



Australian
Rural Leadership
Foundation

ANNUAL REPORT 2010-2011

Developing Leadership Excellence
to Build a Resilient Rural Australia



Vision

A well led resilient rural Australia

Goal

Rural Australia is economically, socially and environmentally healthy, viable and resilient.

Mission

Developing leadership excellence to build a resilient rural Australia.

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Directory Australian Rural Leadership Foundation Limited

ABN 80 056 874 787

Patron Major General Michael Jeffrey, AC, AO(Mil), CVO, MC (Retd)

Auditors Moore Stephens Canberra Audit P/L

Accountants Halletts Chartered Accountants

Bankers Westpac, ACT

Solicitors KJB Law, ACT

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AUSTRALIAN RURAL LEADERSHIP FOUNDATION STAFF:

Chief Executive

Dr Lesley Fitzpatrick

Manager — Leadership Programs

Karim Haddad

Manager — Short Courses

Zoe Routh

Manager — Leadership, Engagement and Development

Philippa Woodhill (maternity leave October 2010)

Manager — Leadership, Evaluation and Development

Dr Jenny Andrew (from September 2010)

Business Manager, Company Secretary

Robyn Stone (left April 2011)

Jane Healey (from April 2011)

Media and Communication

AnneMarie White (from November 2010)

Administration Officer

Annette Bunfield

Course Administrator (Programs)

Li-er Kendall

Network and Short Course Assistant

Christina Phimphisane

Accounts Administrator

Miranda Hou





CHAIRPERSON'S REPORT 2010–11

Dr Wendy Craik AM

Since its establishment in 1992, the goal of the Australian Rural Leadership Foundation has been to work towards a rural Australia that is *economically, socially, and environmentally healthy, viable and resilient*, through the development of leadership excellence.

It is very pleasing that the Foundation's flagship program, the Australian Rural Leadership Program (ARLP) continues to be successful. However, to ensure its sustainability, the Foundation has implemented a three year strategy focussed on diversifying its activities and strengthening its financial viability to build a platform for the long term. In the 2010–11 financial year, the Foundation concentrated on expanding its capacity and developing a broader business base through consolidating the short courses business stream. As a relatively new player in the emerging leaders and the highly competitive short courses market, our success in these areas is strengthening gradually, with more work to be done to build on and extend activity.

I am delighted to report that due to the efforts and commitment of the Staff and Board, all of the goals and objectives of the Foundation's Strategic Plan covering the years 2009–2012 have been addressed enabling us to develop our next Plan which covers the period 2011–2014.

Its main focus is the continued diversification of our financial base. The reliance on sponsorship as the Foundation's main source of income remains a challenge. Given the volatility of the economic environment, commodity cycles, and a market that is highly competitive, sponsors and donors are increasingly difficult to find and retain. The varying imposts on sponsor support and increasing competition for sponsorship dollars, require the Foundation to strengthen its financial base in other ways in order to build a platform for long term sustainability.

In view of this, the Foundation undertook a Fund Raising Feasibility Study which was generously funded by the Vincent Fairfax Family Foundation. Following consideration of the Study Report, the Board endorsed the use of Development Reserves to underwrite a capital fund raising campaign with the purpose of establishing an endowment fund to provide some future scholarships for the Foundation's programs. This fund raising initiative will draw upon the commitment of the Board, our many supporters and our Network of fellows and we look forward to the outcomes of this important initiative. This is a major and significant exercise which offers the opportunity to position the Foundation well to develop leadership for rural Australia in the future.

I assumed the role of chairperson when the previous incumbent, Professor Peter Shergold AC resigned at the end of 2010. I'd like to take this opportunity to publicly acknowledge his leadership of the Foundation and his continued support for its work.

Also ending their terms at that time were Dr Peter O'Brien and Vince O'Donnell both of whom played an important role in the governance of the Foundation. In taking on the role of chairperson I have received valuable support from the continuing directors, John Wilson, Leann Wilson and Barb Madden, and from Prof Snow Barlow and Susie Tegen who joined the Board in November 2010. I would like to take this opportunity to recognize the skills and expertise these individuals have brought to the team, and their continued contribution and commitment to the company.

My final comment is one of appreciation to all who are part of the Foundation; our Patron, Major General Michael Jeffery and our members, sponsors and donors. I particularly acknowledge the efforts of the staff and our CEO, Dr Lesley Fitzpatrick. They are an extremely committed group of people who have worked together effectively to address our mission of *developing leadership excellence to build a resilient rural Australia*.

Finally, I thank you for your support and commitment to the Foundation over the last 12 months.

