



# Budget 2018-19

## **Portfolio Budget Statements 2018-19 Budget Related Paper No. 1.1**

### AGRICULTURE AND WATER RESOURCES PORTFOLIO

Budget Initiatives and Explanations of  
Appropriations Specified by Outcomes  
and Programs by Entity

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**THE HON. DAVID LITTLEPROUD MP**

**PARLIAMENT HOUSE**

**CANBERRA 2600**

President of the Senate  
Australian Senate  
Parliament House  
CANBERRA ACT 2600

Speaker  
House of Representatives  
Parliament House  
CANBERRA ACT 2600

Dear Mr President

Dear Mr Speaker

I hereby submit Portfolio Budget Statements in support of the 2018-19 Budget for the Agriculture and Water Resources portfolio.

These statements have been developed, and are submitted to the Parliament, as a statement on the outcomes for the portfolio.

I present these statements to provide accountability to the Parliament and, through it, the public.

Yours sincerely

A handwritten signature in black ink, appearing to read 'David Littleproud', with a long, sweeping underline.

David Littleproud  
Minister for Agriculture and Water Resources

## Abbreviations and conventions

The following notation may be used:

NEC/nec	not elsewhere classified
-	nil
..	not zero, but rounded to zero
na	not applicable (unless otherwise specified)
nfp	not for publication
\$m	\$ million
\$b	\$ billion

Figures in tables and in the text may be rounded. Figures in text are generally rounded to one decimal place, whereas figures in tables are generally rounded to the nearest thousand. Discrepancies in tables between totals and sums of components are due to rounding.

## Enquiries

Should you have any enquiries regarding this publication please contact Scott Brown, Acting Chief Finance Officer, Department of Agriculture and Water Resources, on 02 6272 5523.

Links to Portfolio Budget Statements (including Portfolio Additional Estimates Statements and Portfolio Supplementary Additional Statements) can be located on the Australian Government Budget website at: [www.budget.gov.au](http://www.budget.gov.au).

**USER GUIDE  
TO THE  
PORTFOLIO BUDGET STATEMENTS**

# USER GUIDE

The purpose of the 2018–19 Portfolio Budget Statements (PBS) is to inform Senators and Members of Parliament of the proposed allocation of resources to Government outcomes by entities within the portfolio. Entities receive resources from the annual appropriations acts, special appropriations (including standing appropriations and special accounts) and revenue from other sources.

The PBS facilitates understanding of proposed appropriations in Appropriation Bills (No. 1 and No. 2) 2018–19 (or Appropriation (Parliamentary Departments) Bill (No. 1) 2018–19 for the parliamentary departments). For this reason the PBS is declared by the Appropriation Acts to be a ‘relevant document’ to the interpretation of the Bills according to section 15AB of the *Acts Interpretation Act 1901*.

The PBS provides information, explanation and justification to enable Parliament to understand the purpose of each outcome proposed in the Bills.

As required under section 12 of the *Charter of Budget Honesty Act 1998*, only entities within the general government sector are included as part of the Commonwealth general government sector fiscal estimates and produce PBS where they receive funding (either directly or via portfolio departments) through the annual appropriation acts.

## **The Commonwealth Performance Framework**

The following diagram outlines the key components of the Commonwealth performance framework. The diagram identifies the content of each of the publications and the relationship between them. Links to the publications for each entity within the portfolio can be found in the introduction to Section 2: Outcomes and planned performance.

## Enhanced Commonwealth Performance Framework - key components of relevant publications

### Portfolio Budget Statements (May)

*Portfolio based*

Supports Annual Appropriations. Informs Senators and Members of Parliament of the proposed allocation of other resources to **government outcomes and programs**.

Provides links to **relevant programs** undertaken by other Commonwealth entities.

Provides high level performance information for current, ongoing programs, particularly a **forecast of performance for the current year**.

Provides **detailed** prospective performance information for proposed new budget measures that require a **new program** or **significantly change an existing program**.

### Corporate Plan (August)

*Entity based*

**Primary planning document** of a Commonwealth entity.

Sets out the **purposes** of the entity, the **activities** it will undertake to achieve its purposes and the **results** it expects to achieve over a minimum four year period.

Describes the **environment** in which the entity **operates**, the **capability** it requires to undertake **activities** and a discussion of **risk**.

Explains how the entity's **performance** will be **measured** and **assessed**.



### Annual Performance Statement (October following year)

*Entity based*

Included in the Commonwealth entity's Annual Report. Focuses on **recent performance**.

Reports on the **actual performance results** for the year against the **forecasts** made in the **corporate plan** and **Portfolio Budget Statements**, and provides other performance information relevant to the entity.

Provides an **analysis** of the factors that **contributed** to the **entity's performance results**.



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# **PORTFOLIO OVERVIEW**



# AGRICULTURE AND WATER RESOURCES

## PORTFOLIO OVERVIEW

### Minister and portfolio responsibilities

The Agriculture and Water Resources portfolio supports the sustainability, profitability and competitiveness of Australia's agriculture, fisheries and forestry industries. The Minister for Agriculture and Water Resources and the Assistant Minister for Agriculture and Water Resources oversee the portfolio.

From 1 July 2018 the portfolio will consist of:

- Australian Government Department of Agriculture and Water Resources;
- AgriFutures Australia;
- Australian Fisheries Management Authority;
- Australian Pesticides and Veterinary Medicines Authority;
- Cotton Research and Development Corporation;
- Fisheries Research and Development Corporation;
- Grains Research and Development Corporation;
- Murray-Darling Basin Authority;
- Regional Investment Corporation; and
- Wine Australia.

Each entity within the portfolio has at least one outcome and program. Details are provided in each entity's section of this document.

For information on resourcing across the portfolio, please refer to Part 1: Agency Financial Resourcing in *Budget Paper No. 4: Agency Resourcing*.



**Figure 1: Agriculture and Water Resources portfolio structure and outcomes**



- (a) On 29 August 2017, AgriFutures Australia was announced as the new trading name for Rural Industries Research and Development Corporation
- (b) On 8 March 2018, the Regional Investment Corporation was established under the *Regional Investment Corporation Act 2018*.
- (c) The Australian Grape and Wine Authority has been renamed Wine Australia as a result of the *Australian Grape and Wine Authority Amendment (Wine Australia) Act 2017*.



## **ENTITIES' RESOURCES AND PLANNED PERFORMANCE**

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**DEPARTMENT OF AGRICULTURE  
AND WATER RESOURCES**

**ENTITY RESOURCES AND PLANNED  
PERFORMANCE**



# DEPARTMENT OF AGRICULTURE AND WATER RESOURCES

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# DEPARTMENT OF AGRICULTURE AND WATER RESOURCES

## Section 1: Entity overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

The Department of Agriculture and Water Resources works with national and international governments and industry partners to increase the value of agricultural trade and reduce risk to the agriculture sector.

The department has a diverse role as a policy adviser to government, researcher, program administrator, service provider, market access negotiator and regulator. Its work contributes to maintaining and improving market access for our primary producers, encouraging agricultural productivity in our primary industries and supporting sustainable, high-quality natural resources to benefit our producers and the community.

Australian agriculture, fisheries and forestry are multi-billion dollar industries that benefit from our regulation, research, policies and programs to improve their productivity, competitiveness and sustainability.

We manage biosecurity risks to the environment and to human, animal and plant health by ensuring the safe movement of millions of people, goods, vessels and aircraft into and out of Australia.

Australia's water is critical to the future of agriculture and the wellbeing of the environment and our communities. We work to improve the health of rivers and freshwater systems, to ensure the sustainable, efficient and productive management and use of water resources, and to maximise social, economic and environmental benefits to water users and the community.

As a policy adviser to government, we provide rigorous, evidence-based advice, with a focus on whole-of-government priorities. Our policy advice is grounded in analysis undertaken by our scientists and research economists.

## **Outcomes**

The department is responsible for three outcomes:

**Outcome 1:** More sustainable, productive, internationally competitive and profitable Australian agricultural, food and fibre industries through policies and initiatives that promote better resource management practices, innovation, self-reliance and improved access to international markets.

**Outcome 2:** Safeguard Australia's animal and plant health status to maintain overseas markets and protect the economy and environment from the impact of exotic pests and diseases, through risk assessment, inspection and certification, and the implementation of emergency response arrangements for Australian agricultural, food and fibre industries.

**Outcome 3:** Improve the health of rivers and freshwater ecosystems and water use efficiency through implementing water reforms, and ensuring enhanced sustainability, efficiency and productivity in the management and use of water resources.

## 1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (Government strategic policy objectives) and by administered (on behalf of the Government or the public) and departmental (for the entity's operations) classification.

For more detailed information on special accounts and special appropriations, please refer to *Budget Paper No. 4: Agency Resourcing*.

Information in this table is presented on a resourcing (i.e. appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome X' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

**Table 1.1: Department of Agriculture and Water Resources – Resource Statement – Budget Estimates for 2018–19 as at Budget May 2018**

	2017–18 <i>Estimated actual</i> \$'000	2018–19 Estimate \$'000
<b>Departmental</b>		
<b>Annual appropriations – ordinary annual services<sup>(a),(b)</sup></b>		
Prior year appropriations available <sup>(c)</sup>	92,096	76,733
Departmental appropriation <sup>(d)</sup>	378,692	382,674
s74 retained revenue receipts <sup>(e)</sup>	25,552	15,600
Departmental capital budget <sup>(f)</sup>	11,736	9,824
<b>Annual appropriations – other services – non-operating<sup>(g)</sup></b>		
Equity injection	17,017	4,517
<i>Total departmental annual appropriations</i>	<i>525,093</i>	<i>489,348</i>
<b>Special accounts<sup>(h)</sup></b>		
Appropriation receipts <sup>(i)</sup>	133,738	125,307
Non-appropriation receipts	401,558	402,748
<i>Total special account receipts</i>	<i>535,296</i>	<i>528,055</i>
<i>less departmental appropriations drawn from annual/special appropriations and credited to special accounts</i>	<i>(133,738)</i>	<i>(125,307)</i>
<b>Total departmental resourcing</b>	<b>926,651</b>	<b>892,096</b>

Continued on following pages

**Table 1.1: Department of Agriculture and Water Resources – Resource Statement – Budget Estimates for 2018–19 as at Budget May 2018 (continued)**

	<i>2017–18 Estimated actual \$'000</i>	<i>2018–19 Estimate  \$'000</i>
<b><u>Administered</u></b>		
<b>Annual appropriations – ordinary annual services<sup>(a),(b),(i)</sup></b>		
Prior year appropriations available <sup>(c)</sup>	478,729	795,071
Outcome 1	113,433	97,679
Outcome 2	52,220	37,981
Outcome 3	270,332	238,069
<b>Annual appropriations – other services – non-operating<sup>(b),(g)</sup></b>		
Administered assets and liabilities	481,001	695,478
<i>Total administered annual appropriations</i>	<i>1,395,715</i>	<i>1,864,278</i>
<i>Total administered special appropriations<sup>(h)</sup></i>	<i>1,339,662</i>	<i>1,235,976</i>
<b>Special accounts<sup>(h)</sup></b>		
Appropriation receipts <sup>(i)</sup>	430,180	320,218
Non-appropriation receipts	2,140	2,238
<i>Total special account receipts</i>	<i>432,320</i>	<i>322,456</i>
<i>less administered appropriations drawn from annual/special appropriations and credited to special accounts</i>	<i>(430,180)</i>	<i>(320,218)</i>
<i>less payments to corporate entities from annual/special appropriations<sup>(j)</sup></i>	<i>(355,996)</i>	<i>(350,712)</i>
<b>Total administered resourcing</b>	<b>2,381,521</b>	<b>2,751,780</b>
<b>Total resourcing for Department of Agriculture and Water Resources</b>	<b>3,308,172</b>	<b>3,643,876</b>
	<b>2017–18</b>	<b>2018–19</b>
<b>Average staffing level (number)</b>	<b>4,594</b>	<b>4,558</b>

(a) Appropriation Bill (No. 1) 2018–19.

(b) Annual appropriations include amounts transferred to the Department of Infrastructure, Regional Development and Cities as a result of machinery of government changes announced by the Prime Minister on 19 December 2017.

(c) Total estimated unspent appropriation is \$570.8 million in 2017–18 and \$871.8 million in 2018–19. This also includes opening special account balances (but excluding 'Special Public Money' held in accounts like Other Trust Monies accounts (OTM), Services for Other Government and non-agency bodies accounts (SOG) or Services for Other Entities and Trust Moneys accounts (SOETM)).

(d) Excludes departmental capital budget (DCB).

(e) Estimated retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

(f) Departmental capital budgets are not separately identified in Appropriation Bill (No. 1) 2018–19 and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

(g) Appropriation Bill (No. 2) 2018–19.

Continued on following pages

*Department of Agriculture and Water Resources Budget Statements*

- (h) For further information on special appropriations and special accounts, refer to *Budget Paper No. 4: Agency Resourcing*. Please also see Table 2.6.1, 2.7.1 and 2.8.1 for further information on outcome and program expenses broken down by various funding sources, e.g. annual appropriations, special appropriations and special accounts.
- (i) Amounts credited to the special account(s) from the department's annual appropriations.
- (j) 'Corporate entities' are corporate Commonwealth entities and Commonwealth companies as defined under the PGPA Act.

Prepared on a resourcing (i.e. appropriations available) basis.

Note: All figures shown above are GST exclusive – these may not match figures in the cash flow statement.

Continued on following page

**Table 1.1: Department of Agriculture and Water Resources – Resource Statement – Budget Estimates for 2018–19 as at Budget May 2018 (continued)**

	<i>2017–18 Estimated actual \$'000</i>	2018–19 Estimate  \$'000
Payments made by other entities on behalf of Department of Agriculture and Water Resources	36,782	37,945
Payments made to other entities for the provision of services (disclosed above)	57,914	58,723
Receipts received from other entities for the provision of services (disclosed above in s74 retained revenue receipts section above)	7,693	6,770
<b>Draw-downs on behalf of corporate entities within the portfolio</b>		
Australian Pesticides and Veterinary Medicines Authority		
– Administered Appropriation Bill (No. 1)	2,634	1,606
Relocation of the Australian Pesticides and Veterinary Medicines Authority		
– Administered Appropriation Bill (No. 1)	3,422	23,296
Murray-Darling Basin Authority		
– Administered Appropriation Bill (No. 1)	78,910	91,700
Regional Investment Corporation		
– Administered Appropriation Bill (No. 1)	-	12,555
<i>Total draw-downs on behalf of corporate entities within the portfolio</i>	<i>84,966</i>	<i>129,157</i>
<b>Payments made to corporate entities within the Portfolio:</b>		
AgriFutures Australia		
– Administered Appropriation Bill (No. 1)	10,342	10,479
AgriFutures Australia		
– Special Appropriation	12,896	9,877
Australian Pesticides and Veterinary Medicines Authority		
– Administered Appropriation Bill (No. 1)	134	130
Australian Pesticides and Veterinary Medicines Authority		
– Special Appropriation	28,745	28,233
Cotton R&D Corporation		
– Special Appropriation	19,218	17,840
Fisheries R&D Corporation		
– Administered Appropriation Bill (No. 1)	3,905	2,015
Fisheries R&D Corporation		
– Special Appropriation	23,267	23,317
Grains R&D Corporation		
– Special Appropriation	195,970	199,270
Murray-Darling Basin Authority		
– Administered Appropriation Bill (No. 1)	11,701	11,027
Wine Australia		
– Administered Appropriation Bill (No. 1)	16,014	15,924
Wine Australia		
– Special Appropriation	33,804	32,600
<i>Total payments to corporate entities from annual/special appropriations</i>	<i>355,996</i>	<i>350,712</i>

### 1.3 BUDGET MEASURES

Budget measures in Part 1 relating to the department are detailed in *Budget Paper No.2: Budget Measures 2018–19* and are summarised below.

