- 4 Ballina
- 5 Brisbane
- 6 Broome
- 7 Bunbury
- 8 Busselton
- 9 Cairns
- 10 Canberra
- 11 Carnarvon
- 12 Coolangatta
- 13 Darwin
- 14 Geraldton
- 15 Gold Coast
- 16 Goulburn
- 17 Hervey Bay
- 18 Hobart
- 19 Kalgoorlie
- 20 Karratha
- 21 Kununurra
- 22 Laverton
- 23 Mandurah
- 24 Melbourne
- 25 Newcastle
- 26 Northam
- 27 Orange
- 28 Perth
- 29 Rockhampton
- 30 Sydney
- 31 Tamworth
- 32 Traralgon
- 33 Warrnambool

International

- Brussels
- Glasgow
- London
- Paris



Launceston, Tasmania
Unlocking economic
prosperity in Tasmania.
13 December 2013



**Wollongong,
New South Wales**
Unlocking economic
prosperity in the Illawarra.
1 October 2013

Our people

Board of Directors

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 knowledge of research and policy implementations at the local, state and federal levels, and strong community links.



Mr Mal Peters OAM (Chair)



Professor Sandra Harding



Mr Grant Latta AM



Mr Tim Shackleton



Rt Hon Ian Sinclair AC



Mr Christian Zahra

Professor Ngiare Brown (Retired September 2013)

Fellows

The RAI Fellows are recognised experts in the field of regional development. Fellows help to raise awareness of the RAI and its work in their professional networks and within the public debate of regional issues and research.

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

Research Advisory Committee

The Research Advisory Committee (RAC) provides advice to the RAI Board on research matters. The RAC helps to identify priority issues and concerns in regional Australia, and develop and commission research projects that reflect the RAI's vision and highest of research standards.

- Professor Sandra Harding (Chair)
- Professor Andrew Beer
- Professor Ngiare Brown (Resigned March 2014)
- Professor Graeme Hugo
- Professor John Tomaney
- Mr Tim Shackleton
- The RAI CEO is an ex-officio member of the RAC

Staff

This year saw a considerable expansion of the RAI staff, as an array of new skills and areas of expertise were brought on board. Our staff members come from a range of policy, advocacy, research and development backgrounds and are committed to a vision of a vibrant future for regional Australia.

- Su McCluskey, Chief Executive Officer
- Jack Archer, General Manager of Research & Policy
- Rebecca Barratt, Business Manager
- Vanessa Barnett, Policy Manager
- Annemarie Ashton-Wyatt, Senior Researcher (from July 2013)
- Jennie Dwyer, Policy Adviser (from April 2014)
- Morgan Rennie, Researcher
- Julie Anderson, Business Support Officer (from February 2014)
- Tai Nguyen, Researcher (P/T)
- Claire Delahunty, Media Officer (P/T)
- Julie Wilson, Research Manager (Resigned November 2013)
- Holly Reid, Communications Manager (Resigned January 2014)
- Simon Davis (December 2013 - July 2014), Summer position
- Sarah Byrn (December 2013 - January 2014), Summer position



Regional Information and Issues Analysis

The RAI has continued its work in identifying and solving major challenges for regional Australia. Information and issues analysis completed over the last 12 months provides a strong foundation for future work and the RAI has developed a framework for future policy and research work.

Population Dynamics in Regional Australia

JANUARY & JULY 2014

Australians are an increasingly mobile people, and there are many different perceptions about how we move around our country and why. It is important that policy, infrastructure, services and institutions understand and are responsive to population demand and demographics.

The RAI produced a series of talking points to explore the current and future trends of our regional populations and to inform a wide range of stakeholders about the opportunities and challenges that flow from our dynamic and increasingly mobile regional populations.