Dr Wendy Craik AM; Chairperson
Australian Rural Leadership
Foundation

AUSTRALIAN RURAL LEADERSHIP FOUNDATION HIGHLIGHTS 2010–2011

AUSTRALIAN RURAL LEADERSHIP PROGRAM HIGHLIGHTS



Course 16

The Graduation of Course 16 in Alice Springs was the first held in regional Australia. Course 16 was also the first to graduate following the restructuring of the ARLP based on the insights from the Research and Evaluation Foundation report of 2008.

"The course was personally challenging and transformational and reawakened dreams and ambitions I had from nearly 20 years earlier." Jane Lovell TAS.

Course 18

The ARLP continues to attract the cream of rural leaders as demonstrated by the 30 enthusiastic and talented new participants who make up Course 18.

"I am honoured to be selected as a participant on the ARLP — it is such a unique and holistic program."

Tammie Reid WA.

New Provider

There has been a smooth transition between Ausworks who have run the ARLP outback experience in the Kimberley for the past 14 years and Outback Initiatives who have now taken over running this first ARLP Course session.



Course 17

The educational experience for participants of Course 17 in India was one of the strongest yet, meeting world class leaders that gave participants a new perspective on leadership in difficult circumstances.

"Rural issues are similar around the world, but what I find very inspiring here in India is that adversity doesn't break the spirit of the people." Rebel Black NSW.



Course Case Study

The in depth case study for Course 17 participants explored the highly contentious and topical issues in the Murray Darling Basin.



SHORT COURSE HIGHLIGHTS



Telstra Foundation Community Leadership Development Program

This tailored program for the Telstra Foundation, brought together three Telstra executives and five CEOs from not-for-profit organisations that the Telstra Foundation supports. The aim of the program was to build cross-sector engagement, as well as strategic thinking capacity.

"It was very worthwhile. I can see changes in my thinking and how I perceive myself." Jodie Bell, Broome Aboriginal Media Association.

TRAIL (Training Rural Australians in Leadership)

The pilot program of TRAIL, an emerging leaders course, was a success with participants from the sugar, dairy and meat export industries, Torres Strait and rural health.

"I recommend the course because it adds such insight, valuable tools and ingredients to help me maximize my full potential as an effective leader." Fraser Nai, Torres Strait Regional Authority.



TRAILblazers

In March 2011, participants from the pork industry, James Cook University, Westpac, Elders Forestry, RIRDC, and the Prawn Fisheries Association completed the Foundation's second exclusive advanced leadership program for seasoned leaders. This one-of-a-kind program is specifically for experienced leaders who are ready to consider next steps, personal legacy, and future contribution to rural Australia.

"I feel like a quantum shift has occurred in my thinking. This sort of thinking should go viral!" Andy Wright, Regional Manager for Elders Forestry.

I feel like a quantum shift has occurred in my thinking. This sort of thinking should go viral!

LEADERSHIP, EVALUATION AND DEVELOPMENT HIGHLIGHTS

The Book Professional Development program

Many Network members took advantage of the books provided through Network-e and supplied by ABC Regional Radio (666 Canberra).

E-News

The Network-e has been produced twice monthly over the past financial year and to date is read by 23.7% of members.

ARLP Course Evaluation

The ARLP evaluation process is being re-developed with the first session of the course now aligned with the Foundation's philosophy. The evaluation process, developed and trialled with Course 18, aims to be educative (through reflection) for participants as well as informing the Foundation of program improvements.

LEAD Day

A great professional development day was held in Alice Springs alongside the graduation of Course 16.



THE AUSTRALIAN RURAL LEADERSHIP PROGRAM

The Foundation's nineteenth year has been challenging, productive and rewarding. The revised format of our flagship program, the Australian Rural Leadership Program (ARLP), is extremely effective and continues to draw interest and acclaim.

The proposal for academic accreditation of the ARLP was well received by James Cook University and it is expected that university recognition will be in place by January 2012.

If all goes to plan, graduating fellows from Course 18 of the ARLP will also receive a Graduate Certificate in Australian Rural Leadership from James Cook University; a remarkable achievement for the Foundation and an acknowledgement of the quality and effectiveness of the ARLP.

CHIEF EXECUTIVE'S REPORT 2010–2011

SHORT COURSES

Our new short courses, TRAIL (Training Rural Australians In Leadership) and TRAILblazers are consolidating slowly. TRAIL is aimed at emerging leaders while TRAILblazers is provided for mature, experienced leaders. Both were offered during the financial year and the evaluation feedback was exceptional. These short courses are targeted strategically at particular sections of our market and enable the Foundation to develop rural leadership in more individuals and groups. We are also experiencing strong interest in providing tailored short courses for specific industries and groups.