**Table 1.2: Department of Agriculture and Water Resources 2018–19 Budget measures**

**Part 1: Measures announced since the 2017–18 Mid-Year Economic and Fiscal Outlook (MYEFO)**

	Program	2017–18 \$'000	2018–19 \$'000	2019–20 \$'000	2020–21 \$'000	2021–22 \$'000
<b>Revenue measures</b>						
Agriculture Portfolio – efficiencies <sup>(a)</sup>	2.1					
Administered revenues		nfp	nfp	nfp	nfp	nfp
Departmental revenues		nfp	nfp	nfp	nfp	nfp
<b>Total</b>		<b>nfp</b>	<b>nfp</b>	<b>nfp</b>	<b>nfp</b>	<b>nfp</b>
Agriculture, Food and Biosecurity – biosecurity imports levy	2.1					
Administered revenues		-	-	115,000	120,000	125,000
Departmental revenues		-	-	-	-	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>115,000</b>	<b>120,000</b>	<b>125,000</b>
Changes to agricultural production levies <sup>(b)</sup>	Various					
Administered revenues		10	(510)	(510)	(510)	(510)
Departmental revenues		-	-	-	-	-
<b>Total</b>		<b>10</b>	<b>(510)</b>	<b>(510)</b>	<b>(510)</b>	<b>(510)</b>
<b>Total revenue measures</b>						
Administered		10	(510)	114,490	119,490	124,490
Departmental		-	-	-	-	-
<b>Total</b>		<b>10</b>	<b>(510)</b>	<b>114,490</b>	<b>119,490</b>	<b>124,490</b>
<b>Expense measures</b>						
<i>Australian Pesticides and Veterinary Medicines Authority (APVMA)</i> Australian Agriculture and Export Growth Plan – APVMA – transformation <sup>(c)</sup>	1.10					
Administered expenses		-	8,284	1,636	217	-
Departmental expenses		-	-	-	-	-
<b>Total</b>		<b>-</b>	<b>8,284</b>	<b>1,636</b>	<b>217</b>	<b>-</b>

Continued on following pages

**Table 1.2: Department of Agriculture and Water Resources 2018–19 Budget measures (continued)**

**Part 1: Measures announced since the 2017–18 MYEFO (continued)**

	Program	2017–18 \$'000	2018–19 \$'000	2019–20 \$'000	2020–21 \$'000	2021–22 \$'000
<b>Expense measures (continued)</b>						
Agriculture Portfolio – efficiencies <sup>(d)</sup>						
Administered expenses	Various	(2,928)	(7,072)	-	-	-
Departmental expenses		-	-	-	-	-
<b>Total</b>		<b>(2,928)</b>	<b>(7,072)</b>	-	-	-
Australian Agriculture and Export Growth Plan – Enhancing Australia's Biosecurity System <sup>(e)</sup>						
Administered expenses	2.1, 2.2	-	5,530	7,279	4,044	4,534
Departmental expenses		-	13,842	15,272	14,886	14,857
<b>Total</b>		-	<b>19,372</b>	<b>22,551</b>	<b>18,930</b>	<b>19,391</b>
Australian Agriculture and Export Growth Plan – established pest animals and weeds pipeline – additional funding						
Administered expenses	1.2	-	-	4,000	-	-
Departmental expenses		-	-	2,606	-	-
<b>Total</b>		-	-	<b>6,606</b>	-	-
Australian Agriculture and Export Growth Plan – growing Australian agricultural exports						
Administered expenses	1.13	-	-	-	-	-
Departmental expenses		-	6,191	14,809	14,734	15,586
<b>Total</b>		-	<b>6,191</b>	<b>14,809</b>	<b>14,734</b>	<b>15,586</b>
Australian Agriculture and Export Growth Plan – Improved Access to Agricultural and Veterinary Chemicals						
Administered expenses	1.10	-	2,050	2,050	-	-
Departmental expenses		-	1,147	1,035	-	-
<b>Total</b>		-	<b>3,197</b>	<b>3,085</b>	-	-

Continued on following pages

**Table 1.2: Department of Agriculture and Water Resources 2018–19 Budget measures (continued)**
**Part 1: Measures announced since the 2017–18 MYEFO (continued)**

	Program	2017–18 \$'000	2018–19 \$'000	2019–20 \$'000	2020–21 \$'000	2021–22 \$'000
<b>Expense measures (continued)</b>						
Australian Agriculture and Export Growth Plan – Indonesia-Australia Red Meat and Cattle Partnership	1.13					
Administered expenses		-	500	500	500	500
Departmental expenses		-	223	223	224	226
<b>Total</b>		-	<b>723</b>	<b>723</b>	<b>724</b>	<b>726</b>
Australian Agriculture and Export Growth Plan – National Forestry Industry Plan <sup>(f)</sup>	1.3					
Administered expenses		-	1,200	5,100	4,600	4,600
Departmental expenses		-	291	291	293	141
<b>Total</b>		-	<b>1,491</b>	<b>5,391</b>	<b>4,893</b>	<b>4,741</b>
Australian Agriculture and Export Growth Plan – seasonal agriculture labour demand and supply	O1					
Administered expenses		-	-	-	-	-
Departmental expenses		-	1,238	1,259	1,266	969
<b>Total</b>		-	<b>1,238</b>	<b>1,259</b>	<b>1,266</b>	<b>969</b>
Changes to agricultural production levies <sup>(b)</sup>	Various					
Administered expenses		10	(510)	(510)	(510)	(510)
Departmental expenses		-	-	-	-	-
<b>Total</b>		<b>10</b>	<b>(510)</b>	<b>(510)</b>	<b>(510)</b>	<b>(510)</b>
Delivering Australia's Digital Future – data sharing and release arrangements <sup>(g)</sup>	Various					
Administered expenses		-	-	-	-	-
Departmental expenses		-	(415)	(355)	(342)	(345)
<b>Total</b>		-	<b>(415)</b>	<b>(355)</b>	<b>(342)</b>	<b>(345)</b>
<b>Total expense measures</b>						
Administered		(2,918)	9,982	20,055	8,851	9,124
Departmental		-	22,517	35,140	31,061	31,434
<b>Total</b>		<b>(2,918)</b>	<b>32,499</b>	<b>55,195</b>	<b>39,912</b>	<b>40,558</b>

Continued on following pages

**Table 1.2: Department of Agriculture and Water Resources 2018–19 Budget measures (continued)**

**Part 1: Measures announced since the 2017–18 MYEFO (continued)**

	Program	2017–18 \$'000	2018–19 \$'000	2019–20 \$'000	2020–21 \$'000	2021–22 \$'000
<b>Capital measures</b>						
Australian Agriculture and Export Growth Plan – Enhancing Australia's Biosecurity System <sup>(e)</sup>						
	2.1					
	Administered capital	-	-	-	-	-
	Departmental capital	-	520	2,745	2,995	320
<b>Total</b>		-	<b>520</b>	<b>2,745</b>	<b>2,995</b>	<b>320</b>
<b>Total capital measures</b>						
	Administered	-	-	-	-	-
	Departmental	-	520	2,745	2,995	320
<b>Total</b>		-	<b>520</b>	<b>2,745</b>	<b>2,995</b>	<b>320</b>

(a) Changes in revenue under this measure are not for publication due to ongoing consultation with relevant industries under cost recovery arrangements.

(b) The measure 'Changes to agricultural production levies' appears under revenue and expense headings. These changes are made at the request of the relevant industry. The measure comprises:

Title	Treatment	2017–18	2018–19	2019–20	2020–21	2021–22	
		\$'000	\$'000	\$'000	\$'000	\$'000	
Honey	1. From 1 July 2018, at the request of the Australian Honey Bee Industry Council, the Government will decrease the Emergency Plant Pest Response (EPPR) component of the honey levy from 2.9 to 2.7 cents per kilogram of honey and increase the National Residue Survey component from 0.1 to 0.3 cents per kilogram of honey.	-	-	-	-	-	
		<i>Total revenue impact</i>		-	-	-	-
		<i>Total expense impact</i>		-	-	-	-
Macadamia	1. From 1 April 2018, the Government increased the EPPR component of the macadamia levy from zero to 0.2 cents per kilogram of dried macadamia kernels, at the request of the Australian Macadamia Society. The funds raised will be used to repay the costs paid by the Government on behalf of the Australian Macadamia Society in relation to the industry contribution to the response plan for the eradication of <i>Varroa jacobsoni</i> mite from Queensland.	10	30	30	30	30	
		<i>Total revenue impact</i>		10	30	30	30
		<i>Total expense impact</i>		10	30	30	30
Mushroom	1. From 1 July 2018, the Government will decrease the marketing component of the mushroom levy from \$3.24 to \$2.92 per kilogram of mushroom spawn, at the request of the Australian Mushroom Growers' Association.	-	(540)	(540)	(540)	(540)	
		<i>Total revenue impact</i>		-	(540)	(540)	(540)
		<i>Total expense impact</i>		-	(540)	(540)	(540)
<b>Total changes to agricultural production levies – Revenue</b>			<b>10</b>	<b>(510)</b>	<b>(510)</b>	<b>(510)</b>	
<b>Total changes to agricultural production levies – Expense</b>			<b>10</b>	<b>(510)</b>	<b>(510)</b>	<b>(510)</b>	

Continued on following page

- (c) Funding for this measure passes through the department to the Australian Pesticides and Veterinary Medicines Authority.
- (d) The expense measure *Agriculture Portfolio – efficiencies* comprises reductions to the Managing Farm Risk Program (\$5.000 million over two years), the Sustainable Rural Water Use and Infrastructure Program (\$5.000 million in 2018–19) and the National Partnership on the Management of Established Pests and Weeds (\$5.000 million in 2017–18), which appears in the Treasury portfolio (see page 47).
- (e) The measure Australian Agriculture and Export Growth Plan – Enhancing Australia’s Biosecurity System has multiple ongoing components: Assurance, Verification and Enforcement (\$27.831 million over four years), Modern, Seamless Border Clearance (\$7.470 million over four years) and Priority Pest and Disease Planning and Response (\$51.523 million over four years). The measure includes \$7.000 million over two years (2018–19 and 2019–20) as an increase in the portfolio contribution to the operating costs of the Australian Animal Health Laboratory (see page 52).
- (f) The measure Australian Agriculture and Export Growth Plan – National Forestry Industry Plan includes a National Partnership component (see page 47).
- (g) The measure description appears in *Budget Paper No. 2: Budget Measures 2018–19* under the Prime Minister and Cabinet portfolio.

Prepared on a Government Finance Statistics (fiscal) basis.

Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds.

## **Part 2: Other measures not previously reported in a portfolio statement**

The Department of Agriculture and Water Resources does not have any other measures not previously reported in a portfolio statement.

## Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Australian Government on the community. Australian Government programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

**Note:**

Performance reporting requirements in the Portfolio Budget Statements are part of the Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in annual reports – to provide an entity's complete performance story.

The most recent corporate plan for the Department of Agriculture and Water Resources can be found at: [agriculture.gov.au/about/reporting/corporate-plan](http://agriculture.gov.au/about/reporting/corporate-plan).

The most recent annual performance statements can be found at: [agriculture.gov.au/about/reporting/annualreport](http://agriculture.gov.au/about/reporting/annualreport).

## 2.1 CHANGE IN PRESENTATION

For 2018–19 and forward years, the department has changed its strategic framework, reducing the number of objectives to three. Figure 2 shows which programs contribute to our different objectives.

**Figure 2: Change in presentation to the department’s objectives by program**

Program	Objectives		
	Increase, improve and maintain markets	Encourage agricultural productivity	Support sustainable, high-quality natural resources
	<i>Manage risks to market access</i>	<i>Manage risks to agricultural productivity</i>	<i>Manage risks to natural resources</i>
1.1 Agricultural Adaptation		✓	✓
1.2 Sustainable Management – Natural Resources		✓	✓
1.3 Forest Industry	✓	✓	✓
1.4 Fishing Industry	✓	✓	✓
1.5 Horticulture Industry	✓	✓	
1.6 Wool Industry	✓	✓	
1.7 Grains Industry	✓	✓	
1.8 Dairy Industry	✓	✓	
1.9 Meat and Livestock Industry	✓	✓	
1.10 Agricultural Resources	✓	✓	✓
1.11 Drought Programs			✓
1.12 Rural Programs			✓
1.13 International Market Access	✓		
2.1 Biosecurity and Export Services	✓	✓	✓
2.2 Plant and Animal Health	✓	✓	✓
3.1 Water Reform		✓	✓

## 2.2 PERFORMANCE CRITERIA FOR OBJECTIVES 2018–19, 2019–20 AND BEYOND

**Table 2.2.1: Performance criteria for objectives**

Table 2.2.1 shows the high-level performance measures for each objective in 2018–19 and forward years.

<b>Objective 1: Increase, improve and maintain markets</b>		
<b>Year</b>	<b>Performance criteria</b>	<b>Targets</b>
2018–19	The trend in value of agricultural exports increases in real terms over time.	The value of food and fibre exports exceeds the average value of the previous ten years.
2019–20 and beyond	As per 2018–19.	As per 2018–19.

<b>Objective 2: Encourage agricultural productivity</b>		
<b>Year</b>	<b>Performance criteria</b>	<b>Targets</b>
2018–19	Portfolio industries record an increase in productivity.	Average annual productivity growth is equal to or exceeds average annual market sector productivity growth of the previous ten years.
2019–20 and beyond	As per 2018–19.	As per 2018–19.

<b>Objective 3: Support sustainable, high-quality natural resources</b>		
<b>Year</b>	<b>Performance criteria</b>	<b>Targets</b>
2018–19	The quality of the resource base is maintained or improved.	The status and productivity of agricultural land, water resources and Commonwealth fisheries is at least maintained in trend terms.
2019–20 and beyond	As per 2018–19.	As per 2018–19.

