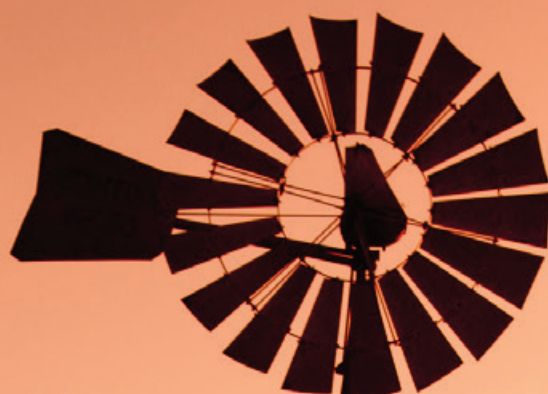


Annual Report

2015-16



**REGIONAL
AUSTRALIA**
INSTITUTE



About us

The Regional Australia Institute (RAI) exists to create a vibrant future for regional Australia – for the benefit of all Australians.

Informed by both research and on-going dialogue with communities, we work together with regions to provide information, thought leadership and to develop strategies for a prosperous future.

We won't stop until we have an informed and connected community, a stronger and more sustainable economy and a better quality of life in our regions.



KNOWLEDGE



POLICY



PRACTICE

SOLUTIONS FOR OUR REGIONS

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Message from the Chairman



I'm pleased to present you with the Regional Australia Institute's (RAI) 2015/16 Annual Report.

The past twelve months have been critically important for the RAI. We have significantly reduced our reliance on the initial government seed funding, extended the RAI's influence across all levels of government and delivered a range of high impact research, policy and practical outcomes.

The RAI's forward thinking and practical approach to its work is essential to our relevance to people in regional Australia. The increasing focus on practical approaches and building relationships means that the RAI enjoys growing support and clear differentiation from other groups with an interest in regional development.

In this Annual Report you will see a wide range of examples demonstrating this. I strongly encourage you to share these success stories, so as many regional people as possible can benefit from the transformational work the RAI is doing in partnership with public and private sector organisations.

In 2015-16 the RAI stepped up its policy program and defined a new approach to regional issues. Our team worked to craft a new Research Agenda to guide our work for the next 3 years on the big issues for regional development. Finally, we launched Pathfinder and Regional Accelerator Programs to help regional leaders get on the front foot as changes occur in their local communities.

All this good work represent the 'hard yakka' needed to build new, stronger foundations for the future of regional people.

I would like to particularly thank the RAI's growing list of public and private sector partners, whose contribution enables us to do our important work.

My fellow Directors have also be instrumental. This year we said many thanks and farewell to Mr Grant Latta who has made a stellar contribution as a Founding Member and Director of the RAI. We are fortunate to have been able to welcome Mr Grahame Morris to the RAI Board and are benefiting greatly from the experience of policy and regional issues that he brings to the organisation.

In 2015-16, the RAI continued to build its impact for regional Australia. We are the only national organisation that provides an independent and informed perspective on regional policy issues. This work is crucial to the future of regional Australia and I encourage you to be a part of it.

Mal Peters



Report from the CEO



It's a pleasure to bring together a year's worth of hard work for regions and my first as CEO of the Regional Australia Institute in this annual report.

My first priority as CEO has been to deepen the organisations relationships with our key stakeholders – regions and government. RAI can only do its work if people in government and in regions are prepared to share their real challenges and engage with our team and our ideas.

The number of inquiries and requests for input from the three levels of government and regional organisations has steadily increased in number and substance over the course of this year. This is enabling the RAI to support good decision making and seed new ideas far beyond the breadth of work we have published and our engagement in public debate and formal inquiries.

A key focus of this year has also been the development of new partnerships to reduce our long term reliance on the Australian Government for financial support. We have signed on as partners leading corporate brands in Australia including Google, the Queensland Government, Rural Bank, Vodafone, Bendigo Bank and the NBN Co. just to name a few.

The team and I appreciate the confidence these partnerships show in our capabilities as an organisation and contribution to regional issues. We will look to deepen and extend these partnerships in the coming year and also bring new partners into the mix.

Overall, I am very proud of the work of the team and our supporters in harnessing their knowledge and experience and adapting to a very challenging environment. Their application to the task has been incredible and keeps me motivated each day.

The primary motivation for all of us at the RAI however remains developing the economy that support the livelihoods for nearly 9 million Australians. Post mining boom, the situation for many regional areas has become more challenging.

There are real signs of regional frustration and disengagement in the result of the most recent federal election. Australia does not want to follow the UK and the US down the pathway of deep national economic and social divisions mostly associated with where you live and who you are.

The RAI's work can help Australia avoid this fate. We do this by helping governments to better understand regional issues and to develop policy solutions that can make a real impact at the local level.

We also – through our advice and engagement, publications data and resources and new services such as Pathfinder and Accelerator - build the capacity and confidence of regions to lead their own development irrespective of the decisions that may or may not be made in Canberra.

Please join us in this effort in 2016-17.

Jack Archer

A handwritten signature in black ink, appearing to read 'Jack Archer', written over a horizontal line.