...the work of a company such as the Foundation is not the work of an individual but that of many working collaboratively towards a common goal.

During the financial year we have conducted tailored programs for the wine industry (Future Leaders Program), the Telstra Foundation (Community Development Leadership Program for senior Telstra Executives and CEOs of their not-for-profit recipient organisations) and the Torres Strait Regional Authority (school leavers program). A significant amount of potential short course business is in the negotiation stage and this activity stream is making a steady impact on our income diversification.

MARKETING AND COMMUNICATION

The Foundation's marketing and communications activities have benefited from additional resources to the area resulting in improved promotional materials, more effective communications systems, and increased engagement with the media.

The Foundation has also joined ABC Rural and the Kondinin Group as joint sponsor of the Australian Farmer of the Year Award increasing our profile through broadcast, published material and reporting associated with the award. The second stage of this

initiative will involve the establishment of a Foundation funded and badged Australian Rural Leader of the Year Award which will be launched in our twentieth year. This anniversary will also provide the opportunity to launch a history and yearbook. Preparatory work commenced at the beginning of the calendar year with fellows and past Board members assisting in capturing the history of the organisation.

FUND RAISING FEASIBILITY STUDY

An important initiative that will offer dividends for years to come has been mentioned in the Chairperson's Report. The Fund Raising Feasibility Study explored the possibility of shifting the Foundation's dependency on sponsorship of the ARLP. Through the generous and welcome support of the

Vincent Fairfax Family Foundation, we were able to secure the services of a fund raising consultant to develop a strategic plan that will guide the establishment of an endowment fund which will, in future underwrite some of our scholarship needs.

LEADERSHIP ENGAGEMENT AND DEVELOPMENT (LEAD) NETWORK

Support for the Leadership Engagement and Development (LEAD) Network of Foundation fellows and members has been provided through professional and personal development opportunities focussed around events such as ARLP sessions to enable interaction between cohorts of fellows. The annual professional development day was held in Alice Springs following the Graduation of Course 16. We took advantage of the critical mass of rural leaders in the area by running a workshop on leadership in remote areas in collaboration with Desert Knowledge Australia.

Our online Leaders Bureau is being used regularly by groups and individuals wishing to identify individuals with skills or expertise in a particular topic of geographic area. The Network-E continues to be published every two weeks and the Rural Leader magazine is produced annually.

EVALUATION

The Foundation's evaluation activities have also benefited from the designation of specific resources to the area resulting in improved approach and capacity. An evaluation framework that covers the Foundation's practices (programs, short

courses and events); organisational arrangements (structure of programs, staffing and board arrangements) and policies (syllabi, curricula and Foundation objectives and philosophy) will link the Foundation's philosophy, objectives, organisational arrangements and practices. It will identify, where possible, return on investment and we have begun the task of providing specific feedback to some sponsors.

Our evaluation work is a further step toward outlining a clear value proposition for key stakeholders — sponsors, donors and customers, and beneficiaries of our programs.

THE FOUNDATION TEAM

Over the twelve months covered by this report, the work of the Foundation has been significant. Its progress and achievements are testament to a talented and dedicated team which has changed with the resignation of some staff and the recruitment of others to enhance capacity. The staff is an outstanding group of individuals; they are committed to excellence and to working together collaboratively in a busy and dynamic environment. In the last 12 months they have made a significant difference to rural, regional and remote Australia and I wish to take this opportunity to formally thank them for their creativity, loyalty and hard work.

The core team: Karim Haddad (Manager, Education Programs); Zoe Routh (Manager, Short Courses); Li-er Kendall and Christina Phimphisane (Program Administrators); Annette Bunfield (Receptionist / Admin Assistant) and Miranda Hou (Book Keeper); continued to provide exceptional service throughout the year. Philippa Woodhill took parental

leave in early 2011 and Jennifer Andrew (Manager, Leadership, Evaluation and Development) was employed full time to take on responsibility for the Network and evaluation activities. The Foundation also appointed a part-time staff member, AnneMarie White, in the media and communications area. Finally, after more than two years of service, Robyn Stone resigned as Business Manager and Jane Healey took up the role in April 2011.

Naturally, the work of a company such as the Foundation is not the work of an individual but that of many working collaboratively towards a common goal. In light of this, as well as acknowledging the staff, I would like to take this opportunity to thank the previous, and current, Chairperson, Professor Peter Shergold (who resigned at the end of 2010), and Dr Wendy Craik who assumed the role six months ago. Their advice and support has been invaluable to the Foundation and to me personally. The Directors have also offered ideas, experience, guidance and time, to insure that the Foundation met its strategic challenges. I thank them all for their contribution and commitment.



Dr Lesley Fitzpatrick

Chief Executive
Australian Rural Leadership Foundation

AUSTRALIAN RURAL LEADERSHIP PROGRAM DONORS

Tim Fairfax Family Foundation



Vincent Fairfax Family Foundation



AUSTRALIAN RURAL LEADERSHIP PROGRAM SPONSORS

Australian Lot Feeders Association



Dairy Australia



Department of Primary Industries



Australian Meat Processor Corporation



Dairy Food Safety Australia



Fisheries Research and Development Corporation



Auscott Ltd



Department of Agriculture, Fisheries and Forestry



Department of Local Government and Regional Development, WA



Australian Pork



Department of Health and Ageing



Grape and Wine Research and Development Corporation



Australian Wool Innovation Ltd



Department of Infrastructure, Transport, Regional Development and Local Government



Grains Research and Development Corporation



Cotton Research and Development Corporation



Horticulture Australia Ltd



Cotton Australia



Department of Sustainability and Environment Victoria



Queensland Health



Rural Industries Research
and Development Corporation



Australian Government
Rural Industries Research and
Development Corporation

Santos

Rural Press Limited



Woolworths



AUSTRALIAN RURAL LEADERSHIP PROGRAM CLIENTS

Alkane



Department of Sustainability and
Environment Victoria



Telstra Country Wide



Cooperative Bulk Handling



Department of Primary Industries



Westpac Banking Corporation



Centrelink



Elders Limited



Queensland Health



CSIRO Sustainable Ecosystems



Fletcher



SHORT COURSE AND TAILORED PROGRAMS CLIENTS

Wine Future Leaders 4

Wine Australia

Winemakers Federation of Australia

Wine Grape Growers' Australia

Grape and Wine Research and
Development Corporation

TRAILblazers 2

Fisheries RDC

RIRDC

Australian Pork Association

James Cook University

Forest and Wood Products
Association

Westpac

TRAIL 1

Torres Strait Regional Authority

Bega Dairy

Livecorp

Sugar RDC

Kimberley Division of General Practice

**Telstra Foundation Community
Leadership Development Program**

DIRECTORS' REPORT

The directors of the Australian Rural Leadership Foundation Limited present their report for the financial year ended 30 June 2011.

DIRECTORS

The directors of the Australian Rural Leadership Foundation during the 2010–11 financial year, up to the date of this report, are:

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

Governor Members and Special Skills	Fellow Members
Dr Wendy Craik appointed as special skills director on 15 November 2010 and as Chairperson on 1 January 2011.	
Dr Peter O'Brien , was elected on 15 November 2007 and resigned on 15 November 2010 at the end of his term.	Ms Barb Madden , a fellow member, was elected on the 19 November 2009.
Prof Peter Shergold was appointed as a special skills director and elected chairperson on 7 March 2008. He was then elected as a governor member on 19 November 2009 and resigned on 31 December 2010.	Ms Susi Tegen , a fellow member, was elected on 15 November 2010.
Mr John Wilson was appointed special skills director on 27 June 2008 and re-appointed as a special skills director on the 13 November 2008. On the 19 November 2009 he was elected a governor member of the Board.	Ms Leann Wilson , a fellow member, was elected on the 13 November 2008.
Prof Snow Barlow , a governor member, was elected as on 15 November 2010.	Mr Vincent O'Donnell , a fellow member, was re-elected on the 13 November 2008 and resigned on 15 November 2010 at the end of his term.

Director	Board	Finance and Audit Committee
Prof P Shergold	2 (2)	
Dr W Craik	2 (2)	
Mr S Barlow	2 (2)	
Ms B Madden	4 (4)	4 (4)
Dr P O'Brien	1 (2)	
Mr. V O 'Donnell	2 (2)	2 (2)
Mr. J Wilson	4 (4)	4 (4)
Ms L Wilson	2 (4)	
Ms S Tegen	2 (2)	1 (1)

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 2009–10 was the development and delivery of leadership development program for rural Australia including:

- the Australian Rural Leadership Program
- Training Rural Australians In Leadership (TRAIL) for emerging leaders
- TRAILblazers for mature, experienced leaders
- tailored short courses for particular groups or industries, and
- the engagement and enhancement of the Australian Rural Leadership Foundation's graduate network.