## 2.3 PERFORMANCE RESULTS FOR OUTCOME 1, 2017–18

**Table 2.3.1: Performance results for Outcome 1, 2017–18**

Table 2.3.1 below details the forecast performance results for each program associated with Outcome 1 in 2017–18. Program results are presented against the objectives presented in the 2017–18 Portfolio Budget Statements and the 2017–18 Corporate Plan. As per Table 2.2.1, from 2018–19 the department will consolidate its performance measures under three objectives.

**Outcome 1 – More sustainable, productive, internationally competitive and profitable Australian agricultural, food and fibre industries through policies and initiatives that promote better resource management practices, innovation, self-reliance and improved access to international markets.**

<b>Strategic Objective: Sustaining Water and Other Natural Resources</b>		
<b>Program 1.1: Agricultural Adaptation</b> <b>Program 1.2: Sustainable Management – Natural Resources</b> <b>Program 1.3: Forestry Industry</b> <b>Program 1.4: Fishing Industry</b>		
<b>Objective</b>	Support food and fibre production by promoting the sustainable use and management of soils, water and vegetation.	
<b>Performance information</b>		
<b>Year</b>	<b>Performance criteria</b>	<b>Forecast Results (as at May 2018)</b>
2017–18	The status of the resource base is maintained or improved.	Results on groundcover on agricultural land maintained or increased when compared to the average for the past ten years (relative to rainfall) will be available in late 2018.
		The number of fish stocks solely managed by the Commonwealth that are not overfished has been maintained, remaining at 72 per cent in 2015 and 2016. <sup>(a),(b)</sup>

(a) Based on the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) Fishery Status Reports 2016.

(b) Status is assessed retrospectively for the previous year.

Continued on following pages

**Performance results for Outcome 1, 2017–18 (continued)**

<b>Strategic Objective: Building Successful Primary Industries</b>		
<b>Program 1.5: Horticulture Industry</b> <b>Program 1.6: Wool Industry</b> <b>Program 1.7: Grains Industry</b> <b>Program 1.8: Dairy Industry</b> <b>Program 1.9: Meat and Livestock Industry</b> <b>Program 1.10: Agricultural Resources</b> <b>Program 1.11: Drought Programs</b> <b>Program 1.12: Rural Programs</b>		
<b>Objectives</b>	Improve farm gate returns for agriculture, fisheries, food and fibre industries.  Provide targeted assistance to help primary producers, their families and communities manage adjustment pressures.	
<b>Performance information</b>		
<b>Year</b>	<b>Performance criteria</b>	<b>Forecast Results (as at May 2018)</b>
2017–18	Portfolio industries record an increase in productivity.	Over the ten years to 2017–18, the average annual productivity growth for the agriculture, fishing and forestry sector was 1.98 per cent. This exceeded average annual market sector productivity growth of 0.38 per cent over the same period. <sup>(a)</sup>
	Rate of return on capital invested across portfolio industries is maintained or increased.	Over the ten years to 2017–18, annual trend growth for the rate of return on capital was 0.16 per cent for broadacre and dairy farms. <sup>(b)</sup>

Continued on following pages

**Performance results for Outcome 1, 2017–18 (continued)**

<b>Performance information</b>		
<b>Year</b>	<b>Performance criteria</b>	<b>Forecast Results (as at May 2018)</b>
2017–18 (continued)	Primary producers improve their businesses and personal circumstances through access to financial and business assistance.	Forecast that at least \$345 million was made available to primary producers, particularly those experiencing drought or other hardship, to improve their business and personal circumstances.  Forecast that 100 per cent of current Farm Household Allowance recipients had completed Farm Financial Assessments and Financial Improvement Agreements in the required timeframes.

- (a) Based on Australian Bureau of Statistics data from the years 2008–09 to 2016–17, and a forecast for 2017–18. Productivity is measured on a value-added basis. Estimates of productivity growth are sensitive to the choice of start year in the context of significant year to year variability. Therefore, the calculation used an average estimate for productivity in 2008–09, rather than the actual productivity estimate. Exceptionally favourable seasonal conditions helped lift agricultural output in 2016–17, so assessing productivity growth over the ten year period to 2017–18 avoids overstating growth due to these seasonal conditions.
- (b) Based on ABARES broadacre and dairy farm surveys for the years 2008–09 to 2016–17, and a forecast for 2017–18. Rates of return on capital invested are not collected for businesses in the fishing and forestry sectors. Estimates of growth of return on capital are sensitive to the choice of start year in the context of significant year to year variability. Therefore, the calculation used an average estimate for rate of return in 2008–09, rather than the actual estimate. Exceptionally favourable seasonal conditions helped lift agricultural output in 2016–17, so assessing rate of return growth over the 10-year period to 2017–18 avoids overstating growth due to these seasonal conditions.

Continued on following page

**Performance results for Outcome 1, 2017–18 (continued)**

<b>Strategic Objective: Expanding Agricultural, Fisheries and Forestry Exports</b>		
<b>Program 1.13: International Market Access</b>		
<b>Objective</b>	Maximise returns to primary producers from selling into export markets.	
<b>Performance information</b>		
<b>Year</b>	<b>Performance criterion<sup>(a)</sup></b>	<b>Forecast Results (as at May 2018)</b>
2017–18	The trend in value of rural exports increases in real terms over time.	Total farm exports grew by an average of two per cent, per year in real terms in the ten years to 2016–17. In 2017–18, they are forecast to be \$52.1 billion against a ten-year average of \$43.2 billion.

(a) Rural exports broadly cover farm-based agricultural commodities (such as crops, livestock, wool and horticulture) and processed agricultural products (such as meat, dairy products, beverages – including wine and spirits – and processed fruit and vegetables). Fisheries products include fish, crustaceans and molluscs and non-edible manufactured fisheries products. Forest products include wood and wood based products, paper and paperboard, paper manufactures, pulp and woodchips.

## 2.4 PERFORMANCE RESULTS FOR OUTCOME 2, 2017–18

**Table 2.4.1: Performance results for Outcome 2, 2017–18**

Table 2.4.1 below details the forecast performance results for each program associated with Outcome 2 in 2017–18. Program results are presented against the objectives presented in the 2017–18 Portfolio Budget Statements and the 2017–18 Corporate Plan. As per Table 2.2.1, from 2018–19 the department will consolidate its performance measures under three objectives.

**Outcome 2 – Safeguard Australia’s animal and plant health status to maintain overseas markets and protect the economy and environment from the impact of exotic pests and diseases, through risk assessment, inspection and certification, and the implementation of emergency response arrangements for Australian agricultural, food and fibre industries.**

<b>Strategic Objective: Managing Biosecurity and Imported Food Risk</b>		
<b>Program 2.1: Biosecurity and Export Services</b>		
<b>Program 2.2: Plant and Animal Health</b>		
<b>Objectives</b>	Use evidence-based risk management to ensure the safe movement into Australia of people, animals, plants, food and cargo.  Coordinate emergency responses to pest and disease incursions.	
<b>Performance information</b>		
<b>Year</b>	<b>Performance criterion</b>	<b>Forecast Results (as at May 2018)</b>
2017–18	Australia maintains a favourable pest and disease status.	Forecast that Australia maintained a favourable pest and disease status.

<b>Strategic Objective: Expanding Agricultural, Fisheries and Forestry Exports</b>		
<b>Program 2.1: Biosecurity and Export Services</b>		
<b>Objective</b>	Provide certification of exports to meet importing country requirements.	
<b>Performance information</b>		
<b>Year</b>	<b>Performance criterion</b>	<b>Forecast Results (as at May 2018)</b>
2017–18	Export certification meets importing country requirements.	Forecast less than one per cent of consignments were rejected as a result of export certification failure.

## 2.5 PERFORMANCE RESULTS FOR OUTCOME 3, 2017–18

**Table 2.5.1: Performance results for Outcome 3, 2017–18**

Table 2.5.1 below details the forecast performance results for the program associated with Outcome 3 in 2017–18. Program results are presented against the objectives presented in the 2017–18 Portfolio Budget Statements and the 2017–18 Corporate Plan. As per Table 2.2.1, from 2018–19 the department will consolidate its performance measures under three objectives.

**Outcome 3 – Improve the health of rivers and freshwater ecosystems and water use efficiency through implementing water reforms, and ensuring enhanced sustainability, efficiency and productivity in the management and use of water resources.**

<b>Strategic Objective: Sustaining Water and Other Natural Resources</b>		
<b>Program 3.1: Water Reform</b>		
<b>Objectives</b>	Improve the environmental health of the Murray-Darling Basin consistent with national and international obligations by recovering water, including by prioritising water-saving infrastructure projects.  Help communities, irrigators and businesses to use water resources sustainably and efficiently, consistent with national agreed water reforms.	
<b>Performance information <sup>(a)</sup></b>		
<b>Year</b>	<b>Performance criteria</b>	<b>Forecast Results (as at May 2018)</b>
2017–18	Continued water recovery in the Murray-Darling Basin, consistent with the Water Recovery Strategy.	Forecast that gap bridging water registered to the CEWH was at least 1,790 GL by 30 June 2018.

(a) Performance measures for 2017–18 relating to the National Water Infrastructure Development Fund and the National Water Infrastructure Loan Facility are now reported by the Department of Infrastructure and Regional Development.

## 2.6 BUDGETED EXPENSES FOR OUTCOME 1

**Outcome 1: More sustainable, productive, internationally competitive and profitable Australian agricultural, food and fibre industries through policies and initiatives that promote better resource management practices, innovation, self-reliance and improved access to international markets.**

### Linked programs

**Portfolio Agencies:**

AgriFutures Australia  
Australian Fisheries Management Authority  
Australian Pesticides and Veterinary Medicines Authority  
Cotton Research and Development Corporation  
Fisheries Research and Development Corporation  
Grains Research and Development Corporation  
Regional Investment Corporation  
Wine Australia

**Programs:**

- Program 1.1: Australian Fisheries Management Authority
- Program 1.1: Australian Pesticides and Veterinary Medicines Authority
- Program 1.1: Cotton Research and Development Corporation
- Program 1.1: Fisheries Research and Development Corporation
- Program 1.1: Grains Research and Development Corporation
- Program 1.1: Rural Industries Research and Development Corporation
- Program 1.1: Regional Investment Corporation
- Program 1.1: Wine Australia

**Contribution to Outcome 1 made by linked program:**

AgriFutures Australia, Australian Fisheries Management Authority, Australian Pesticides and Veterinary Medicines Authority, and the Cotton, Fisheries, Grains, Regional Investment Corporation and Wine Australia work together with the Department of Agriculture and Water Resources to ensure sustainable, productive and profitable agricultural industries.

Continued on following pages

**Linked programs (continued)**

<p><b>Australian Trade and Investment Commission</b></p> <hr/> <p><b>Program:</b></p> <ul style="list-style-type: none"> <li>• Program 1.1: Promotion of Australia’s export and other international economic interests</li> <li>• Program 1.2: Programs to promote Australia’s export and other international economic interests</li> </ul>
<p><b>Contribution to Outcome 1 made by linked program:</b></p> <p>The Department of Agriculture and Water Resources and Australian Trade and Investment Commission work together to achieve the best outcomes for Australian agricultural, fisheries and forestry exports. The department also undertakes activities to preserve Australia’s favourable animal and plant health status, helping maintain overseas markets.</p>
<p><b>Bureau of Meteorology</b></p> <hr/> <p><b>Program:</b></p> <ul style="list-style-type: none"> <li>• Program 1.1: Bureau of Meteorology</li> </ul>
<p><b>Contribution to Outcome 1 made by linked program:</b></p> <p>The Bureau of Meteorology provides weather, climate and water modelling and information to the Department of Agriculture and Water Resources.</p>
<p><b>Department of Human Services</b></p> <hr/> <p><b>Program:</b></p> <ul style="list-style-type: none"> <li>• Program 1.1: Services to the Community – Social Security and Welfare</li> </ul>
<p><b>Contribution to Outcome 1 made by linked program:</b></p> <p>The Department of Human Services manages payments under the <i>Farm Household Support Act 2014</i> on behalf of the Department of Agriculture and Water Resources.</p>

Continued on following pages

**Linked programs (continued)**

<p><b>Department of Industry, Innovation and Science</b></p> <hr/> <p><b>Program:</b></p> <ul style="list-style-type: none"> <li>• Program 1: Supporting Science and Commercialisation</li> </ul>
<p><b>Contribution to Outcome 1 made by linked program:</b></p> <p>The Departments of Agriculture and Water Resources, Industry, Innovation and Science, and the Environment and Energy are working collaboratively in the planning phase of the National Carp Control Plan, which will be delivered by the Fisheries Research and Development Corporation.</p>
<p><b>Department of the Environment and Energy</b></p> <hr/> <p><b>Programs:</b></p> <ul style="list-style-type: none"> <li>• Program 1.1: Sustainable Management of Natural Resources and the Environment</li> <li>• Program 1.4: Conservation of Australia’s Heritage and the Environment</li> <li>• Program 1.3: Commonwealth Environmental Water</li> </ul>
<p><b>Contribution to Outcome 1 made by linked programs:</b></p> <p>The Department of Agriculture and Water Resources and the Department of the Environment and Energy work together under a memorandum of understanding to deliver the National Landcare Program.</p> <p>The Department of Agriculture and Water Resources and the Department of the Environment and Energy also work together through engagement on forests (Regional Forest Agreements), wildlife trade and fisheries policy. The Departments of Agriculture and Water Resources, Industry, Innovation and Science, and the Environment and Energy are working collaboratively in the planning phase of the National Carp Control Plan, which will be delivered by the Fisheries Research and Development Corporation.</p>
<p><b>Department of the Prime Minister and Cabinet</b></p> <hr/> <p><b>Program:</b></p> <ul style="list-style-type: none"> <li>• Program 2.1: Indigenous Advancement – Jobs, Land and Economy</li> </ul>
<p><b>Contribution to Outcome 1 made by linked program:</b></p> <p>The Departments of Agriculture and Water Resources, the Environment and Energy, and the Prime Minister and Cabinet work together to provide opportunities for Indigenous communities and land managers to engage with the National Landcare Program.</p>

Continued on following page

**Linked programs (continued)**

<b>Department of the Treasury</b>
<b>Program:</b> <ul style="list-style-type: none"><li>• Program 1.9: National Partnership Payments to the States</li></ul>
<b>Contribution to Outcome 1 made by linked program:</b> <p>The Department of the Treasury manages the following national partnership agreements on behalf of the Department of Agriculture and Water Resources:</p> <ul style="list-style-type: none"><li>• National Partnership for the Mechanical Fuel Load Reduction Trials;</li><li>• National Partnership for the National Forestry Industry Plan;</li><li>• National Partnership on Assistance for Pest Animal and Weed Management in Drought-Affected Areas;</li><li>• National Partnership on South Australian River Murray Sustainability Program – Irrigation Industry Assistance Component; and</li><li>• National Partnership on the Management of Established Pests and Weeds.</li></ul>

## Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by administered and departmental funding sources.