These publications leverage an RAI research report using Australian Bureau of Statistics (ABS) 2006-2011 Census Data prepared by RAI Fellow Graeme Hugo from the Australian Population and Migration Research Centre, at the University of Adelaide. It provides a comprehensive assessment of the contemporary dynamics of population change in

Australia's Regional Development Areas (RDAs). The research provides an understanding of recent trends in population mobility, with a focus on regional adjustment. It also identifies the policy responses that can be used at a local, state or federal level to promote population growth and change for regional development.

- *Talking Point: Returning to regional Australia* looks at the influx of Australians aged 25-44 into regional areas. Released January 2014.
- *Talking Point: An ageing regional Australia and the rise of the Super Boomer (aged 50-69)* explores where Super Boomers are and how they are contributing to regional futures. Released July 2014.

A third talking point, due for release in early 2015, will consider the role of international migration in regional population growth, particularly in rural areas.

The RAI's work on Super Boomers highlighted the important contribution people like Maggie Beer are making to their regional Communities.

Northern Australia - Rethinking the future of Northern Australian regions: More than mines, dams and development dreams

NOVEMBER 2013

The RAI developed this paper to identify the imperatives for a balanced, regionally responsive development strategy for Northern Australia and to enhance the current debate on the pathways to success for the north. The paper takes a fresh perspective on population growth and economic development.

Strategies for capturing the vast potential of Northern Australia have been the topic of fierce debate and policy interest for many years. While discussion largely centres on the prospects for particular industries or projects, the national debate often fails to take into account the diversity of situation and opportunity in the north.

The paper draws on data from *[In]Sight: Australia's regional competitiveness index* to examine the socioeconomic profiles of 74 Local Government Areas (LGA) and seven Regional Development Australia (RDA) regions in Northern Australia. It identifies the imperatives for a balanced, regionally responsive strategy for development. The paper was developed in consultation with key stakeholders in Northern Australian regions, spanning government, community, policy, research and development.

The results show that infrastructure and human capital are the two most widely present and serious bottlenecks for growth in Northern Australia.

However, strategies for improving these will need to reflect three distinct types of regions found within Northern Australia: northern cities, industry hubs and the very remote. The paper also examines the potential for regions to link with international and domestic markets, exporting services specific to Northern Australia such as tropical expertise, education, mining and agricultural science to align with the needs of growing Asian and Pacific markets.

The RAI is seeking to be an active contributor to the development of good policy for Northern Australia over the coming months and the long term. In March 2014, the RAI appeared before and made a submission to the Parliamentary Joint Select Committee on Northern Australia (the Committee). Recommendations were that the Committee consider the challenge of development in the north from this integrated spatial perspective as well as looking at a range of issues in general and considering broader industry development strategies.

The RAI will continue to work with all stakeholders in Northern Australia on this very important issue. A collaborative alliance has been formed between the RAI, Central Queensland University, Charles Darwin University, James Cook University, the University of Notre Dame Australia and NintiOne to generate papers on topics of interest to support policy development on Northern Australia, including the *White Paper on Northern Australia*.

Collaborative research project with the Government of Western Australia

JUNE 2013 TO JULY 2014

The RAI is partnering with the Department of Regional Development, Western Australia (DRD) to explore areas of mutual research interest on regional development within a Western Australian context. The aim of the project is to further develop the relevance and coverage of [In]Sight and explore the utility of [In]Form within a Western Australian context. This project has a broad focus on the State, assessing mid to long term issues in regional development, and investigating ways to foster economic development and population growth in regional areas. It will also consider aspects of measuring comparative advantage in regional contexts, through identifying the factors specific to each region which may either support growth or create bottlenecks which limit growth.

Pathways to Settlement: Population mobility in regional Western Australia from 2001 to 2011
Report was released in June 2014.

Three additional papers, *Non-place Based Work; Access to Capital;* and *Comparative Advantage of WA's Regional Cities* are scheduled for release in the coming months.

Bringing Business into Australian Regional Development Results of a Survey of the Business Community of Regional Australia

JANUARY 2014

This report provides insights into the regional business community from the results of the business survey undertaken for [In]Sight in the first half of 2013. The survey confirms that regional Australia has a vibrant business community. The density of businesses in the regions is actually higher than in metropolitan areas. Almost one in five income earners outside the capital cities are business owners, compared to one in seven for the nation as a whole.

Overseas Telecommunications
Commission Dish, Carnarvon,
Western Australia.



Upcoming work

[In]Sight 2014

In early 2014, the RAI sought feedback and suggestions from stakeholders about the ways to enhance *[In]Sight: Australia's regional competitiveness index*. The feedback suggested ways to improve the methodology, alternative indicators and new website functionality.

The updated version, [In]Sight 2014, is being prepared for release in late 2014. It will build on the quality and depth of this unique data source for the nation.

Highlights in [In]Sight 2014 include:

- A suite of nationally consistent indicators on the quality and performance of regional and local institutions providing a range of data never before available in Australia;
- A series of new indicators measuring the economic fundamentals of each region;
- An updated method calculating the distance from every household in a region or local area to key infrastructure and essential services and natural resources;
- A new indicator measuring the presence of proven mineral resources in each area, and a new water resources indicator;

- New measures for technological readiness including NBN and mobile phone coverage and new indicators on patents and business startups to better measure innovation;
- A new theme on demography to replace the existing market size theme to provide new information on population dynamics in each area; and
- Updated data on employment, school performance, welfare dependency, research organisations and income from own businesses will also be provided.

The RAI will implement a new robustness process to reduce the impact of outliers and other data anomalies on [In]Sight 2014 results. The online tool will also be updated to provide trend data, and a new regional analyser tool is being developed to provide tailored regional reporting.

The RAI team will continue to explore the findings found within [In]Sight and to look for new areas where it can be applied.

[In]Sight 2014 will provide:

10

themes

70

indicators



93,750

facts informing the conversation



online map

[In]Form 2014

The RAI will update *[In]Form: Australia's online library of regional research* to ensure that it remains a relevant and up to date resource for the regional development community. All current data records have been checked for quality. Approximately 500 additional publications from 2013 and a range of sources not previously included have been identified.

The updated version of [In]Form is for release in October 2014.

Regional Potential

The RAI will build a diverse set of quality, evidence-based resources that illustrate the depth and breadth of regional development in Australia, focusing on innovative practices and shared learnings. It will enable the RAI and the nation to look to the future of regions by providing the first authoritative view on potential regional economic futures.

Initial work will focus on the different regional types, modelling of possible economic outcomes and case studies.

Table 2 Question 1

- CLIMATE (COAST)
- DIVERSE ECONOMIC
- + CONNECTIVITY
- + ENVIRONMENTAL

Forward Agenda

The RAI has continued to build on the initial research strategies set by the Board in 2012-2013. This has involved further honing of research and policy strategies as well a deeper foundational direction to regional Australia development processes and paradigms.

The forward agenda will explore policy issues surrounding the ultimate goals of regional development are and should be, and how these can be achieved for different regions. We will also examine the role government's play in regional development, how regions are impacted by government and private sectors directly and indirectly and what measures and configurations would optimise benefits for the regions and Australia as a whole.

In terms of knowledge transfer, the RAI will be undertaking a number of initiatives to help regions reach their potential.

These will include tools to assist regions in interpreting the data in [In]Sight 2014. It will empower regional leaders to understand what matters most for their region and how they can activate resources to effect change. It explores a range of possible future outcomes for each region as a foundation for regional development strategies and provides a road map on how to lead engagement with government and the community.

As new research and findings begin to emerge, the RAI will continue to assess and culminate these findings in the overall strategy for a more vibrant and empowered regional Australia.



Financial Statements

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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 2014.

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	Retired (if applicable)
Malcolm John Peters OAM	Director, Chairman	22 September 2011	
Professor Ngiare Joy Brown	Director	22 September 2011	22 September 2013
Professor Sandra Lee Harding	Director	22 September 2011	
Grant Frederick Latta AM	Director	22 September 2011	
Rt Hon Ian McCahon Sinclair AC	Director	14 November 2011	
Christian John Zahra	Director	22 September 2011	
Timothy Walter Shackleton	Director	24 August 2012	

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 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 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 foundation for achieving this goal is the development of a regional competitiveness index that looks at the status of regional Australia and trends in the key indicators of its success. This product provide a foundation of knowledge and insight for policy makers. Supporting this are 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 assists 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 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.
- **Financial sustainability based on a diversity of memberships and investment from government, corporations, philanthropists and interested individuals**
To ensure the long term viability of the organisation, additional sources of funding will need to be secured. 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 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.

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

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 OAM

Qualifications

Experience

Special Responsibilities

- Director, Chairman
- OAM
- Chair of Regional Development Australia Northern Inland, Northern Basin Advisory Committee Murray Darling Basin Authority. Former Mayor of Inverell and former President of NSW Farmers Association.
- Chairman, Chair, Remuneration and Nomination Committee

Ngiare Joy Brown

Qualifications

Experience

Special Responsibilities

- Director (Resigned 22/9/2013)
- 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.
- Member, Research Advisory Committee

Sandra Lee Harding

Qualifications

Experience

Special Responsibilities

- Director
- BSc (Hons) ANU, MPubAdmin UQ, PhD NCSU, Hon Doc JIU, FACE, FQA, FAICD, FAIM
- Chair, Universities Australia; Member, Northern Australia Advisory Group; Member, Trade and Investment Policy Advisory Committee; Member, the Australia-China Council Board; Co-Vice Chair, the New Colombo Plan Reference Group; Member, International Education and Training Advisory Council Queensland; Director, Regional Australia Institute; Council Member, the Australian Institute of Marine Science; Director, North Queensland Cowboys NRL club; Member, Defence Science and Technology Organisation (DSTO) Advisory Board; Member, Australian Research Council (ARC) Advisory Board; Director of Townsville Enterprises and of Advance Cairns (regional economic development bodies); and; a Governor of the Committee for Economic Development of Australia (CEDA).
- Chair, Research Advisory Committee

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

DIRECTORS' REPORT

Grant Frederick Latta AM	
Qualifications	- Director
Experience	- CPA, MBA, B.Bus, C.Eng., FAIM, AAIM, FAICD, AM
	- Executive Chairman of GCMCorp 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
Rt Hon. Ian McCahon Sinclair AC	
Qualifications	- Director
Experience	- BA, LLB, AC
	- Former Leader of the National Party, Chairman of the Foundation for Rural and Regional Renewal, President of Scouts Australia (NSW).
Christian John Zahra	
Qualifications	- Director
Experience	- B.Economics, M.Assessment and Evaluation, FAICD
	- Director in KPMG's Strategy Group, former Executive Director at Pacific Strategy Partners, Chairman of Regional Development Australia Fund Advisory Panel and Director of Waardi Limited.
Special Responsibilities	- Member, Finance, Audit and Risk Committee, Member, Remuneration and Nomination Committee.
Timothy Walter Shackleton	
Qualifications	- Director
Experience	- BPE, Post Grad Dip Health Admin, AFACHSM, GAICD
	- Director Virtual Health, Director Australia Health Advisory, Chair, Wheatbelt Development Commission, Deputy Chair Western Australian Regional Development Council, Director WA General Practice Education and Training.
Special Responsibilities	Member, Research Advisory 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. 2 meetings of the Finance Audit and Risk Committee and 3 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)	6	6
Professor Ngiare Joy Brown	3	1
Professor Sandra Lee Harding	6	4
Grant Frederick Latta AM	6	6
Rt Hon Ian McCahon Sinclair AC	6	6
Christian John Zahra	6	5
Timothy Walter Shackleton	6	6

	Finance, Audit and Risk Committee Meetings	
	Number eligible to attend	Number attended
Grant Frederick Latta AM	2	2
Christian John Zahra	2	2

	Research Advisory Committee Meetings	
	Number eligible to attend	Number attended
Professor Sandra Lee Harding	3	3
Professor Ngiare Joy Brown (resigned from RAC 26/3/2014)	2	1
Timothy Walter Shackleton	2	1

MEMBER'S GUARANTEE

The company is incorporated under *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 2014, 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 year ended 30 June 2014 has been received and can be found on page 6 of the financial report.