OPERATING RESULT

The surplus for the financial year was \$144,975.

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.

AUDITOR INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this report.

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 wilful 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 \$5,325.00 excluding GST.

NON-AUDIT SERVICES

Non-audit services provided by the Foundation's auditor, Moore Stephens are set out in Note 14 of the financial statements.

FUTURE DEVELOPMENTS AND RESULTS

The Foundation will continue to develop the leadership programs to meet the need for rural leadership in a rapidly changing global environment. The directors are confident that the operations of the Foundation will continue to meet the expectations of the members, the program participants and our sponsors.

Signed in accordance with a resolution of the directors.



Dr W Craik,
Chairperson



Ms B Madden,
Director

Townsville, 15 September 2011

THE DIRECTORS ARE:



Dr Wendy Craik AM
Special Skills Director (Chair)

Dr Craik is currently a full-time Commissioner of the Productivity Commission. Other positions Wendy has held include Chief Executive of the Murray-Darling Basin Commission, Executive Director of the National Farmers Federation, Executive Officer of the Great Barrier Reef Marine Park Authority and Chief Executive of Earth Sanctuaries Limited — a listed company pioneering a private approach to wildlife conservation. She is currently on the boards of the WorldFish Centre, Dairy Australia and is on the Council of the University of South Australia.



Ms Barb Madden
Fellow Director

Ms Barb Madden was the 2009 Queensland Rural Woman of Year, has completed the Australian Institute of Company Directors Course and is a graduate of the Australian Rural Leadership Program Course 14. Barb is a partner and Chief Financial Officer of Smithfield Feedlot, a large cattle feeding enterprise in South East Queensland.



Mr John Wilson
Governor Director

Mr John Wilson is the Business Development Manager, Chief Financial Officer and Company Secretary for the Fisheries, Research and Development Corporation (FRDC). John is a Fellow of the Australian Institute of Company Directors, a Certified Practising Accountant and a member of the Royal Institute of Public Administration and the Australian Institute of Management.



Professor Snow Barlow
Governor Director

Prof Barlow is a plant physiologist and agricultural scientist and Foundation Professor of Horticulture and Viticulture at the University of Melbourne. He currently chairs the Expert Panel of the DAFF 'Australia's Future Farming' climate change R & D program, is a member of the Government's NGO Roundtable on Climate Change and convenes the Primary Industries Research Adaptation Network of the National Climate Change Adaptation Research Facility.



Ms Susi Tegen
Fellow Director

Ms Susi Tegen is a graduate of the Australian Rural Leadership Program (Course 9). In 2009, she was the South Australian Telstra Nokia Innovation Business Woman of the Year and SA's Rural Australian Woman of the Year. Susi is currently the CEO of Royal Australian and New Zealand College of Ophthalmologists and a Director of the Adelaide Western General Practice Network.



Ms Leann Wilson
Fellow Director

Ms Leann Wilson has pursued a lifelong passion for community and advocacy work, helping organisations implement cultural governance frameworks. Leann is a member of Woolworth's corporate responsibility panel, a former finalist in the Telstra Business Woman of the Year, recipient of a Queensland Centenary Medal and sits on the Rural Industries Research and Development Corporation (RIRDC) R&D Advisory Committee for Aboriginal & Torres Strait Islander Rural Development.



REPORT FROM THE FINANCE AND AUDIT COMMITTEE CHAIR



I am pleased to report that the Foundation's financial position has remained solid for the 2010/11 financial year. The 2011 surplus was \$ 144,975; slightly down on last year, but still a good result. Once again the Foundation staff are to be congratulated on delivering consistent excellent financial results, while at the same time expanding the range of programs being delivered by the Foundation. Going forward, the Foundation is well placed financially to deliver on its vision.

Barb Madden

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

IMPORTANT INFORMATION FOR MEMBERS

The Directors' Report, Concise Financial Report and Independent Auditor's Report contained within this document represent a Concise Report.

The full financial report of the Australian Rural Leadership Foundation Limited (The Foundation) for the financial year ended 30 June 2011 and the Independent Auditor's Report thereon will be sent, free of charge, to members upon request. Members wishing to receive the full financial report and Independent Auditor's Report may arrange delivery by calling (02) 6281 0680 or by visiting our website at www.rural-leaders.com.au

The Concise Report contained within this document has been derived from the full financial report of the Foundation for the financial year ended 30 June 2011 and cannot be expected to provide as full an understanding of the financial performance, financial position, financing and investing activities of the Foundation as the full financial report.

DIRECTORS' DECLARATION

The Directors of the Foundation declare that the concise financial report of the Foundation for the year ended 30 June 2011:

1. complies with Accounting Standard AASB1039 "Concise Financial Reports"; and
2. is an extract from the full financial report for the year ended 30 June 2011 and has been derived from and is consistent with the full financial report of the Australian Rural Leadership Foundation Limited.

This declaration is made in accordance with a resolution of the Board of Directors.

Dr W Craik,
Chairperson

Ms B Madden,
Director

Townsville September 2011

FINANCIAL STATEMENTS

Australian Rural Leadership Foundation Limited
Concise Report for the financial year ended 30 June 2011

DISCUSSION AND ANALYSIS - STATEMENT OF COMPREHENSIVE INCOME

Trends in Revenues arising from Operating Activities

The current financial year experienced a 6% decrease in revenues from courses, however course results increased by \$29,097 due to a 13% decrease in course costs. Course revenues, accounting for approximately 83% of total revenue, a decrease of 5% on the previous financial year. Overall, the surplus decreased from \$188,772 to \$144,975.

Effects of Significant Economic or Other Events

There were no significant economic or other events outside the ordinary course of operations of the Foundation during the financial year.

Main Influences on Costs of Operation

As in 2009-10, efforts were continued in 2010-11 to manage the course and administrative costs of the Foundation. Further cost savings were able to be achieved in course costs with course costs reducing by 7% more than course revenues during the financial year. Administrative costs increased in 2010-11 due to increased staffing and salary pressures (\$110,759 increase), increased LEAD Network activity costs (\$40,253 increase) and costs associated with the capital fundraising feasibility study (\$25,000).

Measures of Financial Performance

Summarised operating results are as follows:

	2011	
	Revenues	Results
	\$	\$
Course contributions	1,811,665	861,227
Other	383,492	(716,252)
Total revenue and net surplus	<u>2,195,157</u>	<u>144,975</u>

Ratio Analysis	2011	2010
EBITDA	155,593	199,390
Net Current Assets (NCA)	1,801,080	1,717,622
Current Ratio (%)	2.17	2.26
Gearing Ratio (%)	49%	50%
Debt to Equity Ratio (%)	98%	100%

Explanation of Key Ratios

EBITDA = Earnings before Interest, Taxation, Depreciation and Amortisation

Net Current Assets = Total Current Assets minus Total Current Liabilities

Current Ratio = Total Current Assets divided by Total Current Liabilities

Gearing Ratio = Total Liabilities divided by Total Assets

Debt to Equity Ratio = Total Liabilities divided by Total Equity

These Financial Statements should be read in conjunction with the accompanying notes

FINANCIAL STATEMENTS

Australian Rural Leadership Foundation Limited
Concise Report for the financial year ended 30 June 2011

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$	2010 \$
Revenue from ordinary activities	2	2,195,157	2,182,912
Course costs		(950,438)	(1,089,824)
Staffing costs		(720,532)	(609,773)
Core administrative costs		(276,913)	(218,438)
Occupancy costs		(64,572)	(64,487)
Capital fundraising feasibility study costs		(25,000)	-
Depreciation and amortisation		(11,727)	(10,618)
Impairment of assets		(1,000)	(1,000)
Surplus before income tax		144,975	188,772
Income tax expense		-	-
Surplus for the year		144,975	188,772
Other comprehensive income		-	-
Surplus attributable to members of the Foundation		144,975	188,772

DISCUSSION AND ANALYSIS - STATEMENT OF FINANCIAL POSITION

Changes in the Composition of Assets

Assets have remained relatively stable compared to 2010 with the exception of cash and investments which have increased by \$232,247 between the current and prior year. This increase results from the surplus for the year of \$144,975 and delays in the timing of course cash flows as reflected by the increase in unearned revenues of \$129,012.

The Relationship between Debt and Equity

The gearing of the Foundation, calculated as total liabilities as a proportion of total assets, was stable being 49% for the current year compared to 50% in the previous year.

Unearned Course Revenue Liabilities

The majority of liabilities is made up of unearned revenue in respect of courses (course revenue received and expenses incurred but relating to future financial years). Unearned course revenue makes up \$1,460,363 or 87% of total liabilities in the current financial year. The Foundation does not have any borrowings as at reporting date.

Other Significant Movements in Assets, Liabilities and Equity Items

There are no other significant movements in assets, liabilities and equity items reported in the statement of financial position.