**Table 2.6.1: Budgeted expenses for Outcome 1**

<b>Outcome 1: More sustainable, productive, internationally competitive and profitable Australian agricultural, food and fibre industries through policies and initiatives that promote better resource management practices, innovation, self-reliance and improved access to international markets.</b>					
	2017–18	2018–19	2019–20	2020–21	2021–22
	Estimated	Budget	Forward	Forward	Forward
	actual		estimate	estimate	estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Program 1.2: Sustainable Management – Natural Resources</b>					
<b>Administered expenses</b>					
<b><u>Ordinary annual services (Appropriation Bill (No. 1))</u></b>					
A More Competitive and Sustainable Fisheries Sector – recognise OceanWatch as a natural resource management group	600	-	-	-	-
National Carp Control Plan	3,905	2,015	-	-	-
Stronger Farmers, Stronger Economy – strengthening research, skills and management of natural resources – pest animal and weed management	13,350	6,305	4,000	-	-
<b>Administered total</b>	<b>17,855</b>	<b>8,320</b>	<b>4,000</b>	<b>-</b>	<b>-</b>
<b><u>Special account</u></b>					
Natural Resources Management Account – s. 80, PGPA Act [s. 11, <i>Natural Resources Management (Financial Assistance) Act 1992</i> ]	2,777	-	-	-	-
<b>Special account total</b>	<b>2,777</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Program expenses</b>	<b>20,632</b>	<b>8,320</b>	<b>4,000</b>	<b>-</b>	<b>-</b>

Continued on following pages

**Table 2.6.1: Budgeted expenses for Outcome 1 (continued)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>Program 1.3: Forestry Industry</b>					
<b>Administered expenses</b>					
<b><u>Ordinary annual services (Appropriation Bill (No. 1))</u></b>					
National Forestry Industry Plan	-	1,200	5,100	4,600	4,600
National Institute for Forest Products Innovation	1,000	1,000	1,000	800	-
<b>Administered total</b>	<b>1,000</b>	<b>2,200</b>	<b>6,100</b>	<b>5,400</b>	<b>4,600</b>
<b><u>Special appropriations</u></b>					
<i>Forestry Marketing and Research and Development Services Act 2007, s. 9(1) – payments and matching payments to an industry services body and Commonwealth administration expenses</i>	12,157	12,302	12,515	12,733	12,954
<b>Special Appropriation total</b>	<b>12,157</b>	<b>12,302</b>	<b>12,515</b>	<b>12,733</b>	<b>12,954</b>
<b>Total Program expenses</b>	<b>13,157</b>	<b>14,502</b>	<b>18,615</b>	<b>18,133</b>	<b>17,554</b>
<hr/>					
	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>Program 1.4: Fishing Industry</b>					
<b>Administered expenses</b>					
<b><u>Ordinary annual services (Appropriation Bill (No. 1))</u></b>					
A More Competitive and Sustainable Fisheries Sector – support for recreational and commercial fishing peak bodies	100	-	-	-	-
Fisheries Resources Research Fund	496	529	2,367	2,407	2,446
<b>Administered total</b>	<b>596</b>	<b>529</b>	<b>2,367</b>	<b>2,407</b>	<b>2,446</b>
<b><u>Special appropriations</u></b>					
<i>Primary Industries Research and Development Act 1989, s. 30A(3) &amp; s. 30B(9) – Fisheries R&amp;D Corporation</i>	23,267	23,317	23,771	24,181	24,572
<b>Special Appropriation total</b>	<b>23,267</b>	<b>23,317</b>	<b>23,771</b>	<b>24,181</b>	<b>24,572</b>
<b>Total Program expenses</b>	<b>23,863</b>	<b>23,846</b>	<b>26,138</b>	<b>26,588</b>	<b>27,018</b>

Continued on following pages

**Table 2.6.1: Budgeted expenses for Outcome 1 (continued)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>Program 1.5: Horticulture Industry</b>					
<b>Administered expenses</b>					
<b><u>Special appropriations</u></b>					
<i>Horticulture Marketing and Research and Development Services Act 2000, s. 16(9) – payments to industry services body</i>					
	108,371	108,988	109,988	109,988	109,988
<b>Total Program expenses</b>	<b>108,371</b>	<b>108,988</b>	<b>109,988</b>	<b>109,988</b>	<b>109,988</b>
<b>Program 1.6: Wool Industry</b>					
<b>Administered expenses</b>					
<b><u>Special appropriations</u></b>					
<i>Wool Services Privatisation Act 2000, s. 31(4) – funding contract with research body</i>					
	89,000	89,000	89,000	89,000	89,000
<b>Total Program expenses</b>	<b>89,000</b>	<b>89,000</b>	<b>89,000</b>	<b>89,000</b>	<b>89,000</b>

Continued on following pages

**Table 2.6.1: Budgeted expenses for Outcome 1 (continued)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>Program 1.7: Grains Industry</b>					
<b>Administered expenses</b>					
<b><u>Special appropriations</u></b>					
<i>Primary Industries Research and Development Act 1989, s. 30(3) – Grains R&amp;D Corporation – Other Grains</i>					
	108,383	110,207	112,533	114,893	118,238
<i>Primary Industries Research and Development Act 1989, s. 30(3) – Grains R&amp;D Corporation – Wheat</i>					
	87,587	89,063	90,942	92,848	95,552
<b>Total Program expenses</b>	<b>195,970</b>	<b>199,270</b>	<b>203,475</b>	<b>207,741</b>	<b>213,790</b>
	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>Program 1.8: Dairy Industry</b>					
<b>Administered expenses</b>					
<b><u>Special appropriations</u></b>					
<i>Dairy Produce Act 1986, s. 6(1) – payments under funding contract</i>					
	53,831	51,708	51,280	51,799	52,465
<b>Total Program expenses</b>	<b>53,831</b>	<b>51,708</b>	<b>51,280</b>	<b>51,799</b>	<b>52,465</b>

Continued on following pages

**Table 2.6.1: Budgeted expenses for Outcome 1 (continued)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>Program 1.9: Meat and Livestock Industry</b>					
<b>Administered expenses</b>					
<b><u>Special appropriations</u></b>					
<i>Australian Meat and Live-stock Industry Act 1997, s. 63(2) – payments to marketing body</i>	83,794	86,681	88,583	90,002	89,960
<i>Australian Meat and Live-stock Industry Act 1997, s. 64(2) – payments to research body</i>	28,689	30,215	30,865	31,361	31,329
<i>Australian Meat and Live-stock Industry Act 1997, s. 64A(2) – payments to marketing body</i>	3,341	3,225	3,323	3,487	3,487
<i>Australian Meat and Live-stock Industry Act 1997, s. 64B(2) – payments to research body</i>	669	645	665	698	698
<i>Australian Meat and Live-stock Industry Act 1997, s. 64C(2) – payments to marketing body</i>	18,625	6,568	6,728	6,852	6,966
<i>Australian Meat and Live-stock Industry Act 1997, s. 64D(2) – payments to research body</i>	55	11,677	11,963	12,184	12,385
<i>Australian Meat and Live-stock Industry Act 1997, s. 66(1) – Commonwealth contribution to research body</i>	80,247	78,945	79,056	80,191	82,795
<i>Pig Industry Act 2001, s. 10(1) – payments under funding contract</i>	22,938	23,460	24,183	24,948	25,713
<b>Total Program expenses</b>	<b>238,358</b>	<b>241,416</b>	<b>245,366</b>	<b>249,723</b>	<b>253,333</b>

Continued on following pages

**Table 2.6.1: Budgeted expenses for Outcome 1 (continued)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>Program 1.10: Agricultural Resources</b>					
<b>Administered expenses</b>					
<b><u>Ordinary annual services (Appropriation Bill (No. 1))</u></b>					
A Competitive Agriculture Sector – boosting farm profits through rural research and development	13,591	23,501	23,501	25,000	24,900
A Competitive Agriculture Sector – improved access to agricultural and veterinary chemicals	1,930	2,050	2,050	-	-
Agricultural and Veterinary Chemicals Minor Use Program	134	130	133	135	137
AgriFutures Australia	9,342	9,479	9,229	9,385	9,535
Beef Week and the Beef Australia Expo	2,350	550	250	-	-
Leadership in Agriculture Industries Fund	4,000	1,000	-	-	-
Northern Australia Rice Industry	1,000	1,000	1,000	-	-
Stronger Farmers, Stronger Economy – a fairer go for farm businesses – farm cooperatives and collaboration pilot	6,188	-	-	-	-
Wine Australia	16,014	15,924	16,062	-	-
Wine Tourism and Cellar Door Grant	-	-	10,000	10,000	10,000
<b>Administered total</b>	<b>54,549</b>	<b>53,634</b>	<b>62,225</b>	<b>44,520</b>	<b>44,572</b>
<b><u>Payments to corporate entities (Draw-down)<sup>(a)</sup></u></b>					
Australian Pesticides and Veterinary Medicines Authority	2,634	1,606	1,608	1,634	1,660
Relocation of the Australian Pesticides and Veterinary Medicines Authority	3,422	23,296	4,093	2,795	295
<b>Payments to corporate entities total</b>	<b>6,056</b>	<b>24,902</b>	<b>5,701</b>	<b>4,429</b>	<b>1,955</b>

Continued on following pages

**Table 2.6.1: Budgeted expenses for Outcome 1 (continued)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>Program 1.10: Agricultural Resources</b>					
<b>Administered expenses</b>					
<b><u>Special appropriations</u></b>					
<i>Agricultural and Veterinary Chemicals (Administration) Act 1992, s. 58(6) – amounts payable to the APVMA</i>					
	28,745	28,233	29,553	23,707	26,375
<i>Egg Industry Service Provision Act 2002, s. 8(1) – payments under funding contract</i>					
	10,020	10,623	10,829	11,149	11,255
<i>Primary Industries Research and Development Act 1989, s. 30(3) – Cotton R&amp;D Corporation</i>					
	19,218	17,840	17,410	17,410	17,410
<i>Primary Industries Research and Development Act 1989, s. 30(3) – Rural Industries R&amp;D Corporation</i>					
	12,896	9,877	10,650	10,699	10,700
<i>Sugar Research and Development Services Act 2013, s. 7 – payment to industry services body</i>					
	31,710	30,639	30,639	30,639	30,639
<i>Wine Australia Act 2013, s. 32 – payments to the Authority</i>					
	33,804	32,600	32,150	32,150	31,400
<b><i>Special Appropriation total</i></b>	<b>136,393</b>	<b>129,812</b>	<b>131,231</b>	<b>125,754</b>	<b>127,779</b>
<b>Total Program expenses</b>	<b>196,998</b>	<b>208,348</b>	<b>199,157</b>	<b>174,703</b>	<b>174,306</b>

Continued on following pages

**Table 2.6.1: Budgeted expenses for Outcome 1 (continued)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>Program 1.11: Drought Programs</b>					
<b>Administered expenses</b>					
<b><u>Ordinary annual services (Appropriation Bill (No. 1))</u></b>					
Farm Business Concessional Loans Scheme	6,030	-	-	-	-
<b>Administered total</b>	<b>6,030</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Payments to corporate entities (Draw-down)<sup>(a)</sup></u></b>					
Regional Investment Corporation	-	12,555	12,964	13,369	13,590
<b>Payments to corporate entities total</b>	<b>-</b>	<b>12,555</b>	<b>12,964</b>	<b>13,369</b>	<b>13,590</b>
<b>Expenses not requiring appropriation in the budget year<sup>(b)</sup></b>					
Drought Concessional Loans Scheme – administration	2,106	2,106	786	127	-
Drought Recovery Concessional Loans Scheme – state administration	234	234	234	234	234
Farm Business Concessional Loans Scheme – discount expenses	387	27,620	25,776	25,776	27,620
Farm Business Concessional Loans Scheme – state administration	(5,000)	1,250	1,250	1,250	1,250
<b>Total</b>	<b>(2,273)</b>	<b>31,210</b>	<b>28,046</b>	<b>27,387</b>	<b>29,104</b>
<b>Total Program expenses</b>	<b>3,757</b>	<b>43,765</b>	<b>41,010</b>	<b>40,756</b>	<b>42,694</b>

Continued on following pages

**Table 2.6.1: Budgeted expenses for Outcome 1 (continued)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>Program 1.12: Rural Programs</b>					
<b>Administered expenses</b>					
<b>Ordinary annual services (Appropriation Bill (No. 1))</b>					
Rural Financial Counselling Service	16,442	16,688	16,957	17,246	17,522
Stronger Farmers, Stronger Economy – new drought management framework – managing farm risk program	122	903	-	-	-
<b>Administered total</b>	<b>16,564</b>	<b>17,591</b>	<b>16,957</b>	<b>17,246</b>	<b>17,522</b>
<b>Special appropriations</b>					
<i>Farm Household Support Act 2014, s. 105 – payments for Farm Household Allowance</i>					
	36,782	37,945	37,526	40,264	40,264
<b>Special Appropriation total</b>	<b>36,782</b>	<b>37,945</b>	<b>37,526</b>	<b>40,264</b>	<b>40,264</b>
<b>Expenses not requiring appropriation in the budget year<sup>(b)</sup></b>					
Farm Finance Concessional Loans Scheme – administration	1,550	1,550	-	-	-
<b>Total Program expenses</b>	<b>54,896</b>	<b>57,086</b>	<b>54,483</b>	<b>57,510</b>	<b>57,786</b>

Continued on following pages

**Table 2.6.1: Budgeted expenses for Outcome 1 (continued)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>Program 1.13: International Market Access</b>					
<b>Administered expenses</b>					
<b><u>Ordinary annual services (Appropriation Bill (No. 1))</u></b>					
Agriculture Advancing Australia – International Agricultural Cooperation	211	216	222	225	229
Food and Agriculture Organization of the United Nations	12,550	12,733	12,931	13,150	13,360
Indonesia-Australia Red Meat and Cattle Partnership	699	500	500	500	500
International Organisations Contributions	1,879	1,906	1,939	1,971	2,004
Stronger Farmers, Stronger Economy – improvements to access premium markets – cooperation activities	1,500	50	-	-	-
<b>Total Program expenses</b>	<b>16,839</b>	<b>15,405</b>	<b>15,592</b>	<b>15,846</b>	<b>16,093</b>
<b><u>Administered expenses</u></b>	<b>1,015,672</b>	<b>1,061,654</b>	<b>1,058,104</b>	<b>1,041,787</b>	<b>1,054,027</b>
<b><u>Departmental expenses</u></b>					
Departmental appropriation <sup>(c),(d)</sup>	128,350	120,426	123,033	121,281	122,477
Expenses not requiring appropriation in the budget year <sup>(b)</sup>	3,820	3,820	3,820	3,820	3,820
<b>Total expenses for Outcome 1</b>	<b>1,147,842</b>	<b>1,185,900</b>	<b>1,184,957</b>	<b>1,166,888</b>	<b>1,180,324</b>