Knowledge

Project Highlights:

[IN]SIGHT – INNOVATION UPDATE

In June of this year the RAI partnered with Bendigo and Adelaide Bank to reveal a fresh approach to measuring innovation capacity in Australia. As an update to the RAI's [In]Sight theme analysis series, the report brings savvy business people into the spotlight, and allows regions to explore their innovation profile within the [In]Sight Index.

The [In]Sight Index contrasts old measures of innovation focused on research and development with the 'Business Dynamo' – the RAI's new approach to measuring the commercial innovation environment in each region. This report digs deeper into the numbers, highlighting the growth of vibrant and dynamic entrepreneurial communities in regional Australia and areas where conditions are ripe for innovation.

INNOVATION INDICATORS



TRADITIONAL MEASURES

Research & Development (R&D) and Science sub index



CONTEMPORARY MEASURES

Business Dynamo sub index



Science and engineering qualifications:

skills associated with technology-related industries



R&D managers:

management of new R&D processes, techniques and products



Registered research service providers:

develop products or services and translate technological developments into commercial opportunities



New businesses:

driving change, generating new knowledge and opportunities for innovation



Owner-managers:

building better business practices, efficiency and high quality products or services



Trademark applications:

business point of difference



Knowledge-intensive business services:

linking research and industry



Bendigo and Adelaide Bank

FOR MORE INFORMATION: www.regionalaustralia.org.au/home/innovation-insight-update/



SOCIAL INFRASTRUCTURE

With the support of the Department of Infrastructure and Regional Development, the RAI was able to delve into the topic of social infrastructure to better understand its importance in regional development. Surveys, interviews, case studies and a forum were held to learn how social infrastructure impacts on regional communities.

The final report found that although structures, services and process are its core, social infrastructure is more than bricks and mortar – it’s the social and collaborative processes that make it such a rich asset for communities.

In April the RAI held a Social Infrastructure Forum in Canberra with attendees from all over Australia, sharing social infrastructure survey results, insights and success stories. Presentation videos and toolkit materials from the forum can be found on the RAI website.

As part of the ongoing discussion, the RAI is exploring the long-term value of social infrastructure and building an evidence base to guide social infrastructure investment in regional Australia.



Australian Government
Department of Infrastructure
and Regional Development

FOR MORE INFORMATION:

www.regionalaustralia.org.au/home/our-current-work/projects/social-infrastructure/

CITY DEALS: REPORT

In April of this year the RAI released the Deal or No Deal: Bringing Small Cities into the National Cities Agenda report. The report highlighted the growth potential of our smaller cities where little effort has been made to harness their collective potential, despite boasting a higher growth rate than our major cities between 2002 and 2010.

The report highlights five key ingredients that must be identified by each city in order to deliver on their growth potential. The report also proposed a Regional City policy, where a negotiated agreement is made between governments and a city, that give the city responsibility for decisions that support businesses, create economic growth and determine how public money is spent in their area.

If successful, baseline projections show that by 2031 small cities could be contributing an additional 9.8 per cent to national output growth.



Regional cities house 4.5 million people = New Zealand

FOR MORE INFORMATION:

www.regionalaustralia.org.au/home/2016/04/deal-no-deal-bringing-small-cities-national-cities-agenda/



Other Projects:

[IN]SIGHT

Following updates to the [In]Sight: Regional Competitiveness Index, ten theme analysis papers were released exploring the areas of economic fundamentals, labour market efficiency, business sophistication, human capital, infrastructure and essential services, institutional foundations, innovation, technological readiness, demography and natural resources in our regions.

These ten themes were identified as 'Australia's 10 Greatest Competitiveness Challenges'. Once we can meet these, we can work towards building a prosperous regional Australia.

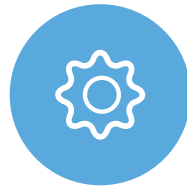
THEMES OF COMPETITIVENESS



**ECONOMIC
FUNDAMENTALS**



**LABOUR
MARKET
EFFICIENCY**



**BUSINESS
SOPHISTICATION**



**HUMAN
CAPITAL**



**INFRASTRUCTURE
& ESSENTIAL
SERVICES**



**INSTITUTIONAL
FOUNDATIONS**



INNOVATION



**TECHNOLOGICAL
READINESS**



DEMOGRAPHY



**NATURAL
RESOURCES**

FOR MORE INFORMATION:

www.regionalaustralia.org.au/home/tools-and-products/insight/



THE ECONOMIC CONTRIBUTION OF REGIONS TO AUSTRALIA'S PROSPERITY

This Talking Point aimed to stimulate a discussion surrounding the regional Australian economy; including the scope of the opportunities and challenges regions face in a time of uncertainty, and the role that regions can take in driving national prosperity.

The paper showed that, despite what is commonly assumed, regions outside our major cities are an important source of economic growth for Australia as a whole; accounting for over a third of industries and at the forefront of output per worker in over a third of the industries.

FOR MORE INFORMATION:

www.regionalaustralia.org.au/home/2015/12/the-economic-contribution-of-regions-to-australias-prosperity/

COLES AND A PROSPEROUS REGIONAL AUSTRALIA

At the request of Coles the RAI examined the relationship between their business and regional Australia, with a focus on nine regions.