FINANCIAL STATEMENTS

Australian Rural Leadership Foundation Limited
Concise Report for the financial year ended 30 June 2011

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2011

	Note	<u>2011</u>	<u>2010</u>
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		714,304	691,482
Receivables		167,011	122,214
Investments		2,432,125	2,222,700
Other current assets		30,293	42,994
TOTAL CURRENT ASSETS		<u>3,343,733</u>	<u>3,079,390</u>
NON CURRENT ASSETS			
Investments		-	-
Property, plant and equipment		37,273	47,888
TOTAL NON CURRENT ASSETS		<u>37,273</u>	<u>47,888</u>
TOTAL ASSETS		<u>3,381,006</u>	<u>3,127,278</u>
CURRENT LIABILITIES			
Payables		105,769	125,769
Provisions		65,698	68,353
Unearned revenue		1,345,787	1,137,847
Other	5	25,399	29,799
TOTAL CURRENT LIABILITIES		<u>1,542,653</u>	<u>1,361,768</u>
NON CURRENT LIABILITIES			
Provisions		13,445	6,649
Unearned revenue		114,576	193,504
TOTAL NON CURRENT LIABILITIES		<u>128,021</u>	<u>200,153</u>
TOTAL LIABILITIES		<u>1,670,674</u>	<u>1,561,921</u>
NET ASSETS		<u>1,710,332</u>	<u>1,565,357</u>
EQUITY			
Reserves		1,371,436	1,364,936
Retained surplus		338,896	200,421
TOTAL EQUITY		<u>1,710,332</u>	<u>1,565,357</u>

These Financial Statements should be read in conjunction with the accompanying notes

FINANCIAL STATEMENTS

Australian Rural Leadership Foundation Limited

Consolidated Financial Statements for the Year Ended 30 June 2011

DISCUSSION AND ANALYSIS - STATEMENT OF CASH FLOWS

Changes in Cash Flows from Operations

Net cash flows from operating activities increased across all categories during 2010-11. Major increases included course fees and donations received of \$307,772, Network membership receipts of \$60,640 and interest received of \$61,203 which were offset by payments for operations and conduct of course of \$126,184.

Changes in Cash Flows from Investing Activities

The Foundation's investing activities have remained consistent in nature from the previous financial year. In 2010-11, the Foundation outlaid \$210,537 in investing activities. This change was due to net purchases of investments (debentures and term deposits) exceeding redemptions in the financial year. Other investing activities in the current financial year were minor.

Servicing and Repayment of Borrowings

No financing activities were undertaken in the current or previous financial year.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$	2010 \$
OPERATING ACTIVITIES			
Course fees received		1,832,512	1,611,740
Donations received:			
The Myer Foundation Sidney Myer Fund		50,000	-
Tim Fairfax Family Foundation		50,000	46,000
Vincent Fairfax Family Foundation		125,000	92,000
Interest received		159,861	98,658
Other receipts		194,942	134,302
Payments for operations and conduct of courses		(2,178,956)	(2,052,772)
Net cash provided by operating activities		<u>233,359</u>	<u>(70,072)</u>
INVESTING ACTIVITIES			
Purchases of furniture and equipment		(2,617)	(40,126)
Proceeds from disposals of furniture and equipment		1,505	-
Proceeds from maturity of term deposits & debentures		822,500	300,000
Purchases of term deposits		(1,031,925)	(722,700)
Net cash provided by investing activities		<u>(210,537)</u>	<u>(462,826)</u>
FINANCING ACTIVITIES			
Net cash used in financing activities		<u>-</u>	<u>-</u>
Net movement in cash and cash equivalents		22,822	(532,898)
Cash and cash equivalents at beginning of year		691,482	1,224,380
Cash and cash equivalents at end of year		<u>714,304</u>	<u>691,482</u>

These Financial Statements should be read in conjunction with the accompanying notes

FINANCIAL STATEMENTS

Australian Rural Leadership Foundation Limited
Concise Report for the financial year ended 30 June 2011

DISCUSSION AND ANALYSIS - STATEMENT OF CHANGES IN EQUITY

Changes to the Composition of the Components of Equity

The Commitments Reserve represents the estimated funds to complete courses in progress and other contractual obligations entered into by the Foundation. The balance of this reserve was unchanged from 2008-09.

The General Reserve represents the estimated funds necessary to cover closure costs including staff entitlements should the Foundation need to cease operations. The balance of this reserve was unchanged from 2008-09.

The Development Funds Reserve represents the balance of members' funds available for discretionary activities of the Foundation. The balance of this reserve has increased due to an allocation of funds from retained earnings of \$109,950 during 2009-10.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011

	Commitment \$	General \$	Developm \$	Retained \$	Total \$
Balance at 1 July 2009	572,671	300,000	382,315	121,599	1,376,585
Comprehensive income					
Surplus for the year	-	-	-	188,772	188,772
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income	-	-	-	188,772	188,772
Other transfers					
Transfers (to) from reserves	-	-	109,950	(109,950)	-
Total other transfers	-	-	109,950	(109,950)	-
Balance at 30 June 2010	572,671	300,000	492,265	200,421	1,565,357
Comprehensive income					
Surplus for the year	-	-	-	144,975	144,975
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income	-	-	-	144,975	144,975
Other transfers					
Transfers (to) from reserves	(122,671)	(100,000)	229,171	(6,500)	-
Total other transfers	(122,671)	(100,000)	229,171	(6,500)	-
Balance at 30 June 2011	450,000	200,000	721,436	338,896	1,710,332

These Financial Statements should be read in conjunction with the accompanying notes

FINANCIAL STATEMENTS

Australian Rural Leadership Foundation Limited
Concise Report for the financial year ended 30 June 2011

NOTES TO THE CONCISE FINANCIAL STATEMENTS

Note 1. Basis of Preparation of the Concise Financial Report

The concise financial report has been prepared in accordance with the requirements of the *Corporations Act 2001* and Accounting Standard AASB1039 "Concise Financial Reports". The financial report has been prepared on an accruals basis in Australian dollars.

Changes in Accounting Policies and Estimates

The accounting policies are consistent with those of the previous year.

Segment Information

The Foundation operates to provide leadership development in Australia.

Note 2: Revenue

	<u>2010</u>	<u>2009</u>
	\$	\$
<i>Operating activities:</i>		
Course revenues	1,811,665	1,921,954
Donations - Capital Fundraising Feasibility Study	25,000	-
Network membership fees and events	187,691	133,759
Interest	163,711	126,496
Other	7,090	703
Total Revenue	<u>2,195,157</u>	<u>2,182,912</u>

Note 3. 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 4: Transactions with Director Related Entities

Name of entity	Current year transactions and balances (including GST)
Fisheries Research and Development Corporation ¹	Scholarships - Course 18 (\$110,000). Scholarship - TRAILblazers (\$12,650).
Dairy Australia Limited ²	Scholarships - Course 17 (\$55,000).

¹ Related entity of Mr J Wilson

² Related entity of Dr W Craik

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.

Note 5: Other Current Liabilities

	<u>2010</u>	<u>2009</u>
	\$	\$
Amounts held in trust for Course Alumni	(i) -	6,500
Scholarship Donation Fund	(ii) 15,387	12,287
Program Participant's Welfare Fund	(iii) 10,012	11,012
	<u>25,399</u>	<u>29,799</u>

(i) The Foundation administered funds contributed by the Network membership for the development of activities.

(ii) The Scholarship Donation Fund represents funds donated by various individuals to support a participant on the ARLP.

(iii) 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.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
AUSTRALIAN RURAL LEADERSHIP FOUNDATION LIMITED

Report on the Concise Financial Report

We have audited the accompanying concise financial report of Australian Rural Leadership Foundation Limited, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and cash flow statement for the period then ended, and related notes, derived from the audited financial report of the Australian Rural Leadership Foundation Limited for the year ended 30 June 2011, as well as the discussion and analysis. The concise financial report does not contain all of the disclosures required by the Australian Accounting Standards and accordingly, reading the concise financial report is not a substitute for reading the audited financial report.

Director's Responsibility

The directors are responsible for the preparation of the concise financial report in accordance with Accounting Standard AASB 1039 *Concise Financial Reports* and for the *Corporations Act 2011*, and for such internal control as the directors determine is necessary to enable the preparation of the concise financial report.

Auditor's Responsibility

Our responsibility is to express an opinion on the concise financial report based on our procedures which were conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of the Australian Rural Leadership Foundation Limited for the year ended 30 June 2011. We expressed an unmodified audit opinion on that financial report in our report dated 15 September 2011. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the concise financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the concise 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 concise financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our procedures included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of audit evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the financial report for the year. These

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procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with AASB 1039 *Concise Financial Reports* and whether the discussion and analysis complies with the requirements laid down in AASB 1039 *Concise Financial Reports*.

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 *Corporations Act 2001*.

Opinion

In our opinion, the concise financial report including the discussion and analysis of the Australian Rural Leadership Foundation Limited for the year ended 30 June 2011 complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

Moore Stephens
Chartered Accountants



Eric Hummer
Director

Canberra

15 September 2011







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