Continued on following page

**Table 2.6.1: Budgeted expenses for Outcome 1 (continued)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>Outcome 1 Totals by appropriation type</b>					
<b>Administered expenses</b>					
Ordinary annual services (Appropriation Bill (No. 1))	113,433	97,679	107,241	85,419	85,233
Special appropriations	894,129	893,758	904,152	911,183	924,145
Special accounts	2,777	-	-	-	-
Payments to corporate entities (Draw-down)	6,056	37,457	18,665	17,798	15,545
Expenses not requiring appropriation in the budget year <sup>(b)</sup>	(723)	32,760	28,046	27,387	29,104
<b>Administered total</b>	<b>1,015,672</b>	<b>1,061,654</b>	<b>1,058,104</b>	<b>1,041,787</b>	<b>1,054,027</b>
<b>Departmental expenses</b>					
Departmental appropriation <sup>(c),(d)</sup>	128,350	120,426	123,033	121,281	122,477
Expenses not requiring appropriation in the budget year <sup>(b)</sup>	3,820	3,820	3,820	3,820	3,820
<b>Department total</b>	<b>132,170</b>	<b>124,246</b>	<b>126,853</b>	<b>125,101</b>	<b>126,297</b>
<b>Total expenses for Outcome 1</b>	<b>1,147,842</b>	<b>1,185,900</b>	<b>1,184,957</b>	<b>1,166,888</b>	<b>1,180,324</b>
<b>Movement/reclassification of administered funds between years<sup>(e)</sup></b>					
	2017–18 \$'000	2018–19 \$'000	2019–20 \$'000	2020–21 \$'000	2021–22 \$'000
<b>Program 1.4: Fishing Industry</b>					
Reclassification – Fisheries Resources Research Fund <sup>(f)</sup>	-	(1,800)	-	-	-
<b>The Treasury</b>					
Measure – National Partnership on the Management of Established Pests and Weeds (SPP693)	(5,000)	-	-	-	-
Measure – Australian Agriculture and Export Growth Plan – National Forestry Industry Plan (SPP763)	-	-	-	1,750	1,750
<b>Total of administered funds</b>	<b>(5,000)</b>	<b>(1,800)</b>	<b>-</b>	<b>1,750</b>	<b>1,750</b>
	2017–18	2018–19			
<b>Average staffing level (number)</b>	538	512			

(a) The APVMA and RIC are corporate Commonwealth entities (CCE) under the PGPA Act and do not receive direct appropriations. Instead, this funding passes through the department to these entities.

(b) 'Expenses not requiring appropriation in the Budget year' are made up of depreciation and amortisation expenses, resources received free of charge, concessional loan discount and balance sheet adjustments.

(c) Expenses funded from both 'Ordinary annual services (Appropriation Bill (No. 1))' and 'Retained Revenue Receipts' under section 74 of the PGPA Act.

(d) Departmental appropriation allocations are notional and reflect the current structure of the department.

(e) Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds.

(f) Reclassification from administered to departmental.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as Government priorities change.

## 2.7 BUDGETED EXPENSES FOR OUTCOME 2

**Outcome 2: Safeguard Australia’s animal and plant health status to maintain overseas markets and protect the economy and environment from the impact of exotic pests and diseases, through risk assessment, inspection and certification, and the implementation of emergency response arrangements for Australian agricultural, food and fibre industries.**

### Linked programs

<p><b>Australian Trade and Investment Commission</b></p> <hr style="border-top: 1px dotted black;"/> <p><b>Programs:</b></p> <ul style="list-style-type: none"> <li>• Program 1.1: Promotion of Australia’s export and other international economic interests</li> <li>• Program 1.2: Programs to promote Australia’s export and other international economic interests</li> </ul>
<p><b>Contribution to Outcome 2 made by linked program:</b></p> <p>The Department of Agriculture and Water Resources and Australian Trade and Investment Commission work together to achieve the best outcomes for Australian agricultural, fisheries and forestry exports. The department also undertakes activities to preserve Australia’s favourable animal and plant health status, helping maintain overseas markets.</p>
<p><b>Commonwealth Scientific and Industrial Research Organisation (CSIRO)</b></p> <hr style="border-top: 1px dotted black;"/> <p><b>Program:</b></p> <ul style="list-style-type: none"> <li>• Program 1.2: National Research Infrastructure – National Facilities and Collections</li> </ul>
<p><b>Contribution to Outcome 2 made by linked program:</b></p> <p>The Department of Agriculture and Water Resources contributes to the operating costs of the CSIRO’s Australian Animal Health Laboratory for emergency animal disease diagnosis and research.</p>
<p><b>Department of Health</b></p> <hr style="border-top: 1px dotted black;"/> <p><b>Program:</b></p> <ul style="list-style-type: none"> <li>• Program 5.2: Health Protection and Emergency Response</li> </ul>
<p><b>Contribution to Outcome 2 made by linked program:</b></p> <p>The Department of Agriculture and Water Resources provides border services for the management of human biosecurity risks on behalf of the Department of Health under the Biosecurity Act 2015 and a memorandum of understanding.</p>

Continued on following pages

**Linked programs (continued)**

<p><b>Department of Home Affairs</b></p> <hr/> <p><b>Programs:</b></p> <ul style="list-style-type: none"> <li>• Program 1.1: Border Enforcement</li> <li>• Program 1.2: Border Management</li> </ul>
<p><b>Contribution to Outcome 2 made by linked programs:</b></p> <p>The Department of Agriculture and Water Resources and the Australian Border Force work collaboratively to undertake screening and surveillance for all people and goods entering Australia.</p>
<p><b>Department of the Environment and Energy</b></p> <hr/> <p><b>Program:</b></p> <ul style="list-style-type: none"> <li>• Program 1.4 : Conservation of Australia’s Heritage and the Environment</li> </ul>
<p><b>Contribution to Outcome 2 made by linked program:</b></p> <p>The Department of Agriculture and Water Resources and the Department of the Environment and Energy work together through engagement on the management of onshore biosecurity risks.</p>
<p><b>Department of the Prime Minister and Cabinet</b></p> <hr/> <p><b>Program:</b></p> <ul style="list-style-type: none"> <li>• Program 2.1: Indigenous Advancement – Jobs, Land and Economy</li> </ul>
<p><b>Contribution to Outcome 2 made by linked programs:</b></p> <p>The Department of Agriculture and Water Resources and the Department of the Prime Minister and Cabinet partner with Aboriginal and Torres Strait Islander Ranger groups to deliver biosecurity work that protects Australian agriculture and the northern Australian environment.</p>

Continued on following page

**Linked programs (continued)**

<b>Department of the Treasury</b>
<b>Program:</b> <ul style="list-style-type: none"><li>• Program 1.9: National Partnership Payments to the States</li></ul>
<b>Contribution to Outcome 2 made by linked program:</b> <p>The Department of the Treasury manages the following national partnership agreement on behalf of the Department of Agriculture and Water Resources:</p> <ul style="list-style-type: none"><li>• National Partnership on Pest and Disease Preparedness and Response Programs.</li></ul>
<b>Food Standards Australia New Zealand</b>
<b>Program:</b> <ul style="list-style-type: none"><li>• Program 1.1: Food Regulatory Activity and Services to the Minister and Parliament</li></ul>
<b>Contribution to Outcome 2 made by linked program:</b> <p>Food Standards Australia New Zealand provides advice on whether foods pose a medium to high risk to public health to help the Department of Agriculture and Water Resources to manage the food safety risks associated with imported food for human consumption.</p>

## Budgeted expenses for Outcome 2

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by administered and departmental funding sources.

**Table 2.7.1: Budgeted expenses for Outcome 2**

**Outcome 2: Safeguard Australia's animal and plant health status to maintain overseas markets and protect the economy and environment from the impact of exotic pests and diseases, through risk assessment, inspection and certification, and the implementation of emergency response arrangements for Australian agricultural, food and fibre industries.**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>Program 2.1: Biosecurity and Export Services</b>					
<b>Administered expenses</b>					
<b><u>Ordinary annual services (Appropriation Bill (No. 1))</u></b>					
A Competitive Agriculture Sector – support for small exporters	1,376	155	80	80	80
Centre of Excellence for Biosecurity Risk Analysis and Research	1,781	1,781	1,809	1,840	1,869
Enhancing Australia's Biosecurity System – Priority Pest and Disease Planning and Response	-	2,030	3,779	4,044	4,534
Livestock Exports Global Assurance Program	2,900	2,400	1,600	1,400	-
Stronger Farmers, Stronger Economy – improvements to access premium markets – improve biosecurity	10,591	12,500	-	-	-
<b>Total Program expenses</b>	<b>16,648</b>	<b>18,866</b>	<b>7,268</b>	<b>7,364</b>	<b>6,483</b>

Continued on following pages

**Table 2.7.1: Budgeted expenses for Outcome 2 (continued)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>Program 2.2: Plant and Animal Health</b>					
<b>Administered expenses</b>					
<b>Ordinary annual services (Appropriation Bill (No. 1))</b>					
A Competitive Agriculture Sector – stronger biosecurity and quarantine	20,892	-	-	-	-
A More Competitive and Sustainable Fisheries Sector – review of invasive marine pests	1,062	-	-	-	-
Animal Biosecurity and Response Reform	939	984	982	999	1,015
Commonwealth Membership of Animal Health Australia and Plant Health Australia	2,265	2,055	2,088	2,123	2,157
International Organisations Contribution – World Organisation for Animal Health	286	242	246	250	254
Other Exotic Disease Preparedness Program	641	651	661	673	683
Payment to CSIRO – contribution to the operating costs of the Australian Animal Health Laboratory	8,152	11,774	11,908	8,550	8,687
Plant Biosecurity and Response Reform	1,385	1,386	1,383	1,406	1,429
Stronger Farmers, Stronger Economy – strengthening research, skills and management of natural resources – immediate assistance fund	-	2,023	2,023	2,029	3,587
<b>Administered total</b>	<b>35,622</b>	<b>19,115</b>	<b>19,291</b>	<b>16,030</b>	<b>17,812</b>

Continued on following pages

**Table 2.7.1: Budgeted expenses for Outcome 2 (continued)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>Program 2.2: Plant and Animal Health</b>					
<b>Administered expenses</b>					
<b><u>Special appropriations</u></b>					
<i>Australian Animal Health Council (Live-stock Industries) Funding Act 1996, s. 5 – appropriation</i>	7,941	8,523	8,697	8,828	8,826
<i>Plant Health Australia (Plant Industries) Funding Act 2002, s. 6 – appropriation</i>	4,600	4,332	4,363	4,401	4,440
<i>Plant Health Australia (Plant Industries) Funding Act 2002, s. 10B – payments to PHA from EPPR levies and charges</i>	5,330	5,405	5,433	5,437	5,466
<b><i>Special Appropriation total</i></b>	<b>17,871</b>	<b>18,260</b>	<b>18,493</b>	<b>18,666</b>	<b>18,732</b>
<b>Expenses not requiring appropriation in the budget year<sup>(a)</sup></b>					
<i>National Residue Survey Account – s. 80, PGPA Act [s. 6, National Residue Survey Administration Act 1992]</i>	10,868	11,256	11,512	11,730	11,818
<b><i>Total</i></b>	<b>10,868</b>	<b>11,256</b>	<b>11,512</b>	<b>11,730</b>	<b>11,818</b>
<b>Total Program expenses</b>	<b>64,361</b>	<b>48,631</b>	<b>49,296</b>	<b>46,426</b>	<b>48,362</b>
<b><u>Administered expenses</u></b>					
	81,009	67,497	56,564	53,790	54,845
<b><u>Departmental expenses</u></b>					
<i>Departmental appropriation<sup>(b),(c),(d)</sup></i>	248,048	252,234	222,822	218,071	216,744
<i>Expenses not requiring appropriation in the budget year<sup>(a)</sup></i>	24,551	28,691	29,175	29,175	29,175
<b><i>Departmental total</i></b>	<b>272,599</b>	<b>280,925</b>	<b>251,997</b>	<b>247,246</b>	<b>245,919</b>
<b><u>Special account</u></b>					
<i>Australian Quarantine and Inspection Service Special Account – s. 78, PGPA Act<sup>(e)</sup></i>	373,528	374,788	379,478	385,834	391,735
<i>National Residue Survey Account – s. 80, PGPA Act [s. 6(1), National Residue Survey Administration Act 1992]</i>	12,030	11,960	12,174	12,312	12,401
<b><i>Special Account total</i></b>	<b>385,558</b>	<b>386,748</b>	<b>391,652</b>	<b>398,146</b>	<b>404,136</b>
<b>Total expenses for Outcome 2</b>	<b>739,166</b>	<b>735,170</b>	<b>700,213</b>	<b>699,182</b>	<b>704,900</b>

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**Table 2.7.1: Budgeted expenses for Outcome 2 (continued)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>Outcome 2 Totals by appropriation type</b>					
<b>Administered expenses</b>					
Ordinary annual services (Appropriation Bill (No. 1))	52,270	37,981	26,559	23,394	24,295
Special appropriations	17,871	18,260	18,493	18,666	18,732
Expenses not requiring appropriation in the budget year <sup>(a)</sup>	10,868	11,256	11,512	11,730	11,818
<b>Departmental expenses</b>					
Departmental appropriation <sup>(b),(c),(d)</sup>	248,048	252,234	222,822	218,071	216,744
Special accounts	385,558	386,748	391,652	398,146	404,136
Expenses not requiring appropriation in the budget year <sup>(a)</sup>	24,551	28,691	29,175	29,175	29,175
<b>Total expenses for Outcome 2</b>	<b>739,166</b>	<b>735,170</b>	<b>700,213</b>	<b>699,182</b>	<b>704,900</b>
<b>Movement/reclassification of administered funds between years<sup>(f)</sup></b>	2017–18 \$'000	2018–19 \$'000	2019–20 \$'000	2020–21 \$'000	2021–22 \$'000
<b>The Treasury</b>					
Measure – Australian Agriculture and Export Growth Plan – Tasmania fruit fly outbreak response (SPP188)	20,000	-	-	-	-
<b>Total of administered funds</b>	<b>20,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	2017–18	2018–19			
<b>Average staffing level (number)</b>	3,898	3,913			

- (a) 'Expenses not requiring appropriation in the Budget year' are made up of depreciation and amortisation expenses, resources received free of charge, concessional loan discount and balance sheet adjustments.
- (b) Expenses funded from both 'Ordinary annual services (Appropriation Bill (No. 1))' and 'Retained Revenue Receipts' under section 74 of the PGPA Act.
- (c) Departmental appropriation allocations are notional and reflect the current structure of the department.
- (d) Additional funding for border services at Avalon Airport is included in the departmental appropriation for Outcome 2.
- (e) The Australian Quarantine Inspection Service ceased to be a business operation in the department from 29 February 2012 but the title of the special account has not yet been changed.
- (f) Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as Government priorities change.