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

Director



Dated this 14th October 2014

AUDITOR'S INDEPENDENCE DECLARATION

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

- (i) the auditor independence requirements of the *Australian 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 Bird Cameron



G M STENHOUSE
Director

Canberra, Australian Capital Territory
Dated: 14 October 2014

**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 2014, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, 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 *Australian Charities and Not-For-Profits Commission Act 2012* 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 *Australian Charities and Not-For-Profits Commission Act 2012*. We confirm that the independence declaration required by the *Australian Charities and Not-For-Profits Commission Act 2012*, 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.

Opinion

In our opinion the financial report of Regional Australia Institute Limited is in accordance with the *Australian Charities and Not-For-Profits Commission Act 2012*, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Australian Charities and Not-For-Profits Commission Act 2012*.

RSM BIRD CAMERON



G M STENHOUSE
Director

Canberra, Australian Capital Territory
Dated: 14 October 2014

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	2014 \$	2013 \$
Revenue	2	1,845,896	2,054,065
Depreciation and amortisation expense		(25,641)	(12,043)
Board meeting and travel expenses		(24,739)	(34,822)
Salaries, wages and directors fees	3	(1,198,670)	(861,328)
Consulting expenses	3	(113,095)	(141,812)
Other expenses		(297,604)	(213,382)
Research cost		(186,147)	(790,678)
Profit for the year	3	<u>-</u>	<u>-</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>-</u></u>	<u><u>-</u></u>

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 2014

	NOTE	2014 \$	2013 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	2,507,189	2,975,044
Financial assets	5	2,000,000	3,000,000
Trade and other receivables	6	63,522	164,236
Other current assets	7	10,300	8,171
TOTAL CURRENT ASSETS		<u>4,581,011</u>	<u>6,147,451</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	13,770	19,659
Intangible assets	8	15,661	28,557
TOTAL NON-CURRENT ASSETS		<u>29,431</u>	<u>48,216</u>
TOTAL ASSETS		<u>4,610,442</u>	<u>6,195,667</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other liabilities	9	1,601,039	1,064,438
Provisions	11	65,508	34,122
TOTAL CURRENT LIABILITIES		<u>1,666,547</u>	<u>1,098,560</u>
NON-CURRENT LIABILITIES			
Other liabilities	10	2,940,538	5,095,597
Provisions	11	3,357	1,510
TOTAL NON-CURRENT LIABILITIES		<u>2,943,895</u>	<u>5,097,107</u>
TOTAL LIABILITIES		<u>4,610,442</u>	<u>6,195,667</u>
NET ASSETS		<u>-</u>	<u>-</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 2014

	Retained earnings \$	Total \$
Balance at 1 July 2012	-	-
Surplus attributable to members	-	-
Balance at 30 June 2013	-	-
	Retained earnings \$	Total \$
Balance at 1 July 2013	-	-
Surplus attributable to members	-	-
Balance at 30 June 2014	-	-

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 2014

	NOTE	2014 \$	2013 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members, sponsors and financial institutions		466,933	814,072
Payments to suppliers and employees		(1,927,932)	(2,948,327)
Net cash (used in) / provided by operating activities	14	<u>(1,460,999)</u>	<u>(2,134,255)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(6,856)	(57,647)
Net cash used in investing activities		<u>(6,856)</u>	<u>(57,647)</u>
Net increase/(decrease) in cash held		(1,467,855)	(2,191,902)
Cash and cash equivalents at beginning of the financial year		5,975,044	8,166,946
Cash and cash equivalents at the end of the financial year	4,5	<u>4,507,189</u>	<u>5,975,044</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 2014

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 company 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.

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 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.

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. 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 YEAR ENDED 30 JUNE 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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%
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

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*.

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 company.

New accounting standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company. The company has decided not to early adopt any of the new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in future reporting periods is set out below:

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 2015 (Changed to 1 January 2017 by AASB 2013-9C)	Minimal impact expected
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 2015	Minimal impact expected
2010-7	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</i>	Amends AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127 for amendments to AASB 9 in December 2010	1 January 2015	Minimal impact expected
2014-1B	<i>Amendments to Australian Accounting Standards</i>	Part B of AASB 2014-1 makes amendments to AASB 119 <i>Employee Benefits</i> in relation to the requirements for contributions from employees or third parties that are linked to service.	1 July 2014	Minimal impact expected
AASB 1031	<i>Materiality</i>	Re-issuance of AASB 1031	1 January 2014	No expected impact

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$
NOTE 2: REVENUE AND OTHER INCOME		
Revenue		
- Government grants	1,420,105	1,644,224
- Sponsorship and licencing fees	221,818	80,000
- Interest received from investments	193,986	329,841
- Other income	9,987	-
Total revenue and other income	1,845,896	2,054,065
NOTE 3: SIGNIFICANT EXPENSES FOR THE YEAR		
No profit was derived during the year.		
Significant expenses		
- Salaries, wages and directors fees	1,198,670	861,328
- Research costs	186,147	790,678
- Consultancy expenses	113,095	141,812
- Rental expense	69,900	25,429
- Auditors' remuneration	11,500	10,950
NOTE 4: CASH AND CASH EQUIVALENTS		
CURRENT		
Cash at bank	2,507,189	2,975,044
NOTE 5: FINANCIAL ASSETS		
Held-to-maturity financial assets comprises of:		
Term deposits	2,000,000	3,000,000
NOTE 6: TRADE AND OTHER RECEIVABLES		
Trade receivables	11,511	27,500
Accrued interest receivable	43,121	75,292
Net GST receivable	2,013	51,117
Rental bonds receivable	6,877	10,327
Total trade and other receivables	63,522	164,236
NOTE 7: OTHER CURRENT ASSETS		
CURRENT		
Prepayments	10,300	8,171
Total other current assets	10,300	8,171

REGIONAL AUSTRALIA INSTITUTE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 8: NON-CURRENT ASSETS

	2014	2013
	\$	\$
Plant and equipment		
Computer equipment		
At cost	35,261	28,404
Less accumulated depreciation	(21,491)	(8,745)
Total plant and equipment	13,770	19,659
 Intangible assets		
Website development		
At cost	32,240	32,240
Less accumulated amortisation	(16,579)	(3,683)
Total intangible assets	15,661	28,557
Total non-current assets	29,431	48,216

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	Total
	\$	\$	\$
2014			
Balance at the beginning of the year	19,659	28,557	48,216
Additions	6,856	-	6,856
Depreciation and amortisation expense	(12,745)	(12,896)	(25,641)
Carrying amount at the end of year	13,770	15,661	29,431
 2013			
Balance at the beginning of the year	2,613	-	2,613
Additions at cost	25,406	32,240	57,646
Depreciation expense	(8,360)	(3,683)	(12,043)
Carrying amount at end of year	19,659	28,557	48,216

NOTE 9: TRADE AND OTHER PAYABLES

CURRENT

	2014	2013
	\$	\$
Grants received in advance	1,399,200	646,000
Sponsorship received in advance	100,000	181,818
Trade payables	39,549	181,778
Other payables	62,798	54,842
Total trade and other payables	1,601,547	1,064,438

REGIONAL AUSTRALIA INSTITUTE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$
NOTE 10: OTHER PAYABLES		
NON-CURRENT		
Grants received in advance	2,940,538	5,095,597