Coles was seeking to better understand the contribution of its business to particular regions, so that it could build on it over time. The report identified a number of areas where they could contribute in the future; including increasing employment, innovation and investment in regional industry, and targeting social investment initiatives. If the Coles Group can respond to the economic and social context of each region, it could enhance its contribution to each of these areas.



FOR MORE INFORMATION:

www.regionalaustralia.org.au/home/2015/11/coles-and-a-prosperous-regional-australia/



Policy

Project highlights:

THE FUTURE OF REGIONAL AUSTRALIA: CHANGE ON OUR TERMS

The Regional Australia Institute has been working with government, researchers, development practitioners and the community to consider the central questions about the future of regional Australia.

It has become evident that no true consensus exists as to how to develop regions. Yet there is a growing agreement that the approaches pursued in the past, whilst well-intended, were failing to yield the desired outcomes.

This led the RAI to consider the wider history around regional development theory and practice and its relevance to the broader regional context. The intent of this paper is to start a discussion that reshapes the way we think, plan and act in our regions.

The RAI recognises that many of the themes in this paper may challenge traditional policy practice and discourse. The nature of the discussion is based on the future being increasingly divergent from the past and that traditional practice may need to be challenged.

The RAI has prepared this paper in conjunction with Adjunct Professor Tony Sorensen. It explores the frustration felt by many with regard to outcomes of regional policy and considers a shift in thinking about the future of regional development.

FOR MORE INFORMATION:

www.regionalaustralia.org.au/home/2015/11/future-regional-australia-change-terms/

DELIVERING BETTER GOVERNMENT FOR THE REGIONS

Over the past four decades, public sector processes have failed to reduce the disadvantages evident in regional Australia, despite a booming economy and a rising quality of life across the nation as a whole. The task for current and future generations of Australians is to acknowledge these difficulties and then move on to develop and implement government processes that produce better regional outcomes.

FOR MORE INFORMATION:

www.regionalaustralia.org.au/home/2015/11/delivering-better-government-for-the-regions/



REGIONS AND THE NEW ECONOMIC AGENDA: Speech by Jack Archer, CEO, Regional Australia Institute

Contrary to popular belief, regions and regional Australians are not hapless victims of change.

However, for forty years we've seen the areas beyond our major cities as just that. Victims of change they can't control and don't possibly have the capacity to deal with. A group to be pitied and saved by those of us lucky enough to live in the big cities.

This negative narrative, fuelled by a relentless focus on stories of hardship, has infected the way we view 40 per cent of our economy and the home for 8.8 million Australians. A place which employs one third of the Australian workforce.

The result has been a self-fulfilling cycle of negative stories that have empowered rent seekers and driven a succession of reactionary, centrally designed policy 'solutions' that simply don't work for the diverse set of regional economic challenges we face.

Forty years of successive governments applying poorly informed, centralised solutions to diverse regional economic challenges.

And despite this policy failure, regional Australia has made a surprising and formidable contribution to the nation's economy. In fact, without its contribution, Australia's economy would contract to the size it was in 1997.

There is a considerable economic opportunity on the table for Australia's future, if we can get the policy and the governance right!

Regional success is built on a balance of local ingenuity and proactivity, and informed, consultative state and federal leadership.

It's time to get back to backing this capacity.

We need to lift expectations; about what our economy can do, what government can do, and what regional people can and are already doing.

It's time for a period of change on our own terms.

FOR MORE INFORMATION:

www.regionalaustralia.org.au/home/2015/12/jack-archers-speech-at-launch-of-new-economic-agenda/

Practice

Project Highlights:



Centre: Regional Online Heroes Winner 2015, Alison Shaw, Tambo Teddies

REGIONAL ONLINE HEROES

In collaboration with Google, the RAI launched the first ever Regional Online Heroes competition in search of the top ten small and medium regional businesses using the Internet to grow. The successful applicants were flown to Google's HQ in Sydney for an exclusive growth master class. The competition proved to be hugely popular, as demonstrated by the 170 received entries.

Alison Shaw and her business Tambo Teddies in Queensland was awarded the overall winner. Competition Judge and the then Deputy Prime Minister and Minister for Infrastructure and Regional Development, the Honourable Warren Truss, commented that the initiative was very much in line with the Government's innovation agenda, and that the competition was an excellent opportunity to shine a light on regional innovation.



FOR MORE INFORMATION:

<http://regionalaustralia.org.au/regionalonlineheroes/>



SOUTHERN INLAND REGIONAL ACCELERATOR

In partnership with Regional Development Australia Southern Inland (RDASI), the RAI piloted an intensive, accelerated business and growth development program. The Southern Inland Regional Accelerator (SIRA) program worked with high growth potential small and medium enterprises (SMEs) in the region, providing mentoring and workshops to activate growth.

RDASI Executive Officer, Garry Lane made the comment that:

“SIRA brought together businesses from a range of industries; technology, education, retail, creative arts, hospitality and more... Collaborating and sharing ideas was a major advantage of the program. All participants were able to develop plans for growth and realise that while their businesses are different, they all have the opportunity and motivation to do well right here in the Southern Inland.”

**REGIONAL
ACCELERATOR**
SOUTHERN INLAND



FOR MORE INFORMATION:

www.regionalaustralia.org.au/home/tools-and-products/regional-accelerator/





Other Projects:

NAMOI PATHFINDER PROJECT

The Pathfinder Initiative aims to combine the knowledge and experience of local leaders and stakeholders with the analytical capability of the RAI, to help communities take steps in realising and achieving their full potential.

The Namoi region of NSW was the first to partake in the initiative, at the request of the Namoi Joint Organisation of Councils (JOC). The project identified that by focusing efforts on the appropriate 'Future Factors' the region could secure \$250 million in additional economic growth. If commodity cycles and urbanisation trends favour the region, this upside could be as high as \$900 million.



FOR MORE INFORMATION:

www.regionalaustralia.org.au/home/our-products-tools/pathfinder-initiative/

DIGITAL FUTURES REPORT: A CASE STUDY OF THE NORTHERN INLAND REGION

In partnership with Vodafone, the RAI sought to identify opportunities for the NSW Northern Inland region (primarily focusing on Armidale and Tamworth) to promote regional development through better access to, and engagement with, communications technologies.

The report presents an overview of the current state of telecommunications in the Northern Inland region and identifies the vast amount of work already being done to improve the region's access and engagement. It also includes recommendations on how the region can continue to grow, prosper and improve connectivity through collaboration and the use of communications technologies.



FOR MORE INFORMATION:

www.regionalaustralia.org.au/home/2016/04/digital-futures-report-case-study-northern-inland-region/



CAN REGIONAL AUSTRALIA MAKE IT IN ASIA FORUM

In September, the RAI hosted a forum in Canberra to discuss practical advice from international experts about how regions can make the most of Asia's economic expansion. A panel discussion with National University of Singapore Professor, Henry Yeung, Smart Specialisation expert from the European Union, Carlo Gianelle, and Tamworth Regional Council Mayor, Cr. Col Murray, emphasised the importance of Asian market opportunities for regional Australia and the key skills and tools required to engage with them successfully – particularly in tourism, agriculture and manufacturing sectors.

FOR MORE INFORMATION:

www.regionalaustralia.org.au/home/our-products-tools/pathfinder-initiative/

MAKE THE MOVE: INNOVATION WATCH

Innovation Watch is our ongoing project to find and share ideas about successful community-led development in Regional Australia.

Between 2006 and 2011, regional Australia's population increased by more than half a million people. The average annual population growth rate for this period was 1.4 per cent. Our 'Make the Move' project identified the innovative things regional communities have been doing to help drive this growth. We collected examples right across the country - from vibrant regional cities like Cairns in Queensland to small rural towns like Wirrulla in South Australia. Although each example is unique, four key strategies emerged - proving practical insights for other communities looking to encourage people to make the move to their region.

FOR MORE INFORMATION:

www.regionalaustralia.org.au/home/tools-and-products/innovation-watch/



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)**



MR TIM SHACKLETON



MR CHRISTIAN ZAHRA



RT HON IAN SINCLAIR AC



PROFESSOR SANDRA HARDING



**MR GRANT LATTA AM
(RESIGNED 12/1/16)**



**MR GRAHAME MORRIS
(APPOINTED 1/1/16)**

FELLOWS

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

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

THE RESEARCH ADVISORY COMMITTEE

The Research Advisory Committee assists 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, and that it is within our capacity and is of a quality that can be recommended to the Board for consideration and endorsement.

- Professor Sandra Harding (Chair)
- Professor Andrew Beer
- Professor John Tomaney
- Mr Tim Shackleton

STAFF

This year saw new skills and areas of expertise brought into the team. Our staff members join the RAI from a range of policy, advocacy, research and development backgrounds and are committed to a vision of a vibrant future for regional Australia.

- Jack Archer, Chief Executive Officer
- Julie Anderson, Business Manager
- Kim Houghton, General Manager Research and Policy
- Samantha Neal, National Communications and Marketing Coordinator
- Tai Nguyen, Researcher
- Leonie Pearson, Leader, Major Research Projects (Economist)
- Morgan Rennie, Leader Innovation Watch and Community Projects
- Shannon Rennie, Digital Media and Communications Coordinator
- David Spear, General Manager Partnerships and Communications;
- Chris Swan, Leader, [In]Sight and Data Projects
- Ben Vonthethoff, Researcher

Upcoming work

The RAI will continue to focus its work around the agenda developed early in 2016. The agenda concentrates on five primary areas where regional Australia must be successful. These include: Regional Jobs of the Future, Great Small Cities, Small Town Change, Older and Successful and Regions in Transition.



REGIONAL JOBS OF THE FUTURE

The impact of technology on jobs is the most significant emerging issue for regions. Managing this change will be important and each region needs to be equipped with the necessary tools to adapt.

Over the next decade employment opportunities will change in both regional and metropolitan areas. 40 per cent of Australian jobs are at a high risk of being replaced by technology by 2035. 18.4 per cent may be eliminated entirely. Unskilled or low-skilled activities will come under the greatest pressure and 92.5 per cent of jobs in farming and forestry could be automated by 2035.

We know digital disruption will change the future of work in regional Australia, but it need not be a bad thing. Technological impacts on the workforce are becoming increasingly visible; efficiencies, reinvented supply chains, improved marketing, more direct customer engagement and a more disperse and collaborative workforce are emerging.

Building the capacity of regions to create new jobs, reskill workers and foster an entrepreneurial culture is the challenge we face. On a practical level, regional leaders require tools to introduce the discussion about the impacts and opportunities technology change can bring to their community. By offering a template that focuses the discussion at the local level, communities can begin to understand and own their digital future. Through this program, the RAI seeks to recognise and share the best strategies being used around Australia and internationally so our regions can harness digital technology.



GREAT SMALL CITIES

Thirty one regional cities including Tamworth, Wagga Wagga, Newcastle, Geelong, Bunbury, Port Macquarie and Townsville are now collectively home for 4.5 million Australians. This network of cities is well placed to pursue city style growth opportunities while maintaining the best elements of regional living.

Australia's major urbanisation trend since the 1970's has in fact been the rise of regional cities. Since 1971 regional city populations have grown at a rate of 8 per cent, four times the rate of growth for our major cities during the same period. In 2013 the economic output in our Regional Cities was on par with that of Finland. We also know regional city economies are diverse and resilient. These cities offer the benefits of urban living without the downsides of congestion, pollution and extreme property prices.

The RAI wants to identify how our regions can best develop great small cities and the benefits that will accrue across regional Australia and nationally. A framework to enable leaders to assess their city's progress against the success factors and attributes of a 'great small city', as well as mechanisms to improve areas where different cities require development, can help us achieve this goal.



SMALL TOWN CHALLENGE

In 1911 if you lived in regional Australia it was most likely in a town of between 200 and 500 people. By 2006 this was the least likely place for regional Australians to call home. Urbanisation and technology change have steadily reduced the need for a network of small regional towns. But small towns are the heart of regional Australia and people in small towns are creating a diverse set of futures for their communities.

Small regional towns are often great places to live but their economic future is challenged by a variety of forces. There is a growing need for small regional towns to identify ways in which they can take control of their future through development strategies that work. A mixture of technology and local innovation can help address the risks of decline, we also know volunteering, community skills and leadership can transform small places.

Australia needs to actively engage with the future of small communities, but we must be both realistic and honest about the challenges that many places face. 'To assist, the RAI is piloting an initiative called Innovation Watch, aimed at sharing stories of success from across regional Australia. By identifying effective local strategies and proven models of success, we can build a thriving small town network across Australia.



OLDER AND SUCCESSFUL

The ageing challenge is coming to regional Australia first. Already, there are 59 local government areas where levels of ageing are beyond the level predicted for Australia in 2050. However, while ageing is a national challenge, ageing can also be seen as one of the greatest signs of our nation's success.

Older Australians are a source of population growth for regional areas and regions are well positioned to continue to attract this demographic as they bring new wealth, experience and energy to communities. The Super Boomers in particular are transforming the way in which ageing plays out in regions. This demographic form 39 per cent of the regional workforce and will stay engaged in work longer than previous generations.

By examining the anticipated workforce, housing and consumption patterns in our oldest regions, tailored assessments and practical responses to the ageing challenge can be developed. This theme will not only establish a vision for an older regional Australia, but one that supports regional development and provides leadership in response to the national ageing challenge.



REGIONS IN TRANSITION

Regions in Australia are in the midst of a long-term economic transition reflecting the increasing dominance of services in the Australian economy. The global economy, technological change, the environment and population are all factors that are growing in complexity and unpredictability. This is placing pressure on traditional social and economic systems in regional Australia and is forcing regions to change whether they like it or not. To prosper into the future we need to shift our thinking on what matters to regions and empower them to make decisions and respond to change.

The question for regions is not whether we would prefer the world to be different or how we might prevent change from disrupting our practices. The question is, how do we position ourselves to achieve change on our own terms?

By identifying the regions that are most likely to perform well over the next 15 years regardless of economic conditions, those that will face volatility, those that are likely to be stable and areas most likely to face significant economic transition, we can build stronger communities.

We want to encourage regional leaders to assess the long term drivers of regional economies and establish a responsive agenda to help overcome emerging issues. It is through the development of smart regional development strategies that we can help regional leaders navigate vulnerabilities and pursue opportunities for their communities.

FOR MORE INFORMATION:

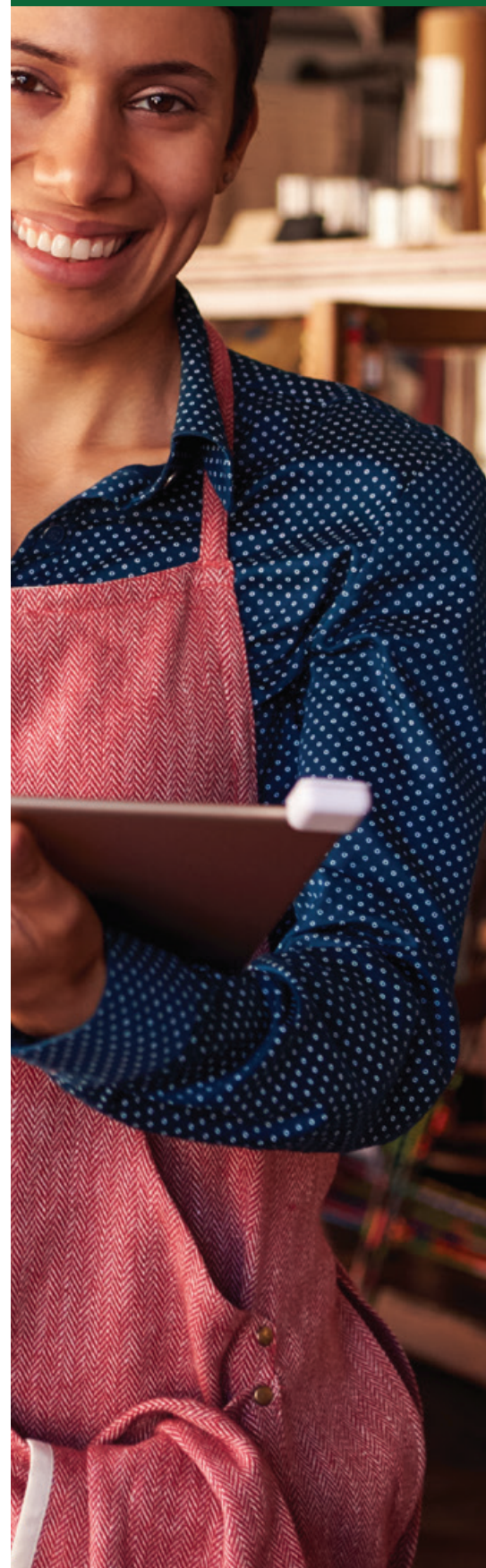
www.regionalaustralia.org.au/home/our-current-work/our-agenda/



Financial statements

MONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016



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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 2016.

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
Professor Sandra Lee Harding	Director	22 September 2011
Grant Frederick Latta AM	Director (Resigned 13 January 2016)	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
Grahame Allan Morris	Director	1 January 2016

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 that 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.

DIRECTORS' REPORT

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

The RAI has successfully initiated a range of corporate partnerships as well as projects with regions and State Governments in 2015-16. This is expected to continue to be a significant and growing source of support for our independent policy and research in the coming financial year.

However, the provision of further funding from the Australian Government is necessary for the organisation to substantially meet its objectives in this coming financial year and beyond. The RAI is actively seeking additional support from the Australian Government in 2016-17 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 are established. Internal policies and procedures to ensure appropriate transparency and manage the operations of the business are in place, including a Board Charter, delegations and operational policies.

LONG TERM OBJECTIVES AND STRATEGIES

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

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

DIRECTORS' REPORT

INFORMATION ON DIRECTORS

Malcolm John Peters OAM	Director, Chairman
<i>Experience</i>	Chair, Northern Basin Advisory Committee MDBA; Past President, NSW Farmers Association; Inaugural Board Member, Australian Farm Institute
<i>Special Responsibilities</i>	Chairman, Chair, Remuneration and Nomination Committee
Sandra Lee Harding	Director
<i>Qualifications</i>	BSc (Hons) ANU, MPubAdmin UQ, PhD NCSU, Hon Doc JIU, FACE, FQA, FAICD, FAIM
<i>Experience</i>	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; 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).
<i>Special Responsibilities</i>	Chair, Research Advisory Committee
Grant Frederick Latta AM	Director (Resigned 13 January 2016)
<i>Qualifications</i>	CPA, MBA, B.Bus, C.Eng., FAIM, AAIM, FAICD, AM
<i>Experience</i>	Executive Chairman of GCMCorp Pty Ltd, and Director of SunRice (Ricegrowers Limited), The Sealy Group and Coleambally Irrigation Co-operative Limited. Member of the Australian Competition Tribunal.
Rt Hon. Ian McCahon Sinclair AC	Director
<i>Qualifications</i>	BA, LLB,(Syd); Hon Docs UNE; SCU
<i>Experience</i>	Chairman of the Foundation 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.
<i>Special Responsibilities</i>	Member, Finance, Audit and Risk Committee
Christian John Zahra	Director

REGIONAL AUSTRALIA INSTITUTE LIMITED
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DIRECTORS' REPORT

Qualifications	B.Economics, M.Assessment and Evaluation, FAICD
Experience	Chief Executive Officer of Wunan Foundation, one of Australia's leading Indigenous organisations. Formerly 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 Director of Waardi Limited.
Special Responsibilities	Chair, Finance, Audit and Risk Committee, Member, Remuneration and Nomination Committee.

Timothy Walter Shackleton

Director	
<i>Qualifications</i>	BPE, Post Grad Dip Health Admin, AFACHSM, GAICD
<i>Experience</i>	Director Virtual Health, Chair Wheatbelt Development Commission, Chair Western Australian Regional Development Council, Director WA General Practice Education and Training.
<i>Special Responsibilities</i>	Member, Research Advisory Committee, Member, Remuneration and Nomination Committee.

Grahame Allan Morris

Director	
<i>Experience</i>	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.

REGIONAL AUSTRALIA INSTITUTE LIMITED
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DIRECTORS' REPORT

MEETINGS OF DIRECTORS

During the financial year, 5 meetings of directors were held. 2 meetings of the Finance Audit and Risk Committee and 1 meetings of the Research Advisory Committee were also held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Malcolm John Peters OAM (Chairman)	5	5
Professor Sandra Lee Harding	5	5
Grant Frederick Latta AM	3	3
Rt Hon Ian McCahon Sinclair AC	5	4
Christian John Zahra	5	5
Timothy Walter Shackleton	5	4
Grahame Allan Morris	2	2

	Finance, Audit and Risk Committee Meetings	
	Number eligible to attend	Number attended
Grant Frederick Latta AM	2	2
Christian John Zahra	2	2
Rt Hon Ian McCahon Sinclair AC	1	1

	Research Advisory Committee Meetings	
	Number eligible to attend	Number attended
Professor Sandra Lee Harding	1	1
Timothy Walter Shackleton	1	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 2016, the total amount that members of the company are liable to contribute if the company is wound up is \$10.00.

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, for the year ended 30 June 2015 has been received.

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

Director _____

Dated this 5 October 2016

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

AUDITOR'S REPORT

Intentionally left blank for audit report

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		\$	\$
Revenue	2	1,982,143	2,157,896
Depreciation and amortisation expense		(8,249)	(24,052)
Board meeting and travel expenses		(21,189)	(21,902)
Salaries, wages and directors fees		(1,350,582)	(1,405,000)
Consulting expenses		(306,173)	(200,933)
InSight expenses		(3,989)	(162,702)
Other expenses	3	(290,163)	(288,811)
Research cost		(1,798)	(54,497)
Profit for the year		<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 2016

	Note	2016 \$	2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	1,405,515	2,777,976
Trade and other receivables	5	25,397	42,500
Other current assets	6	-	9,806
TOTAL CURRENT ASSETS		<u>1,430,912</u>	<u>2,830,282</u>
NON-CURRENT ASSETS			
Property, plant and equipment	7	1,546	6,273
Intangible assets	7	-	3,522
TOTAL NON-CURRENT ASSETS		<u>1,546</u>	<u>9,795</u>
TOTAL ASSETS		<u>1,432,458</u>	<u>2,840,077</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	1,138,672	1,750,995
Provisions	10	49,614	105,042
TOTAL CURRENT LIABILITIES		<u>1,188,286</u>	<u>1,856,037</u>
NON-CURRENT LIABILITIES			
Other liabilities	9	234,899	974,998
Provisions	10	9,274	9,043
TOTAL NON-CURRENT LIABILITIES		<u>244,173</u>	<u>984,041</u>
TOTAL LIABILITIES		<u>1,432,459</u>	<u>2,840,078</u>
NET ASSETS		<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 CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Retained earnings	Total
	\$	\$
Balance at 1 July 2014	-	-
Surplus attributable to members	-	-
Balance at 30 June 2015	-	-
	Retained earnings	Total
	\$	\$
Balance at 1 July 2015	-	-
Surplus attributable to members	-	-
Balance at 30 June 2016	-	-

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 2016

	Note	2016 \$	2015 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members, sponsors and financial institutions		1,986,149	296,105
Payments to suppliers and employees		(3,403,566)	(2,131,688)
Interest income		44,957	110,786
Net cash (used in) / provided by operating activities	13	(1,372,460)	(1,724,797)
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		-	(4,416)
Net cash used in investing activities		-	(4,416)
Net increase/(decrease) in cash held		(1,372,460)	(1,729,213)
Cash and cash equivalents at beginning of the financial year		2,777,976	4,507,189
Cash and cash equivalents at the end of the financial year	4	1,405,516	2,777,976

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 2016

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.

Other revenue is recognised when it is received or when the right to receive the payment is established.

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 2016

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.

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax

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

Goods and services tax (GST)

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

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, revised or amending Accounting Standards and Interpretations adopted

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

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

NOTE 2. REVENUE AND OTHER INCOME

	2016	2015
	\$	\$
Revenue		
- Government grants	1,336,369	1,819,470
- Sponsorship and licencing fees	282,227	138,924
- Interest received from investments	44,957	110,786
- Other income	318,590	88,716
Total revenue and other income	<u>1,982,143</u>	<u>2,157,896</u>

REGIONAL AUSTRALIA INSTITUTE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 3. OTHER EXPENSES

No profit was derived during the year.

	2016	2015
	\$	\$
Rental expense	82,892	78,355
Auditors' remuneration	10,000	10,000
IT Expense	12,519	9,043
Insurance	17,066	14,914
Telephone	15,741	19,608
Flights and accommodation	56,698	44,362
Bookkeeping	22,798	15,798
Other	72,445	96,731
	<u>290,159</u>	<u>288,811</u>

* The 2015 comparative for other expenses has been reduced by \$34,881. The cost has been included in Insight expenses.

NOTE 4. CASH AND CASH EQUIVALENTS

Cash at bank	<u>1,405,515</u>	<u>2,777,976</u>
	<u>1,405,515</u>	<u>2,777,976</u>

NOTE 5. TRADE AND OTHER RECEIVABLES

	2016	2015
	\$	\$
Trade receivables	18,520	27,036
Net GST receivable	-	8,587
Rental bonds receivable	6,877	6,877
Total trade and other receivables	<u>25,397</u>	<u>42,500</u>

NOTE 6. OTHER CURRENT ASSETS

Prepayments	<u>-</u>	<u>9,806</u>
	<u>-</u>	<u>9,806</u>

REGIONAL AUSTRALIA INSTITUTE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 7. NON-CURRENT ASSETS

	2016	2015
	\$	\$
Plant and equipment		
Computer equipment		
At cost	39,678	39,678
Less accumulated depreciation	(38,132)	(33,405)
Total plant and equipment	1,546	6,273
Intangible assets		
Website development		
At cost	32,240	32,240
Less accumulated amortisation	(32,240)	(28,718)
Total intangible assets	-	3,522
Total non-current assets	1,546	9,795

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
	\$	\$	\$
2016			
Balance at the beginning of the year	6,273	3,522	9,795
Additions	-	-	-
Depreciation and amortisation expense	(4,727)	(3,522)	(8,249)
Carrying amount at the end of year	1,546	-	1,546
2015			
Balance at the beginning of the year	13,770	15,661	29,431
Additions	4,416	-	4,416
Depreciation and amortisation expense	(11,913)	(12,139)	(24,052)
Carrying amount at the end of year	6,273	3,522	9,795

REGIONAL AUSTRALIA INSTITUTE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 8. TRADE AND OTHER PAYABLES

	2016	2015
	\$	\$
CURRENT		
Grants received in advance	949,000	1,545,270
Sponsorship and other income received in advance	52,313	124,680
Trade payables	12,629	5,425
Net GST payable	17,155	-
Other payables	107,572	75,620
Total trade and other payables	<u>1,138,668</u>	<u>1,750,995</u>

NOTE 9. OTHER PAYABLES

NON-CURRENT		
Grants received in advance	<u>234,899</u>	<u>974,998</u>
	<u>234,899</u>	<u>974,998</u>

NOTE 10. PROVISIONS

	Note	2016	2015
		\$	\$
CURRENT			
Short term employee benefits		<u>49,614</u>	<u>105,042</u>
NON-CURRENT			
Long term employee benefits		<u>9,274</u>	<u>9,043</u>
		<u>58,888</u>	<u>114,085</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.

NOTE 11. CAPITAL AND LEASING COMMITMENTS

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	<u>6,500</u>	<u>75,651</u>
Payable - minimum lease payments:	<u>6,500</u>	<u>75,651</u>

REGIONAL AUSTRALIA INSTITUTE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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

NOTE 12. RELATED PARTY TRANSACTIONS

a. Key management personnel

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

	2016	2015
	\$	\$
Key management personnel compensation		
- short-term benefits	341,059	529,880
- post-employment benefits	47,292	43,013
	<u>388,351</u>	<u>572,893</u>

NOTE 13. CASH FLOW INFORMATION

Reconciliation of cash flows from operations with profit after income tax

Profit after income tax	-	-
Non cash flows		
Depreciation and amortisation	8,249	24,052
Changes in assets and liabilities		
(Increase) in trade and other receivables	26,909	21,516
(Decrease)/increase in trade and other payables	(1,352,422)	(1,815,584)
(Decrease)/increase In provisions	(55,197)	45,219
	<u>(1,372,461)</u>	<u>(1,724,797)</u>

NOTE 14. FINANCIAL RISK MANAGEMENT

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

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

Financial assets	Note		
Cash and cash equivalents	4	1,405,515	2,777,976
Total financial assets		<u>1,405,515</u>	<u>2,777,976</u>
Financial liabilities			
Trade and other payables	8	1,138,672	1,750,995

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Total financial liabilities	<u>1,138,672</u>	<u>1,750,995</u>
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NOTE 14. FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

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.

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.

As of 30 June 2016, the organisation has sufficient funds for approximately twelve months of operations. Securing additional funding identified in the Short Term Objectives will be critical for the ongoing business and management of liquidity risk. The Board has also sought independent advice on shutdown costs and based on this advice set as series of cash-at-bank triggers to proactively manage liquidity risk as cash-at-bank decreases in 2016-17.

REGIONAL AUSTRALIA INSTITUTE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 14. FINANCIAL RISK MANAGEMENT (CONTINUED)

The tables following 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	
	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment						
Trade and other payables (excluding estimated leave and amounts received in advance)	(1,138,672)	(1,750,995)	-	-	(1,138,672)	(1,750,995)
Total contractual outflows	(1,138,672)	(1,750,995)	-	-	(1,138,672)	(1,750,995)
Total expected outflows	(1,138,672)	(1,750,995)	-	-	(1,138,672)	(1,750,995)
Financial assets - cash flows realisable						
Cash and cash equivalents	1,405,515	2,777,876	-	-	1,405,515	2,777,876
Net (outflow)/inflow on financial instruments	1,405,515	2,777,876	-	-	1,405,515	2,777,876

Sensitivity analysis

The following table illustrates the 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 2016		
+/- 1% in interest rates	14,055	14,055
Year ended 30 June 2015		
+/- 1% in interest rates	27,780	27,780

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

REGIONAL AUSTRALIA INSTITUTE LIMITED
ABN 65 152 955 667

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 14. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$10.00 each towards meeting any obligations of the company. As at 30 June 2016, the total amount that members of the company are liable to contribute if the company is wound up is \$10.00.

NOTE 16. ENTITY DETAILS

The registered office of the entity is:

Regional Australia Institute Limited

Level 2, 53 Blackall Street

Barton ACT 2600

A big thank you to our wonderful partners



Australian Government



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.