## 2.8 BUDGETED EXPENSES FOR OUTCOME 3

**Outcome 3: Improve the health of rivers and freshwater ecosystems and water use efficiency through implementing water reforms, and ensuring enhanced sustainability, efficiency and productivity in the management and use of water resources.**

### Linked programs

<p><b>Portfolio Agency:</b> Murray-Darling Basin Authority</p>
<p><b>Program:</b></p> <ul style="list-style-type: none"> <li>Program 1.1: Equitable and Sustainable Use of the Murray-Darling Basin</li> </ul>
<p><b>Contribution to Outcome 3 made by linked program:</b></p> <p>The Department of Agriculture and Water Resources and the Murray-Darling Basin Authority work collaboratively to implement the Murray-Darling Basin Plan and the Intergovernmental Agreement on Murray-Darling Basin Reform.</p>
<p><b>Bureau of Meteorology</b></p>
<p><b>Program:</b></p> <ul style="list-style-type: none"> <li>Program 1.1: Bureau of Meteorology</li> </ul>
<p><b>Contribution to Outcome 3 made by linked program:</b></p> <p>The Bureau of Meteorology provides weather, climate and water modelling and information to the Department of Agriculture and Water Resources.</p>
<p><b>Department of the Environment and Energy</b></p>
<p><b>Program:</b></p> <ul style="list-style-type: none"> <li>Program 1.3: Commonwealth Environmental Water</li> </ul>
<p><b>Contribution to Outcome 3 made by linked programs:</b></p> <p>The Department of Agriculture and Water Resources and the Department of the Environment and Energy work collaboratively to implement the Murray-Darling Basin Plan and the Commonwealth's water reform policy agenda.</p>

Continued on following page

**Linked programs (continued)**

<b>Department of the Treasury</b>
<b>Program:</b> <ul style="list-style-type: none"><li>• Program 1.9: National Partnership Payments to the States</li></ul>
<b>Contribution to Outcome 3 made by linked program:</b> <p>The Department of the Treasury manages the following national partnership agreements on behalf of the Department of Agriculture and Water Resources:</p> <ul style="list-style-type: none"><li>• National Partnership on Implementing Water Reform in the Murray-Darling Basin;</li><li>• National Partnership on the Development of Business Cases for Constraints Measures;</li><li>• National Partnership on the Great Artesian Basin Sustainability Initiative;</li><li>• National Partnership on the South Australian River Murray Sustainability Program – Irrigation Efficiency and Water Purchase Component; and</li><li>• Sustainable Rural Water Use and Infrastructure Program.</li></ul>

### Budgeted expenses for Outcome 3

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

**Table 2.8.1: Budgeted expenses for Outcome 3**

**Outcome 3: Improve the health of rivers and freshwater ecosystems and water use efficiency through implementing water reforms, and ensuring enhanced sustainability, efficiency and productivity in the management and use of water resources.**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>Program 3.1: Water Reform</b>					
<b>Administered expenses</b>					
<b><u>Ordinary annual services (Appropriation Bill (No. 1))</u></b>					
Commonwealth Contribution under the Murray-Darling Basin Agreement	11,746	12,741	12,742	13,954	14,792
Stronger Farmers, Stronger Economy – National Water Infrastructure Development Fund <sup>(a)</sup>	1,000	-	-	-	-
Sustainable Rural Water Use and Infrastructure Program	257,586	225,328	-	-	125,500
<b>Administered total</b>	<b>270,332</b>	<b>238,069</b>	<b>12,742</b>	<b>13,954</b>	<b>140,292</b>
<b><u>Payments to corporate entities (Draw-down)<sup>(b)</sup></u></b>					
Murray-Darling Basin Authority	78,910	91,700	63,276	33,807	34,369
<b>Payments to corporate entities total</b>	<b>78,910</b>	<b>91,700</b>	<b>63,276</b>	<b>33,807</b>	<b>34,369</b>

Continued on following pages

**Table 2.8.1: Budgeted expenses for Outcome 3 (continued)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>Program 3.1: Water Reform</b>					
<b>Administered expenses</b>					
<b><u>Special accounts</u></b>					
Water Efficiency Labelling Scheme Account	1,810	1,946	1,962	2,038	2,038
Water for the Environment Special Account	80,000	120,000	330,000	360,000	360,452
Water Resources Special Account	740	510	510	510	510
<b><i>Special account total</i></b>	<b>82,550</b>	<b>122,456</b>	<b>332,472</b>	<b>362,548</b>	<b>363,000</b>
<b>Expenses not requiring appropriation in the budget year<sup>(c)</sup></b>					
	445,766	742,911	257,759	242,759	147,759
<b>Total Program expenses</b>	<b>877,558</b>	<b>1,195,136</b>	<b>666,249</b>	<b>653,068</b>	<b>685,420</b>
<b>Administered expenses</b>	877,558	1,195,136	666,249	653,068	685,420
<b><u>Departmental expenses</u></b>					
<b>Departmental expenses</b>					
Departmental appropriation <sup>(d),(e)</sup>	29,831	25,614	20,619	18,238	16,745
Expenses not requiring appropriation in the budget year <sup>(c)</sup>	916	916	916	916	916
<b><i>Departmental total</i></b>	<b>30,747</b>	<b>26,530</b>	<b>21,535</b>	<b>19,154</b>	<b>17,661</b>
<b>Total expenses for Outcome 3</b>	<b>908,305</b>	<b>1,221,666</b>	<b>687,784</b>	<b>672,222</b>	<b>703,081</b>

Continued on following pages

**Table 2.8.1: Budgeted expenses for Outcome 3 (continued)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>Outcome 3 Totals by appropriation type</b>					
<b><u>Administered expenses</u></b>					
Ordinary annual services (Appropriation Bill (No. 1))	270,332	238,069	12,742	13,954	140,292
Special accounts	82,550	122,456	332,472	362,548	363,000
Payments to corporate entities (Draw-down)	78,910	91,700	63,276	33,807	34,369
Expenses not requiring appropriation in the budget year <sup>(c)</sup>	445,766	742,911	257,759	242,759	147,759
<b><u>Departmental expenses</u></b>					
Departmental appropriation <sup>(d),(e)</sup>	29,831	25,614	20,619	18,238	16,745
Expenses not requiring appropriation in the budget year <sup>(c)</sup>	916	916	916	916	916
<b>Total expenses for Outcome 3</b>	<b>908,305</b>	<b>1,221,666</b>	<b>687,784</b>	<b>672,222</b>	<b>703,081</b>
<b>Movement/reclassification of administered funds between years<sup>(f)</sup></b>	2017–18 \$'000	2018–19 \$'000	2019–20 \$'000	2020–21 \$'000	2021–22 \$'000
<b>Program 3.1: Water Reform</b>					
Sustainable Rural Water Use and Infrastructure Program (Infrastructure)	(21,438)	21,438	-	-	-
<b>The Treasury</b>					
Sustainable Rural Water Use and Infrastructure Program (SPP533)	(17,072)	5,700	-	11,372	-
<b>Total of administered funds</b>	<b>(38,510)</b>	<b>27,138</b>	<b>-</b>	<b>11,372</b>	<b>-</b>
	2017–18	2018–19			
<b>Average staffing level (number)</b>	158	133			

Continued on following page

- (a) As a result of machinery of government changes announced by the Prime Minister on 19 December 2017, this program has been transferred to the Department of Infrastructure, Regional Development and Cities.
- (b) The MDBA is a corporate Commonwealth entity (CCE) under the PGPA Act and does not receive direct appropriations. Instead, this funding passes through the department to the MDBA.
- (c) 'Expenses not requiring appropriation in the Budget year' are made up of depreciation and amortisation expenses, resources received free of charge, concessional loan discount and balance sheet adjustments.
- (d) Departmental appropriation allocations are notional and reflect the current structure of the department.
- (e) Expenses funded from both 'Ordinary annual services (Appropriation Bill (No. 1))' and 'Retained Revenue Receipts' under section 74 of the PGPA Act.
- (f) Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as Government priorities change.

## Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2018–19 budget year, including the impact of budget measures and resourcing on financial statements.

### **3.1 BUDGETED FINANCIAL STATEMENTS**

#### **3.1.1 Explanatory notes and analysis of budgeted financial statements**

The financial statements incorporate all budget estimate changes since the 2017–18 Portfolio Additional Estimates Statements (PAES). An analysis of the primary causes of movements in the budgeted departmental financial statements and administered schedules is provided in the relevant sections. PAES is used as comparative figures in the analysis.

#### **Budgeted comprehensive departmental income statement**

Since PAES, estimated revenue from government in 2018–19 has increased by \$27.3 million. The increase is due to 2018–19 Budget measures detailed in Table 1.2 as well as additional funding in 2018–19 for the provision of border services at Avalon Airport and a reclassification of \$1.8 million from administered to departmental. These increases have been partly offset by reductions arising from the transfer of \$1.3 million to the Department of Infrastructure, Regional Development and Cities as a result of a machinery of government change, the transfer of \$1.0 million to the Regional Investment Corporation for its establishment and whole of government savings of \$0.4 million for property services coordinated procurement arrangements.

Estimated own source revenue in 2018–19 has increased by \$7.4 million since PAES due higher than expected levels of activity in cost recovered areas.

There has also been a corresponding increase in estimated 2018–19 expenses since PAES, reflecting 2018–19 Budget measures (Table 1.2 refers), additional funding for border services at Avalon Airport, agreed funding reclassifications and cost recovery activity.

The department is budgeting for a balanced budget position in 2018–19 before unfunded depreciation.

#### **Budgeted departmental balance sheet**

The value of departmental net assets as at 30 June 2019 is anticipated to be \$0.1 million lower than the estimate published in PAES. The decrease is due to a slightly larger unfunded depreciation component, offset by a small increase in contributed equity.

**Schedule of budgeted income and expenses administered on behalf of the Government**

It is estimated that the department will receive non-appropriation revenue on behalf of government of \$824.1 million in 2018-19, an increase of \$37.1 million since PAES. This is mainly due to higher levy revenue. The increase has been offset by a \$2.3 million reduction in estimated interest revenue and \$0.5 million for 2018-19 Budget measures detailed in Table 1.2.

Administered expenses are estimated to be \$2,324.3 million in 2018-19, an increase of \$69.1 million since PAES. The increase reflects higher special appropriations relating to levies collection and the impact of 2018-19 Budget measures listed in Table 1.2. A movement of funds of \$21.4 million for the Sustainable Rural Water Use and Infrastructure Program also contributes to this increase. These increases have been partly offset by reductions due to the reclassification of \$1.8 million to departmental and the impact of machinery of government changes.

**Schedule of budgeted assets and liabilities administered on behalf of the Government**

The value of administered net assets as at 30 June 2019 is anticipated to be \$46.8 million higher than the estimate published in PAES. The increase is mainly due to the estimated increase of Water for the Environment Special Account closing balance. This increase was offset by machinery of government changes. Higher loans repayments expected in 2018-19 in relation to Farm Finance and Drought Concessional Loans programs have also contributed to the decrease.

### 3.2 BUDGETED FINANCIAL STATEMENTS TABLES

**Table 3.1 Comprehensive income statement (showing net cost of services) for the period ended 30 June**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>EXPENSES</b>					
Employee benefits	501,811	502,482	479,427	476,100	474,749
Supplier	281,402	278,535	275,608	276,545	282,262
Grants	4,060	4,060	4,060	4,060	4,060
Depreciation and amortisation	28,240	28,240	28,240	28,240	28,240
Finance costs	250	250	250	250	250
Write-down and impairment of assets	5,311	4,882	4,452	4,452	4,452
<b>Total expenses</b>	<b>821,074</b>	<b>818,449</b>	<b>792,037</b>	<b>789,647</b>	<b>794,013</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
Sale of goods and rendering of services	389,739	382,707	395,576	401,224	407,403
Interest	423	423	382	382	382
Other revenue	33,997	36,407	35,512	36,285	34,010
<b>Total own-source revenue</b>	<b>424,159</b>	<b>419,537</b>	<b>431,470</b>	<b>437,891</b>	<b>441,795</b>
<b>Total own-source income</b>	<b>424,159</b>	<b>419,537</b>	<b>431,470</b>	<b>437,891</b>	<b>441,795</b>
<b>Net cost of (contribution by) services</b>	<b>396,915</b>	<b>398,912</b>	<b>360,567</b>	<b>351,756</b>	<b>352,218</b>
Revenue from Government	380,677	382,674	344,329	335,518	335,980
<b>Surplus (Deficit) attributable to the Australian Government</b>	<b>(16,238)</b>	<b>(16,238)</b>	<b>(16,238)</b>	<b>(16,238)</b>	<b>(16,238)</b>
<b>Total comprehensive income (loss) attributable to the Australian Government</b>	<b>(16,238)</b>	<b>(16,238)</b>	<b>(16,238)</b>	<b>(16,238)</b>	<b>(16,238)</b>
<b>Note: Impact of Net Cash Appropriation Arrangements</b>					
	2017–18 \$'000	2018–19 \$'000	2019–20 \$'000	2020–21 \$'000	2021–22 \$'000
<b>Total comprehensive income (loss) excluding depreciation/ amortisation expenses previously funded through revenue appropriation</b>	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations <sup>(a)</sup>	(16,238)	(16,238)	(16,238)	(16,238)	(16,238)
<b>Total comprehensive income (loss) – as per the statement of comprehensive income</b>	<b>(16,238)</b>	<b>(16,238)</b>	<b>(16,238)</b>	<b>(16,238)</b>	<b>(16,238)</b>

(a) From 2010–11, the Government introduced net cash appropriation arrangements where Bill (No. 1) revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill (No. 1) equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