NOTE 11: PROVISIONS		
CURRENT		
Short term employee benefits	65,508	34,122
NON-CURRENT		
Long term employee benefits	3,357	1,510

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 12: CAPITAL AND LEASING COMMITMENTS

	2014	2013
	\$	\$
Operating lease commitments		
Non-cancellable operating leases contracted for but not recognised in the financial statements		
Payable - minimum lease payments:		
- not later than 12 months	75,025	75,025
- between 12 months and 5 years	75,025	150,050
Payable - minimum lease payments:	150,050	225,075

Operating lease commitments comprise of rental of a part area of Level 2, 53 Blackall Street, Barton. The amounts shown are for a 3 year lease, with an option to extend for a further two years.

NOTE 13: RELATED PARTY TRANSACTIONS

	2014	2013
	\$	\$
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	468,692	387,535
- post-employment benefits	33,633	33,178
	502,325	420,713

REGIONAL AUSTRALIA INSTITUTE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 14: CASH FLOW INFORMATION	2014	2013
Reconciliation of cash flows from operations with profit after income tax	\$	\$
Profit after income tax	-	-
Non cash flows		
Depreciation and amortisation	25,641	12,042
Changes in assets and liabilities		
(Increase) in trade and other receivables	98,585	(185,200)
(Decrease)/increase in trade and other payables	(1,618,458)	(1,809,995)
(Decrease)/increase in provisions	33,233	(151,102)
	(1,460,999)	(2,134,255)

NOTE 15: 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:

		2014	2013
		\$	\$
Financial assets	Note		
Cash and cash equivalents	4	2,507,189	2,975,044
Held-to-maturity investments			
- term deposits	5	2,000,000	3,000,000
Total financial assets		4,507,189	5,975,044
Financial liabilities			
Trade and other payables	9	102,347	236,620
Total financial liabilities		102,347	236,620

Financial risk management policies

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.

REGIONAL AUSTRALIA INSTITUTE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 15: FINANCIAL RISK MANAGEMENT (CONTINUED)

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. The following table provides information regarding credit risk relating to cash and money market securities based on Standard & Poor's counter party credit ratings.

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.

REGIONAL AUSTRALIA INSTITUTE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 15: FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial liability and financial asset maturity analysis

	Within 1 year		1 to 5 years		Total contractual cash flow	
	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment						
Trade and other payables (excluding estimated leave and amounts received in advance)	(102,347)	(236,620)	-	-	(102,347)	(236,620)
Total contractual outflows	(102,347)	(236,620)	-	-	(102,347)	(236,620)
Total expected outflows	(102,347)	(236,620)	-	-	(102,347)	(236,620)
Financial assets - cash flows realisable						
Cash and cash equivalents	2,507,189	2,975,044	-	-	2,507,189	2,975,044
Held-to-maturity investments	2,000,000	3,000,000	-	-	2,000,000	3,000,000
Total anticipated inflows	4,507,189	5,975,044	-	-	4,507,189	5,975,044
Net (outflow)/inflow on financial instruments	4,404,842	5,738,424	-	-	4,404,842	5,738,424

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 2014		
+/- 1% in interest rates	45,071	45,071
Year ended 30 June 2013		
+/- 1% in interest rates	59,750	59,750

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 following 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.

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 16: MEMBERS GUARANTEE

The company is incorporated under the *Australian Charities and Not-for-profits Commission* 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 2014, the total amount that members of the company are liable to contribute if the company is wound up is \$10.00.

NOTE 17: 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
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 9 to 22, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
 - (a) comply with Australian Accounting Standards; and
 - (b) give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year 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 OAM
Chairman

Dated this day 14th of October 2014



GRANT FREDERICK LATTA AM
Chair, Finance, Audit and Risk
Committee

Dated this day 14th of October 2014

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. The Regional Australia Institute was established with the support of the Australian Government.