

ANNUAL REPORT 2018-19



**REGIONAL
AUSTRALIA**
INSTITUTE

TABLE OF CONTENTS

| | |
|----------------------------------|-----------|
| About us | 1 |
| Message from the Chairman | 2 |
| Report from the CEO | 3 |
| Our People | 4 |
| Our Work | 6 |
| Financial Statements | 18 |



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 2011 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 ongoing work.

MESSAGE FROM THE CHAIRMAN



As a proud regional Australian, it's a great privilege to present the Regional Australia Institute (RAI) Annual Report for 2018-19.

When the RAI was established just a short seven years ago, we wanted to make a difference for the nine million people who call regional Australia their home. It was about making real change. While much of what we do at the RAI is behind the scenes, I am confident regional Australia is better off because it exists.

The past year has been one of transition for the RAI. We saw our former CEO Jack Archer step down after four years at the helm. His contribution to the organisation has been invaluable, and we wish him all the best with his future endeavours.

In early 2019, the RAI welcomed in a new leadership direction, with the appointment of co-CEOs, Liz Ritchie and Dr Kim Houghton. For more than seven years now, the RAI has promoted collaboration as a critical pathway to achieve better outcomes amongst regional stakeholders. We know our new co-CEO model will foster this process within our organisation, as we extend our reach across Australia.

This year, we have seen the increased influence the RAI is having on policy and regional issues with our documented impact on public debate, policy and decision making. Our Shared Inquiry Program completed its first year and has now entered its second.

It continues to bring new ideas and solutions to the table for alternative regional policy. This is a unique initiative that brings the states and the Commonwealth to the same table, to share the commonality of challenges across regional Australia, and come up with innovative solutions.

This past year, we saw the departure of two members of the RAI board, the Rt Hon. Ian Sinclair AM and Mr Tim Shackleton. Firstly, I would like to acknowledge the significant contribution inaugural Board member, Ian Sinclair has made to the establishment of the RAI. Ian brought a wealth of knowledge and experience to the board, and we greatly appreciate Ian's wisdom. I would also like to acknowledge Tim's extensive contribution, bringing in a West Australian perspective to broaden our knowledge base at the RAI.

Ms Rebecca Tomkinson has joined our Board. Rebecca is the Chief Executive Officer of the Royal Flying Doctor Service (Western Operation). Rebecca has held advisory roles across many sectors and is deeply committed to the development of regional Western Australia, where she was raised and educated. We welcome her to our Board.

I would like to thank my fellow directors, Christian Zahra, Prof. Annabelle Duncan and Grahame Morris for their support and commitment to the Institute this year.

Finally, I wish to thank our partners who invest in and collaborate with us on our work. Without you, none of this would be possible.

People are at the heart of regional communities, and when you have good people in your team, great things will happen. We would like to thank the staff and wish them all the best in the year ahead. This year has been a year of transition for the RAI, and we are excited to see what our next chapter brings – for the benefit of all regional Australians.

MAL PETERS

A handwritten signature in black ink, appearing to read 'Mal Peters', written over a white background.

REPORT FROM THE CO-CEOS



July 2018 to June 2019 has been a significant period of change for the Regional Australia Institute (RAI).

2018 was the first year in which the RAI's activities were underpinned by formal collaboration between the Commonwealth, all states and both territories. The collaboration covers both financial support and guidance on the RAI's research and policy activities. In late 2018 the outputs from the 2018 Intergovernmental Shared Inquiry Program began to be released publicly, and taken up by governments.

In December, Jack Archer announced his resignation as CEO. He helped lay a solid foundation for the RAI and we are very grateful for this as we embark on the next stage of RAI's journey. As an organisation, the RAI promotes the essence of collaboration as a critical pathway to achieve better outcomes for regional stakeholders. Now, we are fostering this within our own organisational design. With the support of the Board, Liz Ritchie and Dr Kim Houghton have taken up the roles of co-CEOs – an innovative model that focuses on collaboration. We are proud to foster a creative and adaptable culture at the RAI, and believe this leadership is the right design for the team.

With a new leadership team comes new opportunities, and the RAI has been capitalising on this. We are expanding our reach across the country through our new targeted people strategy that manifests itself in the Regions Rising event series.

The inaugural National Summit held in Canberra in April 2019 was a huge success. Over 250 stakeholders converged in Canberra, including representatives from all levels of government, community groups, regional leaders and advocates, businesses, and academia. We are proud to say more than 93 percent of survey respondents would encourage others to attend next year, and we look forward to realising the potential of this event series in the coming months and years.

The RAI has continued to roll out our Intergovernmental Shared Inquiry Program and has successfully renewed the partnerships in 2019, with the key themes of Regional Jobs and Mid-Sized Towns. We continue to approach our work with a focus on collaboration, ensuring we are out in the regions discussing what really matters to the people who call regional Australia home. They are, after all, at the core of our mission to change the narrative of regional Australia.