**Table 3.2: Budgeted departmental balance sheet (as at 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	27,652	27,270	27,270	27,270	27,270
Trade and other receivables	80,732	72,710	61,256	49,305	48,976
Other investments	16,000	15,500	15,000	14,500	14,500
Other financial assets	4,892	4,892	4,892	4,892	4,892
<b>Total financial assets</b>	<b>129,276</b>	<b>120,372</b>	<b>108,418</b>	<b>95,967</b>	<b>95,638</b>
<b>Non-financial assets</b>					
Land and buildings	43,596	39,860	35,716	31,572	27,428
Property, plant and equipment	32,990	29,570	29,134	28,948	26,087
Intangibles	113,031	126,660	127,928	129,264	130,657
Inventories	2,297	2,297	2,297	2,297	2,297
Other non-financial assets	8,086	8,086	8,086	8,086	8,086
<b>Total non-financial assets</b>	<b>200,000</b>	<b>206,473</b>	<b>203,161</b>	<b>200,167</b>	<b>194,555</b>
<b>Total assets</b>	<b>329,276</b>	<b>326,845</b>	<b>311,579</b>	<b>296,134</b>	<b>290,193</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	21,869	21,587	20,863	19,595	19,588
Other payables	47,036	44,440	41,349	31,673	33,002
<b>Total payables</b>	<b>68,905</b>	<b>66,027</b>	<b>62,212</b>	<b>51,268</b>	<b>52,589</b>
<b>Provisions</b>					
Employee provisions	141,797	138,714	132,597	132,538	132,538
Other provisions	7,393	5,161	3,467	2,349	1,028
<b>Total provisions</b>	<b>149,190</b>	<b>143,875</b>	<b>136,064</b>	<b>134,887</b>	<b>133,566</b>
<b>Total liabilities</b>	<b>218,095</b>	<b>209,902</b>	<b>198,276</b>	<b>186,155</b>	<b>186,155</b>
<b>Net assets</b>	<b>111,181</b>	<b>116,943</b>	<b>113,303</b>	<b>109,979</b>	<b>104,038</b>
<b>EQUITY<sup>(a)</sup></b>					
<b>Parent entity interest</b>					
Contributed equity	150,426	172,426	185,024	197,938	208,235
Reserves	69,596	69,596	69,596	69,596	69,596
Retained surplus (accumulated deficit)	(108,841)	(125,079)	(141,317)	(157,555)	(173,793)
<b>Total parent entity interest</b>	<b>111,181</b>	<b>116,943</b>	<b>113,303</b>	<b>109,979</b>	<b>104,038</b>
<b>Total equity</b>	<b>111,181</b>	<b>116,943</b>	<b>113,303</b>	<b>109,979</b>	<b>104,038</b>

(a) Equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

**Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2018–19)**

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening balance as at 1 July 2018</b>					
Balance carried forward from previous period	(108,841)	25,665	43,931	150,426	111,181
<b>Adjusted opening balance</b>	<b>(108,841)</b>	<b>25,665</b>	<b>43,931</b>	<b>150,426</b>	<b>111,181</b>
<b>Comprehensive income</b>					
Surplus (deficit) for the period	(16,238)	-	-	-	(16,238)
<b>Total comprehensive income</b>	<b>(16,238)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(16,238)</b>
of which:					
Attributable to the Australian Government	(16,238)	-	-	-	(16,238)
<b>Transactions with owners</b>					
<b>Contributions by owners</b>					
Equity Injection – Appropriation	-	-	-	12,176	12,176
Departmental Capital Budget (DCB)	-	-	-	9,824	9,824
<b>Sub-total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,000</b>	<b>22,000</b>
<b>Estimated closing balance as at 30 June 2019</b>	<b>(125,079)</b>	<b>25,665</b>	<b>43,931</b>	<b>172,426</b>	<b>116,943</b>
<b>Closing balance attributable to the Australian Government</b>	<b>(125,079)</b>	<b>25,665</b>	<b>43,931</b>	<b>172,426</b>	<b>116,943</b>

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	396,039	390,316	355,464	347,435	336,309
Sale of goods and rendering of services	384,095	378,044	391,156	396,771	402,951
Interest	423	423	382	382	382
Net GST received	27,500	26,096	24,358	23,153	23,118
Other	20,948	19,218	17,839	18,612	16,337
<b>Total cash received</b>	<b>829,005</b>	<b>814,097</b>	<b>789,199</b>	<b>786,353</b>	<b>779,097</b>
<b>Cash used</b>					
Employees	503,519	505,621	482,120	474,422	473,353
Suppliers	266,250	265,444	265,912	271,715	265,028
Grants	4,060	4,060	4,060	4,060	4,060
Borrowing costs	104	104	104	104	104
GST payments to suppliers	27,550	25,935	24,071	23,118	23,118
Other	1,105	1,102	1,102	1,102	1,103
<b>Total cash used</b>	<b>802,588</b>	<b>802,266</b>	<b>777,369</b>	<b>774,521</b>	<b>766,766</b>
<b>Net cash from (used by) operating activities</b>	<b>26,417</b>	<b>11,831</b>	<b>11,830</b>	<b>11,832</b>	<b>12,331</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of financial instruments	16,000	16,000	15,500	15,000	14,500
<b>Total cash received</b>	<b>16,000</b>	<b>16,000</b>	<b>15,500</b>	<b>15,000</b>	<b>14,500</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	55,999	34,713	24,928	25,246	22,628
Purchase of financial instruments	16,000	15,500	15,000	14,500	14,500
<b>Total cash used</b>	<b>71,999</b>	<b>50,213</b>	<b>39,928</b>	<b>39,746</b>	<b>37,128</b>
<b>Net cash from (used by) investing activities</b>	<b>(55,999)</b>	<b>(34,213)</b>	<b>(24,428)</b>	<b>(24,746)</b>	<b>(22,628)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Contributed equity	29,582	22,000	12,598	12,914	10,297
<b>Total cash received</b>	<b>29,582</b>	<b>22,000</b>	<b>12,598</b>	<b>12,914</b>	<b>10,297</b>
<b>Net cash from (used by) financing activities</b>	<b>29,582</b>	<b>22,000</b>	<b>12,598</b>	<b>12,914</b>	<b>10,297</b>
<b>Net increase (decrease) in cash held</b>	<b>-</b>	<b>(382)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period	27,652	27,652	27,270	27,270	27,270
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>27,652</b>	<b>27,270</b>	<b>27,270</b>	<b>27,270</b>	<b>27,270</b>

Prepared on Australian Accounting Standards basis.

**Table 3.5: Departmental capital budget statement (for the period ended 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget – Bill (No. 1) (DCB)	11,736	9,824	9,853	9,919	9,977
Equity injections – Bill (No. 2)	17,017	4,517	2,745	2,995	320
<b>Total new capital appropriations</b>	<b>28,753</b>	<b>14,341</b>	<b>12,598</b>	<b>12,914</b>	<b>10,297</b>
<b>Provided for:</b>					
<i>Purchase of non-financial assets</i>	28,753	14,341	12,598	12,914	10,297
<b>Total items</b>	<b>28,753</b>	<b>14,341</b>	<b>12,598</b>	<b>12,914</b>	<b>10,297</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriations	20,159	12,176	2,745	2,995	320
Funded by capital appropriation – DCB <sup>(a)</sup>	11,736	9,824	9,853	9,919	9,977
Funded internally from departmental resources <sup>(b)</sup>	24,104	12,713	12,330	12,332	12,331
<b>TOTAL</b>	<b>55,999</b>	<b>34,713</b>	<b>24,928</b>	<b>25,246</b>	<b>22,628</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	55,999	34,713	24,928	25,246	22,628
<b>Total cash used to acquire assets</b>	<b>55,999</b>	<b>34,713</b>	<b>24,928</b>	<b>25,246</b>	<b>22,628</b>

(a) Does not include annual finance lease costs. Includes purchases from current and previous years' Departmental Capital Budgets (DCBs).

(b) Includes the following sources of funding:

- current Bill (No. 1) and prior year Act 1/3/5 appropriations (excluding amounts from the DCB);
- internally developed assets;
- section 74 Retained revenue receipts; and
- proceeds from the sale of assets.

Prepared on Australian Accounting Standards basis.

**Table 3.6: Statement of asset movements (Budget year 2018–19)**

	Land	Buildings	Other property, plant and equipment	Computer software and intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2018</b>					
Gross book value	2,205	50,217	38,956	189,465	280,843
Accumulated depreciation/amortisation	-	(8,827)	(5,966)	(76,433)	(91,226)
<b>Opening net book balance</b>	<b>2,205</b>	<b>41,390</b>	<b>32,990</b>	<b>113,032</b>	<b>189,617</b>
<b>CAPITAL ASSET ADDITIONS</b>					
<b>Estimated expenditure on new or replacement assets</b>					
By purchase – appropriation equity <sup>(a)</sup>	-	-	520	11,656	12,176
By purchase – appropriation ordinary annual services <sup>(b)</sup>	-	1,000	500	8,324	9,824
By purchase – other	-	1,950	782	9,981	12,713
<b>Total additions</b>	<b>-</b>	<b>2,950</b>	<b>1,802</b>	<b>29,961</b>	<b>34,713</b>
<b>Other movements</b>					
Depreciation/amortisation expense	-	(6,685)	(5,222)	(16,333)	(28,240)
<b>Total other movements</b>	<b>-</b>	<b>(6,685)</b>	<b>(5,222)</b>	<b>(16,333)</b>	<b>(28,240)</b>
<b>As at 30 June 2019</b>					
Gross book value	2,205	53,167	40,758	219,426	315,556
Accumulated depreciation/amortisation and impairment	-	(15,512)	(11,188)	(92,766)	(119,466)
<b>Closing net book balance</b>	<b>2,205</b>	<b>37,655</b>	<b>29,570</b>	<b>126,660</b>	<b>196,090</b>

(a) "Appropriation equity" refers to equity injections, appropriations provided through Appropriation Bill (No. 2) 2018–19.

(b) "Appropriation ordinary annual services" refers to funding provided through Appropriation Bill (No. 1) 2018–19 for depreciation / amortisation expenses, DCBs or other operational expenses.

Prepared on Australian Accounting Standards basis.

**Table 3.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Suppliers	33,132	36,236	34,984	30,966	31,572
Personal benefits	36,782	37,945	37,526	40,264	40,264
Grants	1,458,172	1,479,575	1,424,872	1,408,880	1,547,077
Depreciation	7,759	7,759	7,759	7,759	7,759
Assets Transferred to Related Entities	438,007	735,152	250,000	235,000	140,000
Borrowing costs and other	387	27,620	25,776	25,776	27,620
<b>Total expenses administered on behalf of Government</b>	<b>1,974,239</b>	<b>2,324,287</b>	<b>1,780,917</b>	<b>1,748,645</b>	<b>1,794,292</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
<b>Taxation revenue</b>					
Other taxes	571,439	575,466	703,676	716,798	727,261
<b>Total taxation revenue</b>	<b>571,439</b>	<b>575,466</b>	<b>703,676</b>	<b>716,798</b>	<b>727,261</b>
<b>Non-taxation revenue</b>					
Interest	23,224	28,566	33,493	40,829	50,965
Other revenue	9,967	10,180	10,284	5,405	5,405
<b>Total non-taxation revenue</b>	<b>33,191</b>	<b>38,746</b>	<b>43,777</b>	<b>46,234</b>	<b>56,370</b>
Other Gains	127,261	209,929	-	-	-
<b>Total Gains</b>	<b>127,261</b>	<b>209,929</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total own-source revenues administered on behalf of Government</b>	<b>731,891</b>	<b>824,141</b>	<b>747,453</b>	<b>763,032</b>	<b>783,631</b>
<b>Net cost of (contribution by) services</b>	<b>1,242,348</b>	<b>1,500,146</b>	<b>1,033,464</b>	<b>985,613</b>	<b>1,010,661</b>
<b>Surplus (Deficit) after income tax</b>	<b>(1,242,348)</b>	<b>(1,500,146)</b>	<b>(1,033,464)</b>	<b>(985,613)</b>	<b>(1,010,661)</b>
<b>Total comprehensive income (loss) attributable to the Australian Government</b>	<b>(1,242,348)</b>	<b>(1,500,146)</b>	<b>(1,033,464)</b>	<b>(985,613)</b>	<b>(1,010,661)</b>

Prepared on Australian Accounting Standards basis.

**Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	513,658	713,658	733,658	688,658	433,206
Trade and other receivables	834,999	898,986	997,196	1,196,246	1,433,568
Investments accounted for using the equity method	351,173	342,518	333,970	334,422	334,759
Other financial assets	65,501	66,428	67,118	67,834	67,834
<b>Total financial assets</b>	<b>1,765,331</b>	<b>2,021,590</b>	<b>2,131,942</b>	<b>2,287,160</b>	<b>2,269,367</b>
<b>Non-financial assets</b>					
Land and buildings	1,467	1,467	1,467	1,467	1,467
Property, plant and equipment	523,358	515,599	507,840	500,081	492,322
Intangibles	125,048	125,048	125,048	125,048	125,048
Other non-financial assets	18,192	14,052	12,032	10,671	9,187
<b>Total non-financial assets</b>	<b>668,065</b>	<b>656,166</b>	<b>646,387</b>	<b>637,267</b>	<b>628,024</b>
<b>Total assets administered on behalf of Government</b>	<b>2,433,396</b>	<b>2,677,756</b>	<b>2,778,329</b>	<b>2,924,427</b>	<b>2,897,391</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	2,312	2,312	2,312	2,312	2,312
Personal benefits	1,270	1,270	1,270	1,270	1,270
Grants	103,922	103,891	105,541	106,838	109,447
<b>Total payables</b>	<b>107,504</b>	<b>107,473</b>	<b>109,123</b>	<b>110,420</b>	<b>113,029</b>
<b>Total liabilities administered on behalf of Government</b>	<b>107,504</b>	<b>107,473</b>	<b>109,123</b>	<b>110,420</b>	<b>113,029</b>
<b>Net assets/(liabilities)</b>	<b>2,325,892</b>	<b>2,570,283</b>	<b>2,669,206</b>	<b>2,814,007</b>	<b>2,784,362</b>

Prepared on Australian Accounting Standards basis.

**Table 3.9: Schedule of budgeted administered cash flows (for the period ended 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Taxes	573,102	574,539	672,986	716,082	722,261
Net GST received	89,499	90,293	89,459	89,714	98,710
Other	9,967	10,180	10,284	5,405	5,405
<b>Total cash received</b>	<b>672,568</b>	<b>675,012</b>	<b>772,729</b>	<b>811,201</b>	<b>826,376</b>
<b>Cash used</b>					
Grants	1,543,996	1,569,899	1,512,681	1,497,297	1,643,178
Personal benefits	36,782	37,945	37,526	40,264	40,264
Suppliers	35,242	32,096	32,964	29,605	30,088
<b>Total cash used</b>	<b>1,616,020</b>	<b>1,639,940</b>	<b>1,583,171</b>	<b>1,567,166</b>	<b>1,713,530</b>
<b>Net cash from (used by) operating activities</b>	<b>(943,452)</b>	<b>(964,928)</b>	<b>(810,442)</b>	<b>(755,965)</b>	<b>(887,154)</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Interest received from advances and loans	22,913	26,712	29,260	33,868	41,023
Repayments of advances and loans	68,477	160,247	160,247	32,135	-
<b>Total cash received</b>	<b>91,390</b>	<b>186,959</b>	<b>189,507</b>	<b>66,003</b>	<b>41,023</b>
<b>Cash used</b>					
Advances and loans made	170,000	250,000	250,000	250,000	250,000
Purchase of Property, plant and equipment	310,746	525,223	250,000	235,000	140,000
Corporate entity investments	-	-	-	-	337
<b>Total cash used</b>	<b>480,746</b>	<b>775,223</b>	<b>500,000</b>	<b>485,000</b>	<b>390,337</b>
<b>Net cash from (used by) investing activities</b>	<b>(389,356)</b>	<b>(588,264)</b>	<b>(310,493)</b>	<b>(418,997)</b>	<b>(349,314)</b>
<b>Net increase (decrease) in cash held</b>	<b>(1,332,808)</b>	<b>(1,553,192)</b>	<b>(1,120,935)</b>	<b>(1,174,962)</b>	<b>(1,236,468)</b>
Cash and cash equivalents at beginning of reporting period	166,435	513,658	713,658	733,658	688,658
Cash from Official Public Account for:					
– Appropriations	2,273,563	2,403,850	1,682,439	1,556,150	1,387,157
– Special Accounts	79,773	122,456	332,472	362,548	363,000
Total cash from Official Public Account	<b>2,353,336</b>	<b>2,526,306</b>	<b>2,014,911</b>	<b>1,918,698</b>	<b>1,750,157</b>
Cash to Official Public Account for:					
– Appropriations	(673,305)	(773,114)	(873,976)	(788,736)	(769,141)
<b>Total cash to Official Public Account</b>	<b>(673,305)</b>	<b>(773,114)</b>	<b>(873,976)</b>	<b>(788,736)</b>	<b>(769,141)</b>
<b>Cash and cash equivalents at end of reporting period</b>	<b>513,658</b>	<b>713,658</b>	<b>733,658</b>	<b>688,658</b>	<b>433,206</b>

Prepared on Australian Accounting Standards basis.

**Table 3.10: Administered capital budget statement (for period ended 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>NEW CAPITAL APPROPRIATIONS</b>					
Administered Assets and Liabilities – Bill (No. 2)	481,001	695,478	500,000	485,000	390,000
<b>Total new capital appropriations</b>	<b>481,001</b>	<b>695,478</b>	<b>500,000</b>	<b>485,000</b>	<b>390,000</b>
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	<i>231,001</i>	<i>445,478</i>	<i>250,000</i>	<i>235,000</i>	<i>140,000</i>
<i>Other Items</i>	<i>250,000</i>	<i>250,000</i>	<i>250,000</i>	<i>250,000</i>	<i>250,000</i>
<b>Total Items</b>	<b>481,001</b>	<b>695,478</b>	<b>500,000</b>	<b>485,000</b>	<b>390,000</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriations <sup>(a)</sup>	310,746	525,223	250,000	235,000	140,000
<b>TOTAL</b>	<b>310,746</b>	<b>525,223</b>	<b>250,000</b>	<b>235,000</b>	<b>140,000</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total accrual purchases	310,746	525,223	250,000	235,000	140,000
<b>Total cash used to acquire assets</b>	<b>310,746</b>	<b>525,223</b>	<b>250,000</b>	<b>235,000</b>	<b>140,000</b>

(a) Includes both current Appropriation Bill (No. 2) and prior Act 2/4/6 appropriations.

Prepared on Australian Accounting Standards basis.

**Table 3.11: Statement of administered asset movements (Budget year 2018–19)**

	Land	Other property, plant and equipment	Computer software and intangibles	Total
	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2018</b>				
Gross book value	1,467	853,046	139,643	994,156
Accumulated depreciation/amortisation	-	(329,688)	(14,595)	(344,283)
<b>Opening net book balance</b>	<b>1,467</b>	<b>523,358</b>	<b>125,048</b>	<b>649,873</b>
<b>CAPITAL ASSET ADDITIONS</b>				
<b>replacement assets</b>				
By purchase – appropriation equity <sup>(a)</sup>	-	-	525,223	525,223
Assets received	-	-	209,929	209,929
Restructuring	-	-	(735,152)	(735,152)
<b>Total additions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other movements</b>				
Depreciation/amortisation expense	-	(7,759)	-	(7,759)
<b>Total other movements</b>	<b>-</b>	<b>(7,759)</b>	<b>-</b>	<b>(7,759)</b>
<b>As at 30 June 2019</b>				
Gross book value	1,467	853,046	139,643	994,156
Accumulated depreciation/amortisation and impairment	-	(337,447)	(14,595)	(352,042)
<b>Closing net book balance</b>	<b>1,467</b>	<b>515,599</b>	<b>125,048</b>	<b>642,114</b>

(a) 'Appropriation equity' refers to Administered Assets and Liabilities appropriations provided through Appropriation Bill (No. 2) 2018–19.

Prepared on Australian Accounting Standards basis.



# AGRIFUTURES AUSTRALIA

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# AGRIFUTURES AUSTRALIA

## Section 1: Entity overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

AgriFutures Australia (AgriFutures) is the trading name for Rural Industries Research and Development Corporation (RIRDC). AgriFutures plays a unique role in Australian agriculture by investing in research and development (R&D) to maintain and create profitable and sustainable rural industries. AgriFutures knows that the key to developing real and lasting solutions for rural industries is to take a shared approach to shared challenges. That is why AgriFutures works in collaboration with a range of stakeholders to develop and implement its initiatives.

AgriFutures' vision is to grow the long-term prosperity of Australian rural industries. AgriFutures' mission is to collaborate with its partners to create lasting value for its stakeholders, investing in research, innovation and learning initiatives that enhance the prosperity, profitability and sustainability of the agricultural, fisheries and forestry sectors. AgriFutures' approach is guided by an ambition to be an organisation that places people, rural industries and regional communities at the centre of all its activities.

AgriFutures supports rural industries that do not have their own research and development corporation (RDC) and invests in R&D to accelerate the establishment of new and emerging rural industries.

AgriFutures' cross-sectoral mandate supports it to focus on national opportunities and challenges that affect multiple rural industries, not just the industries it traditionally serves. AgriFutures' future orientation enables it to not only tackle the challenges and opportunities that rural industries face today, but to identify and unearth the challenges and opportunities of tomorrow. AgriFutures will do this by listening and collaborating with the emerging leaders in agriculture, industries bodies, other RDCs and government.

As outlined in AgriFutures R&D Strategic Plan 2017–2022 AgriFutures has four goals across four arenas:

**Arena 1: People and leadership**

Goal: To support the people driving the future prosperity of Australian rural industries and regional communities by providing them with learning opportunities and experiences.

Priorities:

- Attracting capable people into careers in agriculture; and
- Building the capability of future rural leaders.

**Arena 2: National challenges and opportunities**

Goal: To identify and nurture research and innovation opportunities that are productive across rural sectors.

Priorities:

- Informing debate on issues of importance to rural industries;
- Adapting new technologies for use across rural industries; and
- Working collaboratively on issues common across rural sectors.

**Arena 3: Growing profitability**

Goal: To enhance the profitability and sustainability of our levied rural industries.

Priorities:

- Engaging industry participants in determining R&D priorities;
- Investing in innovation that assists levied industries to be more profitable; and
- Delivering outcomes to maximise industry uptake and adoption.

**Arena 4: Emerging industries**

Goal: To support new and emerging rural industries.

Priorities:

- Supporting the early stage establishment of high potential rural industries.

## 1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total resources from all sources. The table summarises how resources will be applied by outcome and by administered and departmental classification.

**Table 1.1: AgriFutures Australia – Resource Statement – Budget Estimates for 2018–19 as at May 2018**

	2017–18 <i>Estimated actual</i> \$'000	2018–19 Estimate \$'000
<b>Opening balance/cash reserves at 1 July</b>	<b>20,556</b>	<b>19,188</b>
<b>Funds from Government</b>		
Amounts received from related entities		
Amounts from portfolio department <sup>(a)</sup>	10,342	10,479
<i>Total amounts received from related entities</i>	<b>10,342</b>	<b>10,479</b>
<b>Special appropriations<sup>(b)</sup></b>		
<i>Primary Industries Research and Development Act 1989, s. 30(3) –     Rural Industries R&amp;D Corporation</i>	12,896	9,877
<i>Total special appropriations</i>	<b>12,896</b>	<b>9,877</b>
<b>Total funds from Government</b>	<b>23,238</b>	<b>20,356</b>
<b>Funds from industry sources</b>		
Levies <sup>(c)</sup>	6,435	4,819
<i>less amounts paid to the CRF</i>	(6,435)	(4,819)
<i>Total funds from industry sources</i>	-	-
<b>Funds from other sources</b>		
Interest	603	550
Royalties	320	387
Industry contributions	4,957	3,832
Other	282	1,365
<i>Total funds from other sources</i>	<b>6,162</b>	<b>6,134</b>
<b>Total net resourcing for AgriFutures</b>	<b>49,956</b>	<b>45,678</b>
	<b>2017–18</b>	<b>2018–19</b>
<b>Average staffing level (number)</b>	17	18

(a) Appropriation Bill (No. 1) 2018–19.

(b) AgriFutures Australia (AgriFutures) is not directly appropriated as it is a corporate Commonwealth entity under the PGPA Act. Appropriations are made to the Department of Agriculture and Water Resources and then paid to AgriFutures and are considered departmental for all purposes.

(c) The levies are imposed by the *Primary Industries (Excise) Levies Act 1999*. The levies are collected by Department of Agriculture and Water Resources under the *Primary Industries Levies and Charges Collection Act 1991* and are transferred to the CRF. An equivalent amount is paid by Department of Agriculture and Water Resources to AgriFutures as a special appropriation under the *Primary Industries Research and Development Act 1989* (PIRD Act).

CRF – Consolidated Revenue Fund.

Prepared on a resourcing (i.e. appropriations available) basis. Please note: All figures shown above are GST exclusive – these may not match figures in the cash flow statement.

### 1.3 BUDGET MEASURES

Budget measures in Part 1 relating to the AgriFutures Australia are detailed in *Budget Paper No. 2: Budget Measures 2018–19* and are summarised below.

#### **Table 1.2: AgriFutures Australia 2018–19 Budget measures**

##### **Part 1: Measures announced since the 2017–18 Mid-Year Economic and Fiscal Outlook (MYEFO)**

AgriFutures does not have any 2018–19 Budget measures.

##### **Part 2: Other measures not previously reported in a portfolio statement**

AgriFutures does not have any other measures not previously reported in a portfolio statement.

## Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

**Note:**

Performance reporting requirements in the Portfolio Budget Statements are part of the Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in annual reports – to provide an entity's complete performance story.

The most recent corporate plan and annual performance statement for the Rural Industries Research and Development Corporation can be found at:  
<http://www.agrifutures.com.au/about/corporate-documents/>.

## 2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

**Outcome 1: Increased knowledge that fosters sustainable, productive and profitable new and existing rural industries and furthers understanding of national rural issues through research and development in government-industry partnership.**

### Linked programs

**Department of Agriculture and Water Resources**

**Program:**

- Program 1.10: Agricultural Resources

**Contribution to Outcome 1 made by linked program:**

AgriFutures works together with the Department of Agriculture and Water Resources to ensure sustainable, productive and profitable rural industries.

**Table 2.1.1: Budgeted expenses for Outcome 1**

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

**Outcome 1: Increased knowledge that fosters sustainable, productive and profitable new and existing rural industries and furthers understanding of national rural issues through research and development in government-industry partnership.**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>Program 1.1: Rural Industries Research and Development Corporation</b>					
Revenue from Government					
Payment from related entities	13,608	10,270	10,220	9,358	9,358
Special appropriations					
<i>Primary Industries Research and         Development Act 1989, s. 30(3) –         Rural Industries R&amp;D Corporation</i>	9,630	10,086	10,659	10,717	10,877
Revenues from industry sources	4,957	3,832	4,124	1,320	1,320
Revenues from other independent sources	1,205	2,311	1,385	1,342	1,315
Reserves	1,321	3,652	900	-	-
<b>Total expenses for program 1.1</b>	<b>30,721</b>	<b>30,151</b>	<b>27,288</b>	<b>22,737</b>	<b>22,870</b>

**Outcome 1 totals by resource type**

Revenue from Government					
Payment from related entities	13,608	10,270	10,220	9,358	9,358
Special appropriations	9,630	10,086	10,659	10,717	10,877
Revenues from industry sources	4,957	3,832	4,124	1,320	1,320
Revenues from other independent sources	1,205	2,311	1,385	1,342	1,315
Reserves	1,321	3,652	900	-	-
<b>Total expenses for Outcome 1</b>	<b>30,721</b>	<b>30,151</b>	<b>27,288</b>	<b>22,737</b>	<b>22,870</b>

	2017–18	2018–19
<b>Average staffing level (number)</b>	17	18

## 2.1.2 Performance criteria for Outcome 1

Table 2.1.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2018–19 Budget measures have created new programs or materially changed existing programs.

As an entity established under the PIRD Act, AgriFutures does not produce a Corporate Plan under the PGPA Act and is therefore exempt from the requirement to map purposes to outcomes.

<b>Outcome 1: Increased knowledge that fosters sustainable, productive and profitable new and existing rural industries and furthers understanding of national rural issues through research and development in government-industry partnership.</b>	
<b>Program 1.1: Rural Industries Research and Development Corporation</b>	
<b>Objective</b>	Through research and development create thriving rural industries and vibrant regional communities.
<b>Delivery</b>	<p><b>AgriFutures supports the people driving the future prosperity of Australian rural industries by:</b></p> <ul style="list-style-type: none"> <li>• Attracting capable people in to careers in agriculture through:             <ul style="list-style-type: none"> <li>○ Introducing agricultural careers pathways in schools; and</li> <li>○ Collaboration with other RDCs, government, the private sector and not-for-profit organisations to highlight to young people the opportunities a career in agriculture has to offer.</li> </ul> </li> <li>• Building the capacity of future rural leaders through development programs like Rural Women’s Award, Horizon Scholarship and the Ignite Network.</li> </ul> <p><b>AgriFutures identifies and nurtures research and innovation opportunities that are productive across rural sectors by:</b></p> <ul style="list-style-type: none"> <li>• Prioritising and driving cross-sectoral R&amp;D that considers the needs of a diverse portfolio of plant and animal industries.</li> <li>• Brokering partnerships, facilitating priority setting and providing advice to strengthen the national agricultural research and innovation effort.</li> <li>• Complementing industry R&amp;D by investing in research of cross-sectoral value, in areas such as climate change, natural resource management, and safety and welfare.</li> <li>• Informing debate on issues of importance to rural industries.</li> <li>• Adapting new technologies for use across rural industries.</li> </ul>

Continued on following pages

**Contributions to Outcