

ANNUAL REPORT 2014–2015





VISION

Outstanding regional and rural leadership

MISSION

To develop and promote leadership

VALUES

Courageous, influential and ethical leadership for the greater good of rural, regional and remote Australia

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Directory Australian Rural Leadership Foundation Limited
ABN 80 056 874 787

Patron The Honourable Major General Michael Jeffery, AC, AO(Mil), CVO, MC (Retd)

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AUSTRALIAN RURAL LEADERSHIP FOUNDATION STAFF

Chief Executive & Company Secretary

Matt Linnegar
(from 21 July 2014)

Manager: Leadership Evaluation & Development

Dr Jenny Andrew

Manager: Leadership Education Programs

Graham Smith

Business Manager & Company Secretary

Jane Healey
(left 7 November 2014)

Manager: Sponsor Relations & Projects

Philippa Woodhill

Project Facilitator

Andrea Hogg
(from 29 June 2015)

Communications Advisor

Claire Delahunty

Program Co-ordinator

Bianca Jurd
(left 9 October 2014)

Executive Assistant

Jan James

Course Administrator Education Programs

Rebecca Bamford

Finance Administrator

Michelle Wickson
(from 10 November 2014)

Bookkeeper

Sukardi Sukardi
(left 18 July 2014)

Bookkeeper

Fiona Mckean
(from October 2014)
(left February 2015)

Chair's report 2014–2015

WENDY CRAIK AM



From the perspective of the Australian Rural Leadership Foundation Board, the past financial year has been an exciting one of planning, and already some significant achievements.

It began by welcoming Matt Linnegar as CEO and immediately commencing a remarkably collaborative process with our partners, alumni and industry peers to set the best direction for the future.

The resultant strategic plan has received Board approval, and will direct Foundation activities for the next three years.

Vision is an extremely important part of ensuring prosperity for any organisation, but even more so when it is for a body whose operations revolve around leadership.

Our vision for the near future is to support the development of leaders for the greater good, no matter where they live or work. We will continue to take an ethical approach that challenges assumptions, as we work towards our ultimate vision of *outstanding regional and rural leadership*.

To ensure maximum alignment of the Board's activities with the Foundation's, the Board has undertaken its own structural planning and strategy development alongside the Foundation's.

While implementation is yet to be agreed by the members, I am pleased that the Board has reached consensus on moving to an entirely skills-based model. In order to keep pace with the complexities at play in, and affecting, regional Australia and in the realm of leadership development, it is essential that we have those with the most appropriate skills and experience in the roles of director. We propose that Fellows will elect one director, but all Fellows with relevant skills and experience will be eligible for election to the Board as a non Fellow director.

This change and other minor alterations to our governance processes will be reflected in an updated constitution.

This is all a part of ensuring the Foundation is able to expand its reach and maintain high quality outcomes as a result of its leadership development offerings.

We will continue to strive to make the Foundation's business model stronger through a combination of strengthened governance and improved practice and profile-lifting activities on the ground, driven by our CEO Matt Linnegar and the hard work of the Foundation's team. The Board appreciates the effort and dedication of the Foundation's extraordinary staff, without whom our vision would not be realisable.

I must also personally thank the Board members for their commitment to a thriving Foundation and the additional impositions on them during this year. My thanks to Snow Barlow, Craig Burns, Ian Crook, Rob Hadler, Barb Madden and Lockie McDonald for their invaluable contributions, and for the breadth of skills and experience they bring to the table.

Their shared passion for the prosperity of the Foundation and the impact of its work provides integral support to my own role, and ensures future success.

A handwritten signature in black ink, which appears to read "Wendy Craik".

Dr Wendy Craik AM, Chair

Australian Rural Leadership Foundation

Chief Executive's Report 2013–2014

MATT LINNEGAR



My first year in the role of Chief Executive has been a rewarding and revealing one. Revealing in the sense that I have discovered much in terms of the views and aspirations of those within the broader network of the Foundation and rewarding as we have been able to draw extensively on this network in creating a strong vision for the future.

I am honoured to be the first graduate of any Australian Rural Leadership Foundation program to lead the organisation. My approach upon commencing as CEO was simple—to clarify what the organisation stood for, to listen and gain an understanding from those inside and outside our network about our future, and to develop a strategy to meet the objectives that flowed from this insight.

I am pleased to say that we have achieved much success in meeting these initial aims. The challenge now lies in implementing the strategy and the extent to which we can achieve sustained success in concert with our network of leaders across regional, rural and remote Australia, and in our cities.

FUTURE DIRECTIONS

Plans for the future of the Foundation have been strongly influenced by extensive 'listening'—to graduates, Fellows, partners, sponsors and many others outside our network. In line with the values of the Foundation, I sought to establish a greater understanding of these views through a series of 'kitchen table' discussions around the country, a survey of the Network and a perceptions audit. The rich understanding gained from these actions underpinned the development of a strategy for the Foundation over the next three years. This plan can be summarised as follows;

LEADERSHIP

The team at the Foundation has successfully reviewed our entire offering of leadership programs and the role we play and could play in developing and promoting leadership more broadly. These discussions went right back to the core philosophies underpinning our view of leadership development and our roles outside leadership programs per se. In turn this has led to a complete review of program curriculums and identification of opportunities in a broader sense.

The review included our flagship program, the Australian Rural Leadership Program (ARLP). From Course 23 in 2016, the ARLP will move from six to five face-to-face sessions in Australia and Indonesia. The program will also include a flexible learning module including the introduction of an on-line learning component. These changes balance the contemporary needs of modern rural leaders without compromising what works in terms of leadership development based on 23 years of experience.

The Foundation has continued to offer successful tailored leadership programs including a Rice Leadership program and Future Leaders program for the grape and wine industry, and we will continue to expand on these offerings. More programs will commence in 2015/16.

NETWORK

One of the key driving forces upon taking up the reins at the Foundation is my desire to forge stronger links with our diverse Network of alumni. Following our extensive listening initiative, and in keeping with our strategic direction, the ARLF has committed to a range of leadership development initiatives for Network members. These include:

- The development of an online 'leader' portal
- The establishment of a mentoring program
- The instigation and/or support of think tanks of relevance to regional and rural leadership
- The design and delivery of ongoing professional development activities such as Webinars and leadership 'refresher' retreats
- Contributions from Network members to the Foundation in terms of media opportunities, facilitation, recruitment and the selection process for the ARLP and fundraising.

PARTNERSHIPS

The ARLF can only continue to develop leaders through partnerships. We value these relationships highly and have successfully maintained many of these for multiple years; including some for over twenty. Our experience suggests that achieving diversity within a leadership development cohort will improve opportunities to learn and grow. As such we are delighted to welcome our new partners Prime Super (supporting an aged care scholarship for the ARLP), the Australia Council of the Arts (supporting an arts scholarship for the ARLP) and the Northern Territory Government (The NT departments of Primary Industries and Transport supporting an ARLP scholarship). We also welcome back the Gardiner Foundation (supporting a dairy scholarship for the ARLP).

We will work closely with all partners to provide a tailored approach to meeting their needs.

GREATER AWARENESS

The Foundation has a history of promoting the achievements and efforts of our graduates rather than promoting the organisation itself. While we will continue to support our graduates we have taken a deliberate step this year in speaking more about the work of the Foundation and broader issues facing regional, rural and remote Australia. This has commenced with a regular on-line blog through Fairfax Agricultural Media and will expand further in 2015/16, including contributions from our Network.

ARLF TEAM

2014/15 saw a number of changes in the ARLF team. I congratulate our former Business Manager, Jane Healey on her significant contribution to the Foundation and wish her well in the future. We also welcomed Michelle Wickson to the position of Finance Administrator and more latterly welcomed back Andrea Hogg to a new

role of Project Facilitator. Special thanks to Philippa Woodhill for acting in the position of Chief Executive in the interim period between Lesley Fitzpatrick's departure and my arrival.

Moreover a huge thanks to all the ARLF team. A sterling job from such a small team in pursuit of the greater good: leadership development.



Matt Linnegar
Chief Executive Officer



Australian Rural Leadership Foundation Highlights

2014 –15

NEW CEO

The year began with Matt Linnegar commencing as Chief Executive Officer of the Foundation, in July 2014.

Since then, Matt has completed a series of conversations and consultations with Foundation partners, alumni and the wider leadership and regional communities. Through meetings across Australia with a range of stakeholders, as well as an online survey carried out by Revelian and a perceptions audit undertaken by Newgate, information was gathered to inform the Foundation's future directions.

As the first graduate of a Foundation program to lead the organisation, Matt brings a unique internal perspective to his role with the Foundation, as well as a diverse network across regional Australia and a range of agribusiness sectors.

NEW STRATEGIC PLAN

As a result of this substantive process undertaken by the Foundation to talk to its key constituents, a strategic plan to guide activities over the next three years is now complete.

Five strategic priorities form the framework of this strategy:

1. To be synonymous with successful leadership development
2. An engaged and supportive network
3. Greater awareness of the work of the Foundation
4. Creating opportunities for partnerships, new business and funding
5. An organisation that lives its values



UPDATED FOUNDATION CURRICULUM

In concert with a new strategic plan, a review of the Foundation curriculum by Dr Jenny Andrew, is now complete.

This exercise has advanced the means to convey the values of this organisation's unique, immersive approach to leadership development. Key principles include supporting the socially critical development of leaders for the "greater good".

New syllabus

In April, as a result of extensive feedback, the Foundation developed an updated syllabus and schedule for the Australian Rural Leadership Program, which will take effect for Course 23 in August 2016. These slight changes are

designed to provide a Program that is more accessible and responsive to the leadership required for rural and regional Australia. Program days will marginally reduce from 59 to 54, and program duration from 17 months to 15 months. Commencement and completion dates have also shifted from May (year one) to September (year two) to August (year one) and October (year two).

HONORARY FELLOWS

Tim and Gina Fairfax

In a ceremony on Wednesday 25 February 2015, Tim Fairfax AC and his wife Gina Fairfax were honoured for their philanthropic investment in the Foundation's work. Since 2008, the Tim Fairfax Family Foundation (TFFF) has sponsored invaluable 'untied' scholarships for leaders from any



background or industry to participate in the Australian Rural Leadership Program (ARLP). They have supported the Foundation through various donations for specific projects throughout the life of the organisation. Tim also served voluntarily on the ARLF Board as a member and as Deputy Chair.

John B Fairfax

The Foundation presented one of its founding members, John B Fairfax AO, with an Honorary Fellowship on Tuesday 10 February, 2015. John has supported the Foundation in developing leaders for a thriving rural, regional and remote Australia for over 20 years.

AUSTRALIAN RURAL LEADERSHIP PROGRAM

Course 20

The graduation of Course 20 took place in Darwin, NT, in September. Participants shared their appreciation for their own development through the Program.

"This program has given me the confidence in myself to have real faith in what I'm trying to do. It has also exposed me to so many different viewpoints and backgrounds within this group of people," Course 20's Sam Duinker said.



The John Allwright Memorial Address was delivered by Indigenous health leader Olga Havnen, CEO of Danila Dilba Health Service.

Course 21

Course 21 participants are over half way through the ARLP, having experienced sessions in the Kimberley, Adelaide, Canberra, a case study session on South Australia's Eyre Peninsula, and most recently the overseas component in Indonesia. Not since the very first ARLP international session has the Foundation taken a cohort of leaders to Indonesia. The experience made a lasting impact on Course 21. Indonesia will continue to host ARLP leaders over the coming four years.

Course 22

Twenty-eight leaders working across diverse industries and sectors successfully completed a competitive national selection process to be selected for the ARLP. The cohort commenced the Program in the Kimberley in May.

SHORT PROGRAMS TRAIL

TRAIL 2015 concluded on Tuesday 14 April, after eight days of fast-moving, varied and challenging ACT-based program sessions for the ten participants. TRAIL is the Foundation's residential program for emerging leaders.

TRAILblazers

The Foundation's TRAILblazers program wrapped up on Monday, 24 February, with a graduation dinner celebrating the six seasoned leaders who completed the eight-day, experiential program. The short program is designed for leaders who have worked in complex contexts for a significant period of time.



CLIENT SPECIFIC PROGRAMS

Torres Strait Young Leaders Program

In March, four young leaders from the Torres Strait Islands spent an impactful 17 days in Canberra taking part in the Torres Strait Young Leaders Program (TSYLP). The TSYLP is the result of years of partnership between the Torres Strait Regional Authority and the Foundation. It brings future leaders to the Canberra region for a program designed to instill new perspectives, experiences of politics, history, culture and confidence in their leadership abilities.

Future Leaders 2015

A dynamic group of diverse wine and grape leaders gathered for the first session of Future Leaders 2015 over 9-14 June 2015. This component—the first of four—took place in Canberra. Three more will follow throughout regional Australia. The program is delivered by the Foundation and funded by the wine sector. It has been coordinated by Wine Australia, with the support of the Winemakers' Federation of Australia and Wine Grape Growers Australia.

LEAD NETWORK

Kitchen Table engagement

The Foundation Network experienced one of its most active years of engagement, as alumni throughout the country gave of their time to take part in the Foundation's Kitchen Table chats. Enthusiastic hubs gathered in regional areas like Tamworth, Townsville, Wangaratta and Bungendore, showing great commitment to the Foundation and care for its continued success.

Alumni Portal concept development

Towards the end of the year, a grant from the Foundation for Regional and Rural Renewal (FRRR) was awarded to the Foundation to pursue the design and build of an online tool to facilitate greater alumni collaboration. This web portal should have an exciting role in expanding the engagement of this unique leadership resource with wider regional Australia.

AUSTRALIA DAY AND QUEEN'S BIRTHDAY HONOURS

Marg Carroll, Fellow of ARLP Course 4 was recognised with a Medal of the Order of Australia in the Australia Day Honours for her "contribution to rural and regional NSW and to women".

In Queen's Birthday Honours, Russell Taylor AM of ARLP Course 2 was appointed to the Order of Australia. Russell's Honour recognises his "significant service to the community as a cultural leader and public sector executive in the field of Indigenous affairs". ARLP Fellow of Course 5 and former NFF President, Duncan Fraser AM, was also recognised in the Honours list for his significant service to primary industry, particularly agriculture, to professional associations, and to education and training.



EVENTS

The Foundation continued its regular involvement with the ABARES Outlook Conference in March, and Matt Linnegar took part as panel member. The Foundation also attended the RIRDC Rural Women's Awards in September, and continued to support young leaders, through the February Heywire Regional Youth Summit in Canberra.

MEDIA MILESTONES

- This year the Foundation established a regular blog column—**Leading Questions**—in Fairfax Agricultural Media's online amalgam of mastheads, *FarmOnline*. This platform has showcased a range of opinion pieces by Foundation CEO Matt Linnegar, and is open to utilisation by the wider network.
- For the first time, a major media presence was enabled to embed in the Kimberley with ARLP Course 22. Ken Eastwood of *RM Williams Outback Magazine* gained unique insights into this traditionally private opening program session. A feature will be published in this iconic rural publication in the following year.
- Follow the diverse media coverage of the Foundation's almost 1000-strong alumni online: <http://rural-leaders.com.au/news/leaders-in-the-news>.

REGULAR PUBLICATIONS

The Network-e reaches over 900 subscribers fortnightly. The readership average for this year is a strong 40.3 per cent of total members. The 2014 edition of Foundation magazine the *Rural Leader* will be the last edition to appear in this format. Stories of alumni and the achievements of the Network will henceforth be showcased entirely online: www.rural-leaders.com.au.

Leaders win recognition

COTTON'S representatives on the highly regarded Australian Rural Leadership Program (ARLP) – Elizabeth Stott and Brooke Summers – have graduated from Course 20 in Darwin.

Ms Stott, a cotton farmer from Geophiles in the NSW Riverina (sponsored by the Cotton Research and Development Corporation (CRDC) and Cotton Australia), and Ms Summers, a rural communications specialist who works with the cotton industry (sponsored by CRDC and Anscott Ltd), have been participating in the ARLP for the past 17 months.

The program is considered Australia's iconic rural leadership development program, helping to produce a network of informed, capable and ethical leaders within the cotton industry.

It works to improve the capacity of rural leaders to engage wherever a challenge is best addressed, and wherever they can contribute most effectively.

Now in its 22nd year (with a 700-strong network of fellows), the ARLP is a scholarship-based program with a national, competitive selection process held each year.

CRDC sponsors cotton industry leaders per intake into the ARLP in partnership with Cotton Australia and



Cotton leaders Brooke Summers and Elizabeth Stott graduates from Australian Rural Leadership Program

Anscott, and encourages all with leadership roles or aspirations within the cotton industry to apply.

Course 21 of the ARLP is under way, with three CRDC

supported participants: Tobin Cherry, Dr Sharon Downes (co-sponsored with Anscott), and Bracey Christensen (co-sponsored with Cotton Australia).

Our partners

Organisation Name	Partnership
Auscott Limited	ARLP Course 20, 21, 22
Australian Centre for International Agricultural Research (ACIAR)	ARLP Course 20
Australian Government Department of Agriculture	ARLP Course 20, 21, 22
Australian Government Department of Health	ARLP Course 20, 21, 22
Australian Lot Feeders' Association	ARLP Course 20, 21, 22 TRAIL 2015
Australian Meat Processor Corporation	ARLP Course 20, 21, 22
Australian Pork Limited	ARLP Course 20 TRAILblazers 2015
Australian Wool Innovation	ARLP Course 22
Bega Cheese	TRAIL 2015
Charles Sturt University	TRAIL 2015
Cooperative Bulk Handling Ltd	ARLP Course 20, 21, 22
Cotton Australia	ARLP Course 20, 21, 22
Cotton Research & Development Corporation	ARLP Course 20, 21, 22
Dairy Australia Limited	ARLP Course 20
Victorian Government	ARLP Course 20, 21, 22
Fairfax Agricultural Media	ARLP Course 20, 21
Fisheries Research and Development Corporation	ARLP Course 20, 21, 22 TRAILblazers 2015
Grains Research and Development Corporation	ARLP Course 20, 21, 22
James Cook University	ARLP Course 20, 21, 22
Indigenous Business Australia	TRAILblazers 2015
Meat and Livestock Australia	ARLP Course 20, 21, 22
Mt Isa Centre for Rural & Remote Health (JCU)	ARLP Course 21
NT Government Department of Primary Industry and Fisheries	ARLP Course 22
Prime Super	ARLP Course 22
Ricegrowers' Association of Australia Inc	ARLP Course 21, 22 Ricegrowers' Leadership Program 2014

Organisation Name	Partnership
Rural Australia Medical Undergraduate Scholarship Scheme (RAMUS)	TRAIL 2015
Rural Finance	ARLP Course 21
Rural Industries Research and Development Corporation	ARLP Course 20, 21, 22
Sidney Myer Fund & The Myer Foundation	ARLP Course 20
Sugar Research Australia	TRAILblazers 2015
Tandou	TRAIL 2015
The Regional Development Company	TRAILblazers 2015
Thyne Reid Foundation	ARLP Course 21, 22
Tim Fairfax Family Foundation	ARLP Course 20, 21
Torres Strait Regional Authority	ARLP Course 20, 21, 22 TRAIL 2015 Torres Strait Young Leaders' Program 2014 Torres Strait Women's Leadership Program 2014
Vincent Fairfax Family Foundation Ltd	ARLP Course 20
Westpac Banking Corporation	ARLP Course 20, 21 TRAIL 2015 TRAILblazers 2015
William Buckland Foundation	ARLP Course 21, 22
Wine Australia	ARLP Course 21 Future Leaders '15
Woolworths Limited	ARLP Course 20, 22

Auscott Limited



Australian Centre for International Agricultural Research (ACIAR)



Australian Government Department of Agriculture



Australian Government Department of Health



Australian Lot Feeders' Association



Australian Meat Processor Corporation



Australian Pork Limited



Australian Wool Innovation



Bega Cheese



Charles Sturt University



Cooperative Bulk Handling Ltd



Cotton Australia



Cotton Research & Development Corporation



Dairy Australia Limited



Victorian Government



Fairfax Agricultural Media



Fisheries Research and Development Corporation



Grains Research and Development Corporation



James Cook University



Indigenous Business Australia



Meat and Livestock Australia



Mt Isa Centre for Rural & Remote Health (JCU)



NT Government Department of Primary Industry and Fisheries



Prime Super



Ricegrowers' Association of Australia Inc



Rural Australia Medical Undergraduate Scholarship Scheme (RAMUS)



Rural Finance



Rural Industries Research and Development Corporation



Sidney Myer Fund & The Myer Foundation



Sugar Research Australia



Tandou



The Regional Development Company



Thyne Reid Foundation



Tim Fairfax Family Foundation



Torres Strait Regional Authority



Vincent Fairfax Family Foundation Ltd



Westpac Banking Corporation



William Buckland Foundation



Wine Australia



Woolworths Limited



The Directors



DR WENDY CRAIK AM

Dr Craik is a Commissioner with the Productivity Commission and has considerable expertise in natural resource management and environmental issues and public policy more generally.

She has held many senior positions including Chief Executive for the Murray-Darling Basin Commission (MDBC), President of the National Competition Council (NCC), Chair of the Australian Fisheries Management Authority (AFMA), Executive Director of National Farmers Federation (NFF) and Executive Officer of the Great Barrier Reef Marine Park Authority (GBRMPA). She has been a director on a number of boards. She is currently a Board member of Dairy Australia, Deputy Chancellor at the University of South Australia and Chair of the NSW Marine Estate Management Authority.

Wendy was awarded a Member of the Order of Australia in 2007 for service to the natural resource sector of the economy, particularly in the areas of fisheries, marine ecology and management of water reform, and for contributions to policies affecting rural and regional Australia.



PROFESSOR SNOW BARLOW

Snow Barlow played an integral role in the Australian Rural Leadership Foundation's establishment, and served as an inaugural Board member from 1992 until 1996. He returned as a Governor member again in 2010 and continues his valuable contribution to the Foundation. Snow is a Professor at the University of Melbourne and currently chairs the Victorian Endowment for Science, Knowledge and Innovation and the expert panel of the Department of Agriculture Carbon Farming Futures Program. Prior to this he has been a Chief Scientist within the Bureau of Rural Sciences and Head of the School of agriculture and Food Systems.



MR CRAIG BURNS

Craig Burns is the Managing Director of the Rural Industries Research and Development Corporation. He joined the Foundation's Board as a Governor member in 2013. Craig has been working with RIRDC since 2010 and previously held senior positions in the Australian Government focusing on trade and development policies for primary industries.

From 1999-2002 Craig was Minister-Counsellor (Agriculture) at the Australian Delegation to the OECD and chaired the International Grains Council from 2001-2002. He was Vice Chair of the OECD Committee for Agriculture and Chair of the OECD Joint Working Party on Agriculture and Trade.

MR IAN CROOK

Ian Crook joined the Foundation Board in 2013, bringing experience in agriculture, research and marketing. Ian holds a Bachelor of Agricultural Science from Sydney University and a Masters in Agriculture from the University of Melbourne and is a Graduate Army Officer, Training Unit Scheyville. He has held a range of leadership roles in the crop protection industry in Australia and overseas and most recently spent ten years with agrochemical company Arista LifeScience as Australasian Regional Manager. Ian completed the Australian Rural Leadership Program in 2000 as a part of Course 6. He is currently CEO of a Melbourne-based animal welfare organisation.



MR ROB HADLER

Rob Hadler is a senior adviser who joined the Foundation Board in 2013. He is an experienced corporate affairs practitioner, and has an extensive background in public policy, government relations and media. He was Coles' General Manager of Corporate Affairs. Rob has also worked as General Manager of Corporate Affairs for AWB. His previous appointments include Deputy Director of National Farmers Federation and Government Relations Manager for the ANZ Bank.



MR LOCKIE MCDONALD

ARLP Course 17 Fellow Lockie McDonald was elected to the Board in 2011. He has extensive experience across community, government and corporate sectors managing issues surrounding change. Originally trained as a registered nurse he founded what is now Australia's largest contemporary circus company, Rock N Roll Circus, now Circa. He graduated from Curtin University with a Bachelor of Arts majoring in Journalism and Creative Writing. He is the current Chair of Arts Practice, Community Arts and Cultural Development, Australia Council for the Arts, the Australian Government's arts funding and advisory body. Currently he works as the Principal for consulting group, Fullsky.



MRS BARB MADDEN

Barb Madden joined the Foundation Board in 2009, bringing experience in financial administration, community innovation and engagement and indigenous affairs. Barb is a graduate of the Queensland University of Technology and holds a Bachelor of Business (Accounting). She is also the 2009 Queensland Rural Woman of the Year and is a partner and Chief Financial Officer of Smithfield Feedlot, a large cattle feeding enterprise in South East Queensland. Barb completed Course 14 of the Australian Rural Leadership Program in 2008.

REPORT FROM THE FINANCE AND AUDIT COMMITTEE CHAIR

The Foundation reports a deficit for the year ended 30th June 2015 of \$15,615. The Foundation's aim was to arrive at a balanced budget this financial year, however some very minor audit adjustments, resulted in a small deficit this year. The Foundation staff must be commended on their efforts to reduce costs where possible, to ensure the Foundation was in line to reach its financial goals. The Finance and Audit Committee and the Board is comfortable the Foundation is aligning itself with its strategic objectives, is remaining within budgeted guidelines and is proactive in the management of financial and other risks. Our auditors returned an unqualified audit again this year.

I'd like to thank the members of the Finance and Audit Committee for their time and commitment.

The Foundation remains well placed financially to deliver on its vision of developing leadership excellence to build resilient rural industries and communities.



Barb Madden

Director, Australian Rural Leadership Foundation
Chair, Finance and Audit Committee

AUSTRALIAN RURAL LEADERSHIP FOUNDATION LIMITED ABN 80 056 874 787

DIRECTORS' REPORT

The directors of the Australian Rural Leadership Foundation Limited present their report for the financial year ended 30 June 2015.

DIRECTORS

The directors of the Australian Rural Leadership Foundation during the 2014 - 2015 financial year, up to the date of this report, were:

Dr Wendy Craik
Professor Snow Barlow
Ms Barbara Madden
Mr Lachlan McDonald
Mr Craig Burns
Mr Robert Hadler
Mr Ian Crook

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

DIRECTORS' BENEFITS

During or since the financial year, no director of the Foundation has received, or become entitled to receive, a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the consolidated accounts) by reason of a contract made by the Foundation with the director, or with a firm of which a director is a member or with an entity in which a director has a substantial interest.

PRINCIPAL ACTIVITIES

The principal activity of the Foundation during the financial year 2014 - 2015 was the development and delivery of programs that support and develop leadership in, and for rural Australia including:

- the Australian Rural Leadership Program
- Training Rural Australians In Leadership (TRAIL) for emerging leaders
- TRAILblazers for experienced leaders working in complex contexts
- client-specific short courses for particular groups or industries
- the engagement and enhancement of the Australian Rural Leadership Foundation's leadership network of graduates and members.

SHORT-TERM and LONG-TERM OBJECTIVES

In June 2015, the Foundation developed a strategic plan for the 2015-2018 period.

The Foundation's short-term objectives are: **To develop outstanding regional and rural leaders for the greater good, no matter where they live or work by:**

- **Becoming synonymous with successful leadership development**
- **Establishing an engaged and supportive network**
- **Creating greater awareness of the Foundation**
- **Creating opportunities for partnerships, new business and funding**
- **Living its values (socially responsible, ethically-based, effective and constructive, responsive to context, values diversity, consensus builder).**

The Foundation's long-term objective is to:

Develop and promote leadership.

STRATEGIES

To achieve its stated objectives, the Foundation has adopted the following strategies:

- Design, deliver and evaluate leadership development initiatives based on the Foundation's core principles
- Contribute to leadership theory and practice
- Increase our influence as a leader amongst leadership organisations for regional, rural and remote Australian Rural Leadership Foundation
- Extend our reach beyond our border
- Actively supporting our network in tackling individual and collective leadership challenges/opportunities for the greater good of regional, rural and remote Australia and more broadly within the region
- Create opportunities for our network to connect with each other and the Foundation
- Build greater awareness of the work of the Foundation through a communication strategy; raise the Foundation's profile through all forms of media; create opportunities to showcase the work of the Foundation at public events; and encourage participants, the alumni and Foundation partners to highlight the work of the Foundation
- Create opportunities for partnerships, new business and funding by implementing a stakeholder engagement strategy; engage with like-minded organisations for mutual benefit; leverage established networks to generate and initiate new business and funding opportunities; grow and diversify revenue; approach new markets as identifies in a stakeholder mapping analysis; and capitalise on the Foundation's deductible gift recipient status
- Maintain an organisation that lives its values through a commitment from all in the Foundation to its values; integrate Foundation values into staff and Board recruitment strategies; ensure sound governance and financial management principles are adhered to; invest in professional and personal development of team members including staff and board.

NON-FINANCIAL PERFORMANCE MEASURES

The financial performance of the organisation is demonstrated through the financial statements which provide the measure used to assess the Foundation's goal of securing investment and allocating resources for the purpose of the development of rural leaders.

The Foundation measures its non-financial performance through the use of quantitative and qualitative methods with a predominance of qualitative methods due to the values-based and contextual nature of the leadership work undertaken.

The following data represent the third year of benchmarking used to assess whether the Foundation's short-term and long-term objectives are being met. Benchmarking for programs is set based on the last five years of delivery. The prior years' (2013 and 2014) performance is provided for comparison.

Performance measure	2015 Actuals	Benchmark	2014 Actual	2013 Actual
Investment for the development of rural leaders	Refer to relevant Financial Statements			
Number of leaders recruited through the ARLP	30 (ARLP C22)	31.4	32 (ARLP C21)	29 (ARLP C20)
Number of leaders graduating from the ARLP	24 (ARLP C20)	30.8	28 (ARLP C19)	29 (ARLP C18)
Number of leaders graduating from TRAIL	10 (TRAIL Apr 2015)	14.7	18 (TRAIL Mar/Apr 2014)	22 (TRAIL 2012 & TRAIL April 2013)
Number of leaders graduating from TRAILblazers	6 (TRAILblazers 2015)	5.2	7 (TRAILblazers 2013)	0 (TRAILblazers 2012)
Number of leaders completing client-specific programs	3 programs	2 programs	1 programs	5 programs
	26 Rice 18 TSYLP 4 TSWP 4	18.2 9.1 per program	2 (TSYL program)	59 completers (BWD, Rice, TRSA, Wine, RIRDC)
Graduate Certificate*	20 (ARLP C20) 13 alumni	N/A	14 (ARLP C19) 5 alumni	29 (Pilot with ARLP C18)
Percentage of member interaction with the Foundation (as % of membership)	40.30%	33.14%	39.63%	35.25%

INFORMATION ON DIRECTORS

SPECIAL SKILLS	SPECIAL SKILLS
<p>Dr Wendy Craik <i>BSc (Hons) PhD (Zoology) Grad Dip Mgt</i> Appointed special skills director on 15 November 2010 and Chairperson on 1 January 2011; reappointed on 16 November 2012.</p>	<p>Mr Robert Hadler <i>BEc (Hons)</i> Appointed special skills director on 28 June 2013.</p>
GOVERNOR MEMBERS	FELLOW MEMBERS
<p>Prof Edward (Snow) Barlow <i>B.Rur.Sc (Hons) M.Rur.Sc PhD</i> Elected as director on 15 November 2010. Reappointed on 15 November 2013.</p>	<p>Ms Barbara Madden <i>BBus (Accounting) FARLF</i> Elected as director on the 19 November 2009; reappointed on 16 November 2012.</p>
<p>Mr Craig Burns <i>BA (Economic Geography) Grad Dip Ed MA (Economics)</i> Appointed as a Governor Member of the Board on 16 November 2012.</p>	<p>Mr Ian Crook Bachelor of Agricultural Science from Sydney University and a Masters in Agriculture from the University of Melbourne Appointed as a Fellow Member of the Board on 15 November 2013.</p>
	<p>Mr Lachlan McDonald <i>BA (Eng) RN FARLF</i> Elected as a director on 8 November 2011; reappointed on 14 November 2014.</p>

During the year, the Foundation held four Board meetings and three Finance and Audit Committee meetings. Directors attended meetings as follows:

DIRECTOR	BOARD MEETINGS	FINANCE AND AUDIT COMMITTEE
Dr W Craik	4 (4)	-
Prof S Barlow	3 (4)	-
Ms B Madden*	3 (4)	3 (3)
Mr L McDonald	4 (4)	
Mr Craig Burns*	4 (4)	3 (3)
Mr Robert Hadler	4 (4)	
Mr Ian Crook	4 (4)	
Mr Alex Ramsey*		2 (3)
Mr Eric Hummer*		2 (3)

* Finance and Audit Committee members

OPERATING RESULT

The deficit for the financial year was \$15,615 (2014: \$21,081 deficit).

REVIEW OF OPERATIONS

For a detailed review of operations, members should refer to the Chief Executive's Report.

CHANGES IN THE STATE OF AFFAIRS

In the opinion of the directors, there were no significant changes during the reporting period in the state of the affairs of the Foundation, other than those disclosed in this report and the accounts.

SUBSEQUENT EVENTS

Directors are not aware of any matter or circumstance since the balance date that has significantly affected the state of the Foundation's affairs.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Foundation has paid premiums in respect of a contract insuring all the directors and officers of the Foundation against costs incurred in defending proceedings for conduct involving:

- a willful breach of duty; or
- a contravention of sections 182 or 183 of the *Corporations Act 2001*, as permitted by section 199B of the *Corporations Act 2001*.

The total amount of the insurance contract premiums paid was \$5,125.07 excluding GST.

FUTURE DEVELOPMENTS AND RESULTS

The Foundation will continue to work to implement its mission by developing leadership programs that address the need for rural leadership in a rapidly changing global and national environment. The directors are confident that the operations of the Foundation will continue to meet the expectations of the members, the program participants and its investors and supporters.

COMPANY DETAILS

The Foundation is a public company limited by guarantee. If the Foundation is wound up, the constitution states that each member and each member who ceased to be a member in the preceding year is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the Foundation. At 30 June 2015 the number of members was 651 (2014:637).

AUDITOR INDEPENDENCE

A copy of the auditor's independence declaration as required by the *Australian Charities and Not-for-profits Commission Act 2012* is set out immediately after this report.

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



Dr W Craik, Chair



Ms B Madden, Director

Springrange, NSW, 17 September 2015

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AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF THE AUSTRALIAN RURAL LEADERSHIP FOUNDATION LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015 there have been no contraventions of:

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

Moore Stephens
Chartered Accountants



Eric Hummer
Director

Dated at Canberra this 16th day of September 2015

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015**

	Note	<u>2015</u>	<u>2014</u>
		\$	\$
Revenue from ordinary activities	2	2,135,876	2,026,190
Course costs	3	(1,012,523)	(917,302)
Staffing costs		(816,405)	(834,653)
Core administrative costs		(254,695)	(228,448)
Occupancy costs	3	(62,090)	(61,943)
Capital Fund Raising Campaign		1,368	3,414
Depreciation and amortisation	3	(7,146)	(8,339)
Surplus (deficit) before income tax		<u>(15,615)</u>	<u>(21,081)</u>
Income tax expense		-	-
Surplus (deficit) for the year		<u>(15,615)</u>	<u>(21,081)</u>
Other comprehensive income		-	-
Surplus (deficit) attributable to members of the Foundation		<u>(15,615)</u>	<u>(21,081)</u>

These financial statements should be read in conjunction with the accompanying notes.

**STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2015**

	Note	<u>2015</u> \$	<u>2014</u> \$
CURRENT ASSETS			
Cash and cash equivalents	4	806,185	856,923
Receivables	5	486,317	286,259
Investments	6	1,887,245	1,856,972
Other current assets	7	83,304	46,227
TOTAL CURRENT ASSETS		<u>3,263,051</u>	<u>3,046,381</u>
NON CURRENT ASSETS			
Property, plant and equipment	8	20,903	26,899
TOTAL NON CURRENT ASSETS		<u>20,903</u>	<u>26,899</u>
TOTAL ASSETS		<u>3,283,954</u>	<u>3,073,280</u>
CURRENT LIABILITIES			
Payables	9	139,670	78,291
Provisions	10	139,085	92,108
Unearned revenue	11	1,487,728	1,536,165
Other	12	9,359	9,359
TOTAL CURRENT LIABILITIES		<u>1,775,842</u>	<u>1,715,923</u>
NON CURRENT LIABILITIES			
Provisions	10	5,356	11,702
Unearned revenue	11	379,166	206,450
TOTAL NON CURRENT LIABILITIES		<u>384,522</u>	<u>218,152</u>
TOTAL LIABILITIES		<u>2,160,364</u>	<u>1,934,075</u>
NET ASSETS		<u>1,123,590</u>	<u>1,139,205</u>
EQUITY			
Reserves		1,123,590	1,139,205
Retained surplus		-	-
TOTAL EQUITY		<u>1,123,590</u>	<u>1,139,205</u>

These financial statements should be read in conjunction with the accompanying notes.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015	2014
		\$	\$
OPERATING ACTIVITIES			
Course fees and sponsorships received		1,848,160	1,979,846
Interest received		86,945	87,696
Other receipts		124,992	126,200
Payments for operations and conduct of courses		<u>(2,079,412)</u>	<u>(2,212,913)</u>
Net cash provided by operating activities	16(b)	<u>(19,315)</u>	<u>(19,171)</u>
INVESTING ACTIVITIES			
Purchases of furniture and equipment		(1,150)	(5,499)
Proceeds from maturity of term deposits & debentures		200,000	360,800
Purchases of term deposits		<u>(230,273)</u>	<u>(125,000)</u>
Net cash provided by investing activities		<u>(31,423)</u>	<u>230,301</u>
Net movement in cash and cash equivalents		(50,738)	211,130
Cash and cash equivalents at beginning of year		856,923	645,793
Cash and cash equivalents at end of year	16(a)	<u>806,185</u>	<u>856,923</u>

These financial statements should be read in conjunction with the accompanying notes.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015**

	Commitments Reserve ¹ \$	General Reserve ² \$	Development Funds Reserve ³ \$	Endowment Funds Reserve ⁴	Retained Surplus \$	Total \$
Balance at 1 July 2013	450,000	200,000	488,154	22,132	-	1,160,286
Comprehensive income						
Surplus for the year	-	-	-	-	(21,081)	(21,081)
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	(21,081)	(21,081)
Other transfers						
Transfers (to) from reserves	-	-	(25,221)	4,140	21,081	-
Total other transfers	-	-	(25,221)	4,140	21,081	-
Balance at 30 June 2014	450,000	200,000	462,933	26,272	-	1,139,205
Comprehensive income						
Surplus for the year	-	-	-	-	(15,615)	(15,615)
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	(15,615)	(15,615)
Other transfers						
Transfers (to) from reserves	-	-	(19,232)	3,617	15,615	-
Total other transfers	-	-	(19,232)	3,617	15,615	-
Balance at 30 June 2015	450,000	200,000	443,701	29,889	-	1,123,590

¹ The Commitments Reserve represents the estimated funds to complete courses in progress and other contractual obligations entered into by the Foundation.

² The General Reserve represents the estimated funds necessary to cover closure costs including staff entitlements should the Foundation need to cease operations.

³ The Development Funds Reserve represents the balance of members' funds available for discretionary activities of the Foundation.

³ The Endowment Funds Reserve represents donations received from fellows, board, staff and other donors to fund ARLF scholarships.

These financial statements should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Note 1: Statement of Significant Accounting Policies

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

The financial report of the Company was authorised for issue on the date of signing of the attached Directors' Declaration by the directors.

Accounting Policies

(a) Income Tax

The Foundation is exempt from income tax under Section 50-B of the *Income Tax Assessment Act 1997*.

(b) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation. The carrying amount of property, plant and equipment is reviewed annually by the Foundation to ensure it is not in excess of the remaining service potential of these assets.

All classes of property, plant and equipment are depreciated using the straight line method.

Depreciation is charged at the following rates:

Furniture, Plant and Equipment	5 - 10 years
Computer hardware and software	3 - 4 years, and
Office Renovations	5 years

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Note 1: Statement of Significant Accounting Policies (continued)

(c) Financial Instruments

Financial instruments are initially measured at fair value on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below. All financial instruments are classified as 'Held to Maturity' and are recognised at amortised cost.

Bonds and debentures

Bonds and debentures are carried at the lower of cost or net realisable value. Any discount or premium on acquisition is recognised as revenue or expense in the year of purchase of the investment.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and in banks, in deposits at call and investments in money market instruments convertible to cash within 45 days.

(e) Employee Benefits

Short-term employee benefits

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

The Company classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the Company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligations is recognised in profit or loss classified under employee benefits expense.

The Company's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the Company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Note 1: Statement of Significant Accounting Policies (continued)

(e) Employee Benefits (continued)

Retirement benefit obligations

Defined contribution superannuation benefits

All employees of the Company receive defined contribution superannuation entitlements, for which the Company pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employee's defined contributions entitlements are recognised as an expense when they become payable. The Company's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Company's statement of financial position.

(f) Leases

Leases of fixed assets where substantially all of the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Foundation, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(g) Course liabilities and assets, revenues and expenses

Unearned revenue - Courses

Prior to the commencement of a course, course scholarships are deferred and recognised as income received in advance when received. On commencement of a course, outstanding scholarships are recognised as course receivables and unearned revenue when invoiced. Course scholarships are generally invoiced on commencement of the course however in some instances scholarships are progressively invoiced in instalments over the term of the course.

Course fees are set at a level necessary to meet the direct course costs and to contribute to the core administrative costs associated with the course. Consequently, course revenue is progressively recognised in the statement of profit or loss and other comprehensive income as follows:

- (i) for course costs, revenue is recognised for direct course costs incurred in respect of sessions; and
- (ii) for the contribution to core administrative costs, progressively over the term of the course (including the selection period prior to the commencement of a course) in accordance with the stage of completion of each course.

Prepaid Course Costs

Direct course costs incurred prior to the commencement of a course are recognised as prepaid course costs (other current assets).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Note 1: Statement of Significant Accounting Policies (continued)

(g) Course liabilities and assets, revenues and expenses (continued)

Provision for Course Make-Up Costs

A provision is recognised by transfer from course unearned revenue (note 11) to provision for course make-ups (note 10) for the estimated direct course costs associated with a missed session where a participant is unable to attend a course session and is eligible to attend a future course session in order to complete the course curriculum.

(h) Reserves

The Commitments Reserve represents the estimated funds to complete courses in progress and other contractual obligations entered into by the Foundation.

The General Reserve represents the estimated funds necessary to cover closure costs including staff entitlements should the Foundation need to cease operations.

The Development Funds Reserve represents the balance of members' funds available for discretionary activities of the Foundation.

The Endowment Funds Reserve represents donations received from fellows, board, staff and other donors to fund ARLF scholarships.

(i) Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in this financial report.

(j) Revenue

Course revenues and expenses are recognised in the statement of profit or loss and other comprehensive income progressively over the period of the course as detailed in note 1(g) above.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to financial assets.

Reciprocal grants are recognised as revenue in the year received or receivable to the extent of expenditure during the year or the purpose of the grant. The balance of grants unspent at year end are recognised as a liability.

Network membership fees are recognised when billed which is generally in four instalments over the term of a course. Network events income and expenses are recognised as revenue and expense when the event is held.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Note 1: Statement of Significant Accounting Policies (continued)

(k) Impairment

At each reporting date, the Foundation reviews the carrying values of its tangible 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. As a not-for-profit entity, value in use for the Foundation, according to AASB 136 Impairment of Assets, is depreciated replacement cost. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income. No impairment indicators were present at 30 June 2015.

(l) Provisions

Provisions are recognised when the Foundation has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(n) Critical accounting estimates and judgements

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

Key estimate - Course stage of completion

The Foundation recognises course revenues based on the stage of completion of each course (refer note 1(g) above). The Foundation determines stage of completion consistently over the period of the course rather than on completion of course sessions, as this more accurately reflects the efforts required to plan and coordinate course activities.

Key judgement - Impairment

The Foundation assesses impairment at each reporting date by evaluating conditions specific to the Foundation 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 2015.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	<u>2015</u>	<u>2014</u>
	\$	\$
Note 2: Revenue		
<i>Operating activities:</i>		
Course revenues	1,927,395	1,807,587
Donations	1,680	-
Network membership fees and events	119,235	121,203
Interest	87,019	92,351
Other	547	5,049
Total Revenue	<u>2,135,876</u>	<u>2,026,190</u>
Note 3: Surplus for the Year		
(a) Expenses		
Depreciation and amortisation of non-current assets:		
Furniture, plant and equipment	<u>7,146</u>	<u>8,339</u>
Total Depreciation and amortisation	<u>7,146</u>	<u>8,339</u>
Rental expense on operating leases:		
Minimum lease payments	62,090	61,943
(b) Course revenues		
<i>Australian Rural Leadership Program (ARLP):</i>		
Course 19	-	211,912
Course 20	207,116	697,309
Course 21	841,752	583,340
Course 22	450,082	-
<i>Short Courses</i>		
Wine Future Leaders	50,898	-
TRAILBlazers	70,000	73,455
TRAIL	91,625	153,000
Torres Strait Young Leaders Program	75,027	32,499
TSRA Womens Leadership	82,683	-
Ricegrowers' Association	57,790	52,400
Other	422	3,672
Total course revenues	<u>1,927,395</u>	<u>1,807,587</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	<u>2015</u>	<u>2014</u>
	\$	\$
Note 3: Surplus for the Year (continued)		
(c) Course costs		
<i>Australian Rural Leadership Program (ARLP):</i>		
Course 19	-	78,354
Course 20	105,312	387,087
Course 21	436,039	293,777
Course 22	214,998	-
<i>Short Courses</i>		
New Business	1,180	7,592
Wine Future Leaders	46,235	-
TRAILBlazers	62,764	60,387
TRAIL	41,693	43,359
Torres Strait Young Leaders Program	45,027	22,854
TSRA Womens Leadership	51,087	-
Ricegrowers	8,188	23,892
Total course costs	<u>1,012,523</u>	<u>917,302</u>
Note 4: Cash and cash equivalents		
Cash on hand and at bank	210,696	416,923
Units in cash management trust	595,489	440,000
	<u>806,185</u>	<u>856,923</u>
Note 5: Receivables		
CURRENT		
<i>Australian Rural Leadership Program:</i>		
Scholarships for Course 20	5,500	29,150
Scholarships for Course 22	67,967	118,800
Scholarships for Course 23	110,000	-
Scholarships for Course 24	55,000	-
Scholarships for Course 25	55,000	-
Network membership fees for Course 19	-	1,100
Network membership fees for Course 20	1,100	19,580
Network membership fees for Course 21	23,914	28,600
Network membership fees for Course 22	20,900	-
<i>Other Course Receivables:</i>		
Short Courses	111,870	53,873
Total Course Receivables	<u>451,251</u>	<u>251,103</u>
Other receivables	-	164
Interest Receivable	35,066	34,992
	<u>486,317</u>	<u>286,259</u>

Current receivables are receivable within 30 days. \$79,494 of receivables were overdue by 90 days or more under approved payment plans or other arrangements (2014: \$4,180). All receivables have been assessed for impairment and no allowance for impairment was considered necessary at 30 June 2015 (2014: Allowance for impairment was \$Nil).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	<u>2015</u>	<u>2014</u>
	\$	\$
Note 6: Investments		
CURRENT		
Fixed term deposits	<u>1,887,245</u>	<u>1,856,972</u>
	<u>1,887,245</u>	<u>1,856,972</u>
Note 7: Other current assets		
Prepaid ARLP and short course costs	58,379	20,983
Prepaid insurance	9,922	20,632
Prepaid other expenses	<u>15,003</u>	<u>4,612</u>
	<u>83,304</u>	<u>46,227</u>
Note 8: Property, plant and equipment		
Furniture, plant and equipment – at cost	109,068	107,918
Accumulated depreciation	<u>(88,165)</u>	<u>(81,019)</u>
	<u>20,903</u>	<u>26,899</u>
Total Property, Plant and Equipment	<u>20,903</u>	<u>26,899</u>
 (a) Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current and previous financial years		
	Furniture, plant and equipment 2015 \$	Furniture, plant and equipment 2014 \$
Opening Balance	26,899	29,739
Additions	1,150	5,499
Depreciation and amortisation expense	<u>(7,146)</u>	<u>(8,339)</u>
Closing Balance	<u>20,903</u>	<u>26,899</u>
Note 9: Payables		
CURRENT		
<i>Unsecured liabilities:</i>		
Creditors and accrued expenses	62,593	47,495
GST payable	<u>77,077</u>	<u>30,796</u>
	<u>139,670</u>	<u>78,291</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	<u>2015</u>	<u>2014</u>
	\$	\$
Note 10: Provisions		
CURRENT		
Provision for employee benefits: annual leave	14,255	48,678
Provision for employee benefits: long service leave	8,917	4,105
Course make-up costs	115,913	39,325
Total Current Provisions	<u>139,085</u>	<u>92,108</u>
NON-CURRENT		
Provision for employee benefits: long service leave	5,356	11,702
Total Non-Current Provisions	<u>5,356</u>	<u>11,702</u>
(a) Movement in Provisions		
<i>Provision for Course Make-Up Costs</i>		
Opening Balance	39,325	27,026
plus: Amounts transferred from courses for missed sessions	99,896	38,692
less: Amounts transferred to courses for make-up sessions	<u>(23,308)</u>	<u>(26,393)</u>
Closing balance	<u>115,913</u>	<u>39,325</u>

(b) Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave vesting is based upon historical data. The measurement and recognition criteria for employee benefits have been discussed in Note 1(e).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	<u>2015</u>	<u>2014</u>
	\$	\$
Note 11: Unearned revenue		
CURRENT		
Courses:		
<i>Australian Rural Leadership Program:</i>		
Course 20	-	205,737
Course 21	188,577	860,210
Course 22	788,904	213,000
Course 23	200,000	-
<i>Short Courses:</i>		
Trail	43,528	56,278
TSRA Women's Leadership Program	88,017	121,575
TRAILblazers	48,500	38,500
Wine Future Leaders	130,202	-
Ricegrowers	-	40,865
	<u>1,487,728</u>	<u>1,536,165</u>
NON CURRENT		
<i>Australian Rural Leadership Program:</i>		
Course 21	-	206,450
Course 22	179,166	-
Course 24	100,000	-
Course 25	100,000	-
	<u>379,166</u>	<u>206,450</u>
Total Unearned revenue	<u>1,866,894</u>	<u>1,742,615</u>
(a) Aggregate course liabilities		
Australian Rural Leadership Program, Course 19		
Scholarships	-	1,500,000
Add: Amounts transferred to course for make-up sessions	-	25,395
Less: Session Costs	-	(744,582)
Less: Session Missed	-	(66,660)
Less: Contribution to core costs	-	(714,153)
	<u>-</u>	<u>-</u>
Australian Rural Leadership Program, Course 20		
Scholarships	1,603,000	1,598,000
Add: Amounts transferred to course for make-up sessions	8,667	8,667
Less: Transfer to Course 21	(150,000)	(150,000)
Less: Session Costs	(783,670)	(678,853)
Less: Session Missed	(36,679)	(33,058)
Less: Contribution to core costs	(641,318)	(539,019)
	<u>-</u>	<u>205,737</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	<u>2015</u>	<u>2014</u>
	\$	\$
Note 11: Unearned revenue (continued)		
(a) Aggregate course liabilities (continued)		
<i>Australian Rural Leadership Program, Course 21</i>		
Scholarships	1,600,000	1,600,000
Add: Transfer from Course 20	150,000	150,000
Add: Sessions Made Up	23,310	-
Less: Transfer to Course 22 and TRAIL	(138,265)	(100,000)
Less: Session Costs	(729,818)	(293,777)
Less: Session Missed	(21,376)	-
Less: Contribution to core costs	(695,274)	(289,563)
	<u>188,577</u>	<u>1,066,660</u>
<i>Australian Rural Leadership Program, Course 22</i>		
Scholarships	1,493,052	163,000
Add: Transfer from Course 21	50,000	50,000
Less: Transfer to Course 23	(50,000)	-
Less: Session Costs	(214,998)	-
Less: Session Missed	(74,900)	-
Less: Contribution to core costs	(235,084)	-
	<u>968,070</u>	<u>213,000</u>
<i>Australian Rural Leadership Program, Course 23</i>		
Scholarships	150,000	-
Add: Transfer from Course 22	50,000	-
	<u>200,000</u>	<u>-</u>
<i>Australian Rural Leadership Program, Course 24</i>		
Scholarships	100,000	-
	<u>100,000</u>	<u>-</u>
<i>Australian Rural Leadership Program, Course 25</i>		
Scholarships	100,000	-
	<u>100,000</u>	<u>-</u>
Note 12: Other Current Liabilities		
Program Participant's Welfare Fund	(i) <u>9,359</u>	<u>9,359</u>
	<u>9,359</u>	<u>9,359</u>

(i) The Participant's Welfare Fund has been established to provide financial assistance to those participants of the Foundation's programs who have difficulty in meeting some of the financial costs of the program.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Note 13: Commitments

The Foundation is committed to the following expenditure in respect of a contractual commitments receivable or payable.

	<u>2015</u> \$ Receivable	<u>2015</u> \$ Payable	<u>2015</u> \$ Net Receivable / (Payable)
Within one year:			
ARLP	60,091	(20,212)	39,879
Short courses	71,916	(19,737)	52,179
Other	-	(59,085)	(59,085)
	<u>132,007</u>	<u>(99,034)</u>	<u>32,973</u>
Within 1-5 years:			
ARLP	406,090	-	406,090
Short courses	66,000	-	66,000
Other	-	(27,200)	(27,200)
	<u>472,090</u>	<u>(27,200)</u>	<u>444,890</u>
Total for 2015	<u>604,097</u>	<u>(126,234)</u>	<u>477,863</u>
	<u>2014</u> \$ Receivable	<u>2014</u> \$ Payable	<u>2014</u> \$ Net Receivable / (Payable)
Within one year:			
ARLP	262,870	(86,048)	176,822
Short courses	341,895	(59,478)	282,417
Other	-	(67,563)	(67,563)
	<u>604,765</u>	<u>(213,089)</u>	<u>391,676</u>
Within 1-5 years:			
Short courses	-	-	-
Other	-	(90,770)	(90,770)
	<u>-</u>	<u>(90,770)</u>	<u>(90,770)</u>
Total for 2014	<u>604,765</u>	<u>(303,859)</u>	<u>300,906</u>

Note 14: Company details

The Foundation is a public company limited by guarantee. If the Foundation is wound up, the constitution states that each member and each member who ceased to be a member in the preceding year is required to contribute a maximum of \$10 each towards meeting any outstandings and obligations of the Foundation. At 30 June 2015 the number of members was 651 (2014: 637).

The registered office and principal place of business of the company is: 1st Floor, Forest Industries House, 24 Napier Close, Deakin ACT 2600.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Note 15: Related Party Disclosures

(a) Details of Key Management Personnel

Names and positions held of key management personnel in office at any time during the financial year are:

(i) Directors of Australian Rural Leadership Foundation Limited

Dr W Craik (Chairperson)	Prof S Barlow
Mr L McDonald	Mr C Burns
Ms B Madden	Mr I Crook
Mr R Hadler	

(ii) Executives

Mr M Linnegar (CE)	Mr G Smith
Dr L Fitzpatrick (former CE)	Ms Michelle Wickson
Ms P Woodhill	Dr J Andrew
Ms J Healey	

(b) Compensation of Key Management Personnel

	Short-term benefits	Post employment benefits	Other long-term benefits	Total
	\$	\$	\$	\$
2015				
Total compensation	596,183	53,544	-	649,727
2014				
Total compensation	506,140	66,167	-	572,307

(c) Transactions with Director related entities

Name of entity	Current year transactions and balances (including GST)
Charles Sturt University (CSU) ¹	TRAIL revenue (\$9,350)
Rural Industries Research & Development Corporation ²	Scholarships revenue - Course 19 (\$55,000) Scholarships revenue - Course 20 (\$55,000) Scholarships revenue - Course 21 (\$55,000) Scholarships revenue - Course 22 (\$55,000) Scholarships revenue - Course 23 (\$55,000)
Woolworths ³	Scholarships Revenue - Course 22 (\$55,000)

¹ Related entity of Mr L McDonald

² Related entity of Mr C Burns

³ Related entity of Ms Barb Madden

Funding for course scholarships is provided by various entities (including related entities) and may carry conditions as to how they are to be applied. Conditions include an entity providing the funds may include as a condition that the funds be provided as a scholarship to an applicant from a particular industry, or an applicant employed by the entity providing the funds. Funding received from director related entities is subject to the same commercial arrangements as other non-director related entities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	<u>2015</u>	<u>2014</u>
	\$	\$
Note 16: Cash flow information		
(a) Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is represented by the following items:		
Cash and cash equivalents per Statement of Financial Position	806,185	856,923
Cash and cash equivalents per Statement of Cash Flows	<u>806,185</u>	<u>856,923</u>
Difference	<u>-</u>	<u>-</u>
(b) Reconciliation of net cash relating to operating activities to net surplus		
Surplus (deficit) for the year	(15,615)	(21,081)
Non-cash flows in operating surplus:		
Depreciation and amortisation	7,146	8,339
Changes in assets and liabilities:		
Receivables	(200,058)	(200,860)
Other current assets	(37,077)	29,733
Payables	61,379	(12,222)
Unearned revenue	124,279	186,769
Provisions	40,631	(9,196)
Other liabilities	-	(653)
Net cash received from operating activities	<u>(19,315)</u>	<u>(19,171)</u>

Note 17: Subsequent Events

The Directors are not aware of any matter or circumstance that has arisen since the balance date that has significantly affected the state of affairs of the Foundation.

Note 18: Financial Risk Management

The Foundation's principal financial instruments comprise cash at bank, receivables, investments and accounts payable. These financial instruments arise from the operations of the Foundation.

The carrying amount 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

Cash and cash equivalents	806,185	856,923
Fixed term deposits	1,887,245	1,856,972
Receivables	<u>486,317</u>	<u>286,259</u>
Total Financial Assets	<u><u>3,179,747</u></u>	<u><u>3,000,154</u></u>

Financial Liabilities

Financial liabilities at amortised cost		
Payables	<u>139,670</u>	<u>78,291</u>
Total Financial Liabilities	<u><u>139,670</u></u>	<u><u>78,291</u></u>

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of the Australian Rural Leadership Foundation Limited (the Foundation), we declare that:

- 1 the financial statements and notes are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, and
 - (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - (b) give a true and fair view of the Foundation's financial position as at 30 June 2015 and of the performance for the year ended on that date.
- 2 there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Dr W Craik
Director



Ms B Madden
Director

Date: 17 September 2015

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE AUSTRALIAN RURAL LEADERSHIP FOUNDATION LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Australian Rural Leadership Foundation Limited, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the financial reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

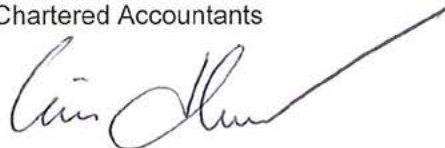
In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. We confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the directors of the Australian Rural Leadership Foundation Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- a) the financial report of the Australian Rural Leadership Foundation Limited is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - i. giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the period ended on that date; and
 - ii. complying with Australian Accounting Standards – Reduced Disclosure Requirements and the financial reporting requirements of the *Australian Charities and Not-for-profits Regulation 2013*.

Moore Stephens
Chartered Accountants



Eric Hummer
Director

Dated at Canberra this 17th day of September 2015



Outstanding regional and rural leadership



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