LIZ RITCHIE & DR KIM HOUGHTON

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



MS REBECCA TOMKINSON



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 Ngjare 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
Ms Kate Charters
Dr Chris McDonald
Ms Maree Parker
Ms Maxine Loynd

STAFF

Dr Kim Houghton, co-CEO
Ms Liz Ritchie, co-CEO
Dr Kylie Bourne, Lead Researcher
Dr Angela Lehmann, Lead Researcher
Ms Hayley Achurch, Senior Researcher
Ms Geraldine How, Researcher
Mr Richard Beaton, Senior Data Analyst
Mr Ben Walsh, Research Assistant
Ms Amanda Barwick, Editor-in-Chief
Ms Nina Davis, Graphic Designer
and Communications Assistant
Ms Julie Anderson, Business Manager

OUR WORK 2018-19

THE NUMBERS

34
BLOGS



REGIONS IN
TRANSITION

5
SUBMISSIONS



FUTURE OF
REGIONAL JOBS

4
MAJOR REPORTS



MID-SIZED TOWNS

2
ONLINE TOOLS

4

SHARED INQUIRY THEMES



2
REGIONS RISING EVENTS



2889
TWITTER
FOLLOWERS



2387
FACEBOOK
FOLLOWERS



1992
LINKEDIN
FOLLOWERS

47,184
WEB
VISITORS



9
E-NEWSLETTERS



1597
MEDIA
MENTIONS





The inaugural Regions Rising national events series in 2019 is specifically designed to lift and amplify engagement with our national market to ensure even better outcomes for regional Australia. It creates a national platform for regional leaders to engage directly with key industry representatives, government, political leaders and the community sector on the most important opportunities and challenges facing regions.

National Summit, Canberra, 4 April 2019

The theme of this year's Canberra summit was *Regional Futures* which captured the key issues impacting regional communities. Topics included: The Jobs of the Future; Population; Health; and Education.

Participants then contributed to a Regional Policy Hack, facilitated by experts to explore the key policy ideas. From these sessions, a collaborative and purposeful action list was delivered to both sides of government to consider for the future for our regions.

At the Regions Rising National Summit, the Hon Michael McCormack launched RAI's report *Future of Regional Jobs*.

Regional Policy Masterclass, Canberra, 5 April 2019

The Regional Policy Masterclass provided an opportunity for policy makers and regional leaders to contextualise and understand best practice in policy development. High level and experienced speakers shared their insights for advancing policy in Australia. Case studies were used to shed light on both good and bad examples, and the session also posed live policy problems that were workshopped through an action learning platform.

Regions Rising WA, Perth, 12 June 2019

The theme for Regions Rising WA was *Regional Economic Diversification and Jobs in WA*. The Minister for Regional Development, the Hon Alannah MacTiernan launched RAI's national report, *Regional Growth Prospects*.



#REGIONS RISING

**495
TWEETS**



**TRENDING No. 2
AUSTRALIA-WIDE**



>93%

**SURVEY RESPONDENTS
ENCOURAGE OTHERS TO
ATTEND NEXT YEAR**



**MEDIA COVERAGE REACHED
4 MILLION PEOPLE**

**250 ATTENDEES
28 SPEAKERS
2 DAYS**





In 2018, the RAI established an Intergovernmental 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. The program was renewed in 2019 with two key topics:

Regional Jobs

Since mid-2018, there have been growing signs of worker shortages in many parts of regional Australia. While there are some variations in the types of skills needed, competition between regions for workers in many professional and trade fields is increasing.

However, building from the work of the 2018 Shared Inquiry, the results have shown how different regional communities are adapting and changing to manage their workforce challenges. Grassroots initiatives have shown to be very effective at improving school completion rates, helping young people train on the job and stay in the region, as well as successfully linking workers to employers.

In 2019, the RAI's Inquiry will look at local and regional responses to workforce challenges. These include:

- Technology change and the impact it has on the size of the regional workforce, as well as the changing skills needed to meet the workforce demand.
- An examination of initiatives in which different regional communities are taking to improve the 'pathway into work' for school leavers, and job seekers.
- Better approaches for delivering education and training in 'thin' markets.
- An analysis of the labour market to explore why participation rate and 'employment culture' varies in different regional areas.
- A review of the expectations of regional job creation through the National Disability Insurance Scheme (NDIS), and the actions regions are taking to ensure there is a capable workforce available.
- An investigation of the healthcare and social assistance industry as the biggest source of job demand for regions in the future. This Inquiry will look at the mix of the public and private sector, high and low skill jobs in different places, as well as gaining an understanding of future demands in places of different socioeconomic characteristics.

Our research will not duplicate workforce development planning that is currently underway in many sectors but will instead focus of actions that are being taken to improve outcomes.



Mid-Sized Towns

Across the country, more than two million regional Australians live in a mid-sized town – these are towns that have between 5,000 and 50,000 residents.

The 2019 Inquiry will shine the spotlight on these communities to examine their importance from an economic perspective, as well as their future growth trajectories.

In recent years, the RAI has conducted significant work relating to Regional Cities and Small Towns. This new body of work – Mid-Sized Towns – will help fill the gap in evidence-based research relating to regional Australia.

In 2019, the RAI's Inquiry Program into Mid-Sized Towns will focus on the following themes:

- Understanding the types of mid-size towns we have in regional Australia – how they differ from each other in population size, in their main industries, and in their locations.
- What attracts people and businesses to these towns and what keeps them there.
- How a mid-size town plans its own economic growth – when is it best to specialise in an industry, and when it make sense to diversify the local economy.
- How important schools, health facilities, and community infrastructure are to the people living and working in mid-size towns. We will look at the kinds of facilities people can generally expect to find in these kinds of towns.

REGIONAL RESEARCH CONNECTIONS



To support the Shared Inquiry Program, the RAI partnered with four universities to establish Regional Research Connections in 2018. This partnership continued into 2019.

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 RAI and the Shared Inquiry Program.

Teams of researchers from these institutions and the RAI will continue to collaborate on the Shared Inquiry Program and associated research topics.



OUTCOMES SUMMARY

The 2018 Intergovernmental Shared Inquiry Program had three main themes for research and policy:

1. Regions in Transition
2. Future of Regional Jobs
3. Regional Towns and Cities.

Work on each of these themes has been finalised, with final reports prepared and feedback received. The RAI has begun publicly releasing work from the 2018 Inquiry Program.

The first few months of 2019 saw the RAI talking with jurisdictions about what to release, how and when. The RAI also discussed options for workshops in each jurisdiction to share and explore research findings with staff engaged in relevant policy challenges. The sensitive nature of some content meant that there was more in the research than can be included in the written reports, and this can be covered in interactive workshops. This includes the ability to take the research findings and review the implications for current policy, and policies being developed.

In addition to the Shared Inquiry Program work, the RAI has been working with the Queensland Government on strategies for transition in the North West Minerals Province, and on aspects of the Building Our Regions program. The RAI has been working with Western Australia on agribusiness and broadband issues in rural areas, and with South Australia on regional entrepreneurship. The RAI worked with NSW in 2018 on minimum service standards for regional services programs.

1. Regions in Transition

Work of the Regions in Transition theme was completed under the leadership of Dr Kylie Bourne, supported by then RAI General Manager Policy and Research Dr Kim Houghton.

Policy relevance

The work on transition packages provided jurisdictions with a comparable snapshot of current approaches across Australia, and lessons from Australia and overseas about what kinds of packages work in different circumstances. The work also provided detailed case studies of the legacy of packages in six places, clarifying the aspects of each package that had the most impact on each place.

The procurement work showed the extent to which different jurisdictions sought to use procurement as a tool for economic development. It was designed to help refine approaches to using procurement more overtly for economic development, setting out requirements of agencies and tenderers, and is a useful resource for jurisdictions currently reviewing procurement policies.

The work on collaboration showed agencies dealing with regions what capabilities they need internally, and what capabilities are needed in the regions, in order to make collaborative approaches to regional development work well. It was designed to support interest nationally in exploring the circumstances and challenges that are better suited to collaborative approaches than the more traditional competitive grants approach to regional development grant funding.

1.1. Effectiveness of Transition Packages

The main findings were that historically, policy efforts in Australia have not demonstrated a nuanced or integrated approach to place. Although there are exceptions, policy efforts have tended to focus on the administration of programs rather than on tracking or building capacity in a place towards longer term

outcomes. Where transition packages are designed without community input, they are unlikely to have a positive legacy, even where government officials are satisfied with the administration of the intervention. While there is often no direct, linear relationship between an intervention and its impact, place-based transition packages may still play a role in supporting regions undergoing structural adjustment.

1.2. Procurement Practices and Regional Development

The main findings were that there is no single 'best practice' way to use procurement to achieve regional development outcomes. Procurement practices can and should be designed to suit a variety of regional development goals. This includes a consideration not only of the capacity of regions as suppliers of goods and services but also of the capacity of governments to effectively design, target and implement procurement practices to achieve strategic outcomes. However, the report found that procurement policies work best as a tool in a considered, broader approach to stimulating regional economic growth rather than as the sole policy lever.

1.3. Competitive and collaborative approaches to funding regional economic development

A report was completed by the RAI's Dr Leonie Pearson into strengths, weaknesses, benefits and requirements of collaborative approaches to regional economic development funding. The main findings were that collaborative approaches are better suited to addressing medium to long term challenges than competitive grant rounds. Evidence from Europe shows collaborative approaches can be quite successful, though they require investment in capability building both for recipients as well as the governments that run them. Collaborative approaches require longer lead times and high level endorsement from both governments and communities to work effectively.

2. Future of Regional Jobs

Work on this Inquiry theme was divided into three aspects:

- 1.** Future Work and Regional Workforce Development
- 2.** International Migration and Job Creation
- 3.** Growth prospects for Agribusiness, Manufacturing, Tourism and Creative Industries

Research was done by the RAI team along with contributions from Southern Cross University and RMIT.

Policy relevance

The work on workforce development demonstrated the significant regional variation in key human capital indicators like school completion rates, VET and tertiary qualification rates. It drilled down into why there have been improvements in a selection of regions where school completion rates improved significantly between 2006 and 2016. The research gathered these and other case studies of regions that have taken their own action to improve the school to work transition process. The case studies showed how determined regions can be in dealing with a system that they see as not delivering adequate outcomes for them, and describes the kinds of initiatives they are taking. The research also mapped out regional job vulnerability to automation, enabling policy makers to see clearly which areas are most at risk. Complementing this job loss analysis, the research also provided policy-makers with analysis of the nature and scale of current job vacancies in regions and projected trends. This analysis showed a steady increase in vacancies across most skill levels in some regions, highlighting an impending round of intense competition for similar workers from various regions.

The research on international migration and job creation provided evidence to support the economic role of international migrants in regions – in this case as job creators. It highlighted the diversity of industries in which migrants run businesses in different types of regions, and the extent to which they employ others. This information can be used to tailor business programs and policies to business owners in particular industries and places to enhance job growth opportunities.

The growth prospects research showed policy-makers which local government areas in their jurisdiction are most and least primed to benefit from growth in four industries (Agribusiness, Manufacturing, Tourism and Creative Industries). An important policy consideration was whether to invest in historically underperforming places or to catalyse further growth in places with demonstrated competitive advantage. This work helped this

decision by identifying places where these industries matter for job creation, and the scale of potential impact from either course of action. The review helped policy-makers decide which kinds of approaches are likely to be most effective in the circumstances impacting on these industries in their jurisdiction

2.1. Future Work and Regional Workforce Development

This component looked into regional variations in school completion rates, VET and tertiary qualifications in young age cohorts and included some case studies investigating places where one or more of these important foundations has seen improved performance in recent years. The case studies examined what has happened locally to influence these indicators. In parallel, RMIT did further quantitative work as well as profiled a wider range of community responses to the 'pathway to work' challenge. The aim was to document community-led responses to the challenge of having an effective local workforce system that works well for the main participants: young people, jobseekers, trainers, schools and employers.

The work found that there is considerable variation across Australia, even across regional Australia, in terms of the rate of students completing Year 10 and Year 12 – especially when looking at the recent cohort of those aged 20-24. A series of descriptive case studies was prepared, looking more closely at places that have shown major improvements in completion rates since 2006. These case studies described the locally-driven initiatives that have underpinned these improvements.

2.2. International Migration and Job Creation

Southern Cross University completed its report *Evidence of Migrant Business Ownership and Entrepreneurship in Regions*, which was then reviewed as part of the Regional Research Connections agreement. The research examined the nature and scale of migrant business ownership. Key findings from the report included:

- Migrants not only fill jobs but create them;
- Migrants are more likely to be business owners in regions than in metro areas;
- Migrant business owners that employ others are more likely to be found in regional areas;
- Migrant businesses are highly diverse and go well beyond the hospitality industry; and
- Migrants share a desire to 'give back' to communities that embrace and support them.

2.3. Growth prospects for Agribusiness, Manufacturing, Tourism and Creative Industries

The RAI completed analysis of the distribution of capability in these four industries across Australia. This quantitative work was supported by a review by RMIT of the types and effectiveness of policy interventions designed to accelerate employment growth in these industries by different jurisdictions in Australia.

The analysis showed specific regions which specialise in each growth industry and are therefore where industry growth is most important for local job creation. It also pointed to shifts in regional employment across the four industries. For example, in food and agribusiness, jobs in the processing sub-industry have shifted towards metropolitan and surrounding areas, rather than the place where the products are grown and the number of processing jobs has overtaken the number of production jobs nationally. In tourism, popular or well-known sites are not necessarily those which will benefit most from industry growth. Advanced manufacturing and creative industries are more strongly represented in metropolitan areas. However, there are a number of tight concentrations of jobs in these industries in regional Australia designed to accelerate employment growth in these industries by different jurisdictions in Australia.

3. Regional Towns and Cities

This work examined the national economic impacts of changed settlement patterns which involve relatively more growth in regional cities and less at the fringes of Australia's capital cities. The work was led by then RAI CEO Jack Archer in partnership with UniSA and SCU.

Findings & Policy Relevance

The work on future Australian settlement patterns examined likely economic outcomes from shifting a proportion of future population growth from outer suburbs of Melbourne, Sydney, Brisbane and Perth to connected regional cities. Scenarios of 5-20 percent of future population growth shifting to these places were modelled. The aim was to better inform the conversation about what a more distributed population growth pathway might mean for the nation.

Outer suburbs of major cities and nearby regions have very similar economic outcomes in terms of income, employment rates, and productivity. Outer suburbs are due to experience the most significant growth pressures to 2050 while nearby regions will experience more modest levels of growth under a 'business as usual' scenario. Modelling a series of future scenarios for each city reveals net gains from shifting a portion of future population growth to nearby regions and connected regional cities. This could significantly reduce congestion pressures that will see commutes rise in our largest cities, while maintaining future income and employment levels.

The project also developed new quantitative assessment of 'agglomeration economies' in Australia, revealing diminishing returns for our largest city and overall a very modest impact on national growth. This is despite the centrality of agglomeration to policy debate about the importance of prioritising metropolitan growth over regional development. This is significant new evidence that challenges some key assumptions in policy.

The future population debate is arguably the most important public policy discussion underway in Australia right now. The public release and concurrent briefings for policy makers on the work informed the current national debate on decentralising population growth, making the economic case for examining at the state and Commonwealth level how planning, infrastructure and supporting policies can alter the balance of future growth between outer suburbs and connected regions in our major cities. It enables a more informed debate on these issues in government, in cities and in regions, and supports detailed policy work underway on specific infrastructure options in each major, rapidly growing city. Regional development agencies can use this evidence in engaging in infrastructure and planning decisions, in cross government discussion of policy and in engagement in key growth regions about their futures.

RELEASES



Public Investment in Economic Development in Regional Australia

Report; July 2018

Regional Job Automation Pack

Job Vulnerability Data Tool, Occupations List document, methodology paper, *Job Vulnerability in Australia* Report; September 2018

Effectiveness of Place-Based Transition Packages – Preliminary Framework

Report; November 2018

Regional Jobs Vacancy Map

Online tool; December 2018

Evidence of Migrant Business Ownership and Entrepreneurship in Regions

Report; December 2018

Government Policy Pack

The Case for Collaboration report, *Government that Works for The Bush* report, *Public Procurement and Regional Development* Briefing Note; December 2018

National Population Plan for Regional Australia

Document; February 2019

Public Procurement and Regional Development Literary Review

Report; February 2019

A Healthy Check-up

Fact Sheet; March 2019

Effectiveness of Place-Based Transition Packages

Report; March 2019

Future of Regional Jobs

Report; April 2019

Our Regions Rising - Policy Hack Outcomes 2019

Document; May 2019

Regional Growth Prospects

Report; June 2019

SUBMISSIONS



Policy Briefing: Benefits of The Boom and A letter to Committee Chair

August 2018; Submission to House of Representatives Standing Committee on Industry, Innovation Science and Resources Parliament House

A submission to the Future Employment Services Review

August 2018; Submission to Expert Panel Future Employment Services Review

Contribution of migration to regional South Australia

September 2018; A submission to the parliament of South Australia's Economic and Finance Committee

Food processing strategic investment to build the economy in regional South Australia

November 2018; Submission to the Parliamentary Inquiry into the South Australian Livestock Industry

A National Population Strategy for Regional Australia

February 2019; Briefing for ALGA for COAG Treasurers' Forum on national population strategy

A letter to Strategic Regional Growth Expert Panel

March 2019; Submission to DIRDC Strategic Regional Growth Expert Panel



BLOGS



July 2018

Public investment in regional economic development

InSight into how your region is tracking

More than a growth plan - Limestone Coast Region Pathfinder

August 2018

Will the rise of machines change how you do your job in the future?

October 2018

Effectiveness of place-based transition packages

RAI welcomes Liz Ritchie to the team

National events series - Regions Rising 2019

Navigating the Cradle Coast Pathfinder

Getting a better deal for regions involved with mining

The RAI team is hiring a new leader, major research projects

November 2018

Breaking the myth - regional jobs on the rise

Advancing the rural migration initiative

Effectiveness of place-based transition packages - preliminary framework

Migrants as regional job creators

The regional economic impact of public hospital investment

December 2018

Regional migration toolkit - coming soon!

A new approach to regional policy in Australia

Lifting up South Australia's livestock industry

Job forecasts for regional Australia - where and what are they?

RAI launches new jobs tool - one click tells you where they are

NBN network in Alice Springs to generate more jobs

February 2019

Time to start seriously planning for a bigger and better regional Australia

One for the country - RAI's greatest hits - 2011 to 2018

Hot, hot and hotter: hot days and outdoor work in regional Australia

A new look InSight now available

Regions Rising 2019 - calling regional leaders

2019 Intergovernmental Shared Inquiry Program

May 2019

Regional Policy Hack results just released!

Unpacking housing affordability in regional Australia

Regional Jobs Update

June 2019

RAI joins ARLF to deliver new leadership program

Regional jobs - what's happening around the country?

Regional growth prospects report launched in Perth

How attractive is your regional town or city?



FINANCIAL STATEMENTS

**REGIONAL AUSTRALIA
INSTITUTE LIMITED
ABN 65 152 955 667
FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE 2019**





Your Directors present their report on the Institute for the financial period ended 30 June 2019.

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 | Resigned 18/9/18 |
| Christian John Zahra AM | Director | 22 September 2011 | |
| Timothy Walter Shackleton | Director | 24 August 2012 | Resigned 18/9/18 |
| Grahame Allan Morris | Director | 1 January 2017 | |
| Professor Annabelle Duncan | Director | 1 May 2017 | |
| Ms Rebecca Ann Tomkinson | Director | 1 April 2019 | |

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 on 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 on 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 this is a Shared Inquiry Program supported by the Australian Government and all states and territories. 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.

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 benefited from a significant short-term investment by the Australian Government as well as a range of corporate partnerships and projects with regions.

Secure longer-term agreements with the Australian Government and State Government partners helps the organisation to meet its ongoing objectives. The RAI has longer-term commitments from the Australian Government and a range of other partners to ensure the operations and contribution of the RAI to regional Australia can continue.

- **Operational and governance structures that are efficient and meet stakeholder expectations.**

Governance structures that reinforce the RAI's position as an independent, apolitical contributor to policy have been established. Internal policies and procedures to ensure appropriate transparency and manage the operations of the business 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**

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 on 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. We will proactively provide advice to governments and regional leaders on future policy options and the best approaches to implementation of their policies for regional Australia.

DIRECTORS INFORMATION

**Malcolm John Peters
OAM**

Director, Chairman

Experience

Former Chair, Northern Basin Advisory Committee MDBA; Past President, NSW Farmers Association; Inaugural Board Member, Australian Farm Institute; former director National Farmers Federation; Rural Assistance Authority; Border Rivers Catchment Management Authority and Agriculture Health Australia

Special Responsibilities

Chairman, Chair, Remuneration and Nomination Committee

**Rt Hon. Ian McCahon
Sinclair AC**

Director for part of 2019-19

Qualifications

BA, LLB,(Syd); Hon Docs UNE; SCU

Experience

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; Leader of the House; Speaker of the House of Representatives; Leader of the National Party; President Murray Darling Basin Commission.

Special Responsibilities

Member, Finance, Audit and Risk Committee

**Christian John Zahra
AM**

Director

Qualifications

B.Economics, M.Assessment and Evaluation, FAICD

Experience

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.

Special Responsibilities

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

DIRECTORS INFORMATION (cont'd)

Timothy Walter Shackleton

Qualifications

Director for part of 2018-19

Experience

BPE, Post Grad Dip Health Admin, GAICD
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

Experience

Director
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.

Special Responsibilities

Member, Finance Audit and Risk Committee from Dec 2018

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 was until recently 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

Rebecca Tomkinson

Qualifications

Experience

Bachelor's Degree in Community Development, Post Graduate Diploma in Public Policy and a Post Graduate Certificate in Social Impact
Rebecca is the Chief Executive Officer of the Royal Flying Doctor Service (Western Operation). Rebecca is also the Chair of the Wheatbelt Development Commission and serves on the Board of Perth Zoo and the Senate of Murdoch University. Rebecca has held advisory roles across a

number of sectors and is deeply committed to the development of regional Western Australia – where she was raised and educated

MEETINGS OF DIRECTORS

During the financial year, 4 meetings of Directors were held. 2 meetings of the Finance Audit and Risk Committee and 1 meeting of the Research Advisory Committee were also held. Attendances by each Director during the year were as follows:

| | Directors' Meetings | |
|------------------------------------|----------------------------------|------------------------|
| | Number eligible to attend | Number attended |
| Malcolm John Peters OAM (Chairman) | 4 | 4 |
| Rt Hon Ian McCahon Sinclair AC | 1 | 1 |
| Christian John Zahra AM | 4 | 4 |
| Timothy Walter Shackleton | 1 | 1 |
| Grahame Allan Morris | 4 | 4 |
| Annabelle Duncan | 4 | 3 |
| Rebecca Tomkinson | 0 | 0 |

| | Finance, Audit and Risk Committee Meetings | |
|--------------------------------|---------------------------------------------------|------------------------|
| | Number eligible to attend | Number attended |
| Christian John Zahra AM | 4 | 4 |
| Rt Hon Ian McCahon Sinclair AC | 2 | 2 |
| Grahame Allan Morris | 1 | 1 |

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

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 2019 has been received.

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

Director



Christian John Zahra
Chair Finance, Audit and Risk Committee
Dated this 13TH Day of September 2019

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



Rodney Miller
Partner

Canberra, Australian Capital Territory
Dated: 13 September 2019

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

| | | 2019 | 2018 |
|-------------------------------------------------------|------|------------------|----------------|
| | Note | \$ | \$ |
| Revenue | 2 | 2,338,143 | 2,309,749 |
| Depreciation and amortisation expense | | (11,008) | (5,654) |
| Board meeting and travel expenses | | (76,879) | (7,667) |
| Salaries, wages and directors fees | | (1,746,399) | (1,742,303) |
| Consulting expenses | | (24,700) | (50,682) |
| Other expenses | 3 | (899,310) | (344,229) |
| Research cost | | (17,282) | (38,551) |
| Profit/(loss) for the year | | (437,435) | 120,663 |
| Other comprehensive income | | - | - |
| Total comprehensive income/(loss) for the year | | (437,435) | 120,663 |

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 2019

| | Note | 2019 \$ | 2018 \$ |
|--------------------------------------|------|-------------------------|-------------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 4 | 1,120,437 | 1,659,483 |
| Trade and other receivables | 5 | 129,878 | 9,077 |
| Prepayments | 6 | 24,554 | 15,234 |
| TOTAL CURRENT ASSETS | | <u>1,274,869</u> | <u>1,683,794</u> |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 7 | 15,199 | 21,463 |
| Intangible assets | 7 | 614 | 1,048 |
| TOTAL NON-CURRENT ASSETS | | <u>15,813</u> | <u>22,511</u> |
| TOTAL ASSETS | | <u>1,290,682</u> | <u>1,706,305</u> |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 8 | 279,997 | 241,935 |
| Provisions | 9 | 59,448 | 64,079 |
| Other liabilities | 10 | 480,803 | 475,061 |
| TOTAL CURRENT LIABILITIES | | <u>820,248</u> | <u>781,075</u> |
| NON-CURRENT LIABILITIES | | | |
| Provisions | 9 | 11,501 | 28,862 |
| TOTAL NON-CURRENT LIABILITIES | | <u>11,501</u> | <u>28,862</u> |
| TOTAL LIABILITIES | | <u>831,749</u> | <u>809,937</u> |
| NET ASSETS | | <u>458,933</u> | <u>896,368</u> |
| EQUITY | | | |
| Retained earnings | | 896,368 | 775,705 |
| Current year earnings | | (437,435) | 120,663 |
| TOTAL EQUITY | | <u>458,933</u> | <u>896,368</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 2019

| | Retained earnings | Total |
|---------------------------------|----------------------|----------------|
| | \$ | \$ |
| Balance at 1 July 2017 | 775,705 | 775,705 |
| Surplus attributable to members | 120,663 | 120,663 |
| Balance at 30 June 2018 | 896,368 | 896,368 |
| Balance at 1 July 2018 | 896,368 | 896,368 |
| Deficit attributable to members | (437,435) | (437,435) |
| Balance at 30 June 2019 | 458,933 | 458,933 |

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 2019

| | Note | 2019 | 2018 |
|-------------------------------------------------------------------|-------------|-------------------------|-------------------------|
| | | \$ | \$ |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Receipts from members, sponsors and financial institutions | | 2,423,919 | 1,838,146 |
| Payments to suppliers and employees | | (2,982,861) | (2,379,872) |
| Interest income | | 24,206 | 36,915 |
| Net cash used in operating activities | 13 | <u>(534,736)</u> | <u>(504,811)</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Payment for property, plant and equipment | | (4,310) | (25,911) |
| Net cash used in investing activities | | <u>(4,310)</u> | <u>(25,911)</u> |
| Net decrease in cash held | | (539,046) | (530,722) |
| Cash and cash equivalents at beginning of the financial year | | <u>1,659,483</u> | <u>2,190,205</u> |
| Cash and cash equivalents at the end of the financial year | 4 | <u>1,120,437</u> | <u>1,659,483</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 2019

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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Institute.

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 statement 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 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property 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.

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 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Goods and services tax (GST) (continued)

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, 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 2019.

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 2019

| | 2019 | 2018 |
|------------------------------------------------|-------------------------|-------------------------|
| | \$ | \$ |
| NOTE 2. REVENUE AND OTHER INCOME | | |
| Government grants | 1,420,126 | 2,008,829 |
| Sponsorship, research and licencing fees | 530,959 | 220,485 |
| Interest received from investments | 24,206 | 36,915 |
| National event series | 287,951 | - |
| Other income | 74,901 | 43,520 |
| | <u>2,338,143</u> | <u>2,309,749</u> |
| NOTE 3. OTHER EXPENSES | | |
| Rental expense | 103,211 | 94,479 |
| Auditors' remuneration | 19,212 | 10,355 |
| IT expense | 38,985 | 38,849 |
| Insurance | 19,852 | 19,039 |
| Telephone | 22,752 | 25,458 |
| Flights and accommodation | 102,918 | 114,280 |
| Bookkeeping | 30,160 | 19,739 |
| University projects | 527,633 | - |
| Other | 34,587 | 22,030 |
| | <u>899,310</u> | <u>344,229</u> |
| NOTE 4. CASH AND CASH EQUIVALENTS | | |
| Cash at bank | <u>1,120,437</u> | <u>1,659,483</u> |
| NOTE 5. TRADE AND OTHER RECEIVABLES | | |
| Trade receivables | 123,001 | 2,200 |
| Rental bonds receivable | 6,877 | 6,877 |
| | <u>129,878</u> | <u>9,077</u> |
| NOTE 6. PREPAYMENTS | | |
| Prepayments | <u>24,554</u> | <u>15,234</u> |

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

| | 2019 | 2018 |
|----------------------------------------------|----------------------|----------------------|
| | \$ | \$ |
| NOTE 7. PROPERTY, PLANT AND EQUIPMENT | | |
| Plant and equipment | | |
| Computer equipment | | |
| Computer equipment at cost | 65,282 | 64,503 |
| Less accumulated depreciation | <u>(55,254)</u> | <u>(45,047)</u> |
| | <u>10,028</u> | <u>19,456</u> |
| | | |
| Leasehold improvements | | |
| Leasehold improvements at cost | 2,017 | 2,017 |
| Less accumulated depreciation | <u>(580)</u> | <u>(379)</u> |
| | <u>1,437</u> | <u>1,638</u> |
| | | |
| Furniture and fittings | | |
| Furniture and fittings at cost | 3,985 | 455 |
| Less accumulated depreciation | <u>(251)</u> | <u>(86)</u> |
| | <u>3,734</u> | <u>369</u> |
| | | |
| Total property plant and equipment | <u>15,199</u> | <u>21,463</u> |
| | | |
| Intangible assets | | |
| Website development | | |
| Website development at cost | 33,326 | 33,326 |
| Less accumulated amortisation | <u>(32,712)</u> | <u>(32,278)</u> |
| Total intangible assets | <u>614</u> | <u>1,048</u> |

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 |
|---------------------------------------|---------------------------|----------------------------|-------------------------------|-------------------------------|----------------------|
| | \$ | \$ | \$ | \$ | \$ |
| 2019 | | | | | |
| Balance at the beginning of the year | 19,456 | 1,048 | 1,638 | 369 | 22,511 |
| Additions | 779 | - | - | 3,531 | 4,310 |
| Depreciation and amortisation expense | (10,207) | (434) | (201) | (166) | (11,008) |
| Carrying amount at the end of year | <u>10,028</u> | <u>614</u> | <u>1,437</u> | <u>3,734</u> | <u>15,813</u> |
| | | | | | |
| 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 | <u>19,456</u> | <u>1,048</u> | <u>1,638</u> | <u>369</u> | <u>22,511</u> |

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

| | 2019 | 2018 |
|-----------------------------------------|-----------------------|-----------------------|
| NOTE 8. TRADE AND OTHER PAYABLES | \$ | \$ |
| Trade payables | 116,377 | 50,111 |
| Net taxes payable | 54,290 | 77,195 |
| Other payables | 109,330 | 114,629 |
| | <u>279,997</u> | <u>241,935</u> |

NOTE 9. PROVISIONS

CURRENT

| | | |
|------------------------------|--------|--------|
| Short term employee benefits | 59,448 | 64,079 |
|------------------------------|--------|--------|

NON-CURRENT

| | | |
|-----------------------------|----------------------|----------------------|
| Long term employee benefits | <u>11,501</u> | <u>28,862</u> |
| | <u>70,949</u> | <u>92,941</u> |

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.

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 | <u>480,803</u> | <u>475,061</u> |
|----------------------------|-----------------------|-----------------------|

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.

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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.

| | 2019 | 2018 |
|---------------------------------------|----------------|----------------|
| Key management personnel compensation | \$ | \$ |
| - short-term benefits | 319,315 | 267,417 |
| - post-employment benefits | 6,882 | 21,046 |
| | 326,197 | 288,463 |
| | 326,197 | 288,463 |

NOTE 13. CASH FLOW INFORMATION

Reconciliation of cash flows from operations with profit after income tax

| | | |
|-------------------------------------------|------------------|------------------|
| Profit after income tax | (437,435) | 120,663 |
| Non cash flows | | |
| Depreciation and amortisation | 11,008 | 5,654 |
| Changes in assets and liabilities | | |
| (Increase) in trade and other receivables | (120,801) | (2,200) |
| (Increase) in prepayments | (9,320) | (6,661) |
| Increase in trade and other payables | 38,062 | 19,493 |
| (Decrease) in other liabilities | 5,742 | (668,729) |
| Increase in provisions | (21,992) | 26,969 |
| | (534,736) | (504,811) |
| | (534,736) | (504,811) |

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 AASB9 as detailed in the accounting policies to these financial statements, are as follows:

| | Note | | |
|------------------------------------|-------------|------------------|------------------|
| Financial assets | | | |
| Cash and cash equivalents | 4 | 1,120,437 | 1,659,483 |
| Total financial assets | | 1,120,437 | 1,659,483 |
| Financial liabilities | | | |
| Trade and other payables | 8 | 279,997 | 241,935 |
| Total financial liabilities | | 279,997 | 241,935 |

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.

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 14. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

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 are in accordance with approved board policy.

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 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 | |
|-------------------------------------------------|---------------|-----------|--------------|------|-----------------------------|-----------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Financial liabilities due for payment | | | | | | |
| Trade and other payables | (279,997) | (241,935) | - | - | (279,997) | (241,935) |
| Total contractual outflows | (279,997) | (241,935) | - | - | (279,997) | (241,935) |
| Total expected outflows | (279,997) | (241,935) | - | - | (279,997) | (241,935) |
| Financial assets - cash flows realisable | | | | | | |
| Cash and cash equivalents | 1,120,437 | 1,659,483 | - | - | 1,120,437 | 1,659,483 |
| Net inflow on financial instruments | 840,440 | 1,417,548 | - | - | 840,440 | 1,417,548 |

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 14. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 2019 | | |
| +/- 1% in interest rates | 8,404 | 8,404 |
| Year ended 30 June 2018 | | |
| +/- 1% in interest rates | 14,175 | 14,175 |

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 2019, 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
ABN 65 152 955 667
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 2019 and its performance for the financial year ended on that date; and
- There are reasonable grounds that the Institute will be able to pay its debts as and when they become due and payable.

On behalf of the Directors



MALCOLM JOHN PETERS OAM
Chairman

Dated this day 13 September 2019



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

Dated this day 13 September 2019

A BIG THANK YOU TO OUR WONDERFUL PARTNERS

Government Partners



Research Partners



Media Partners



Regions Rising National Series Platinum Partners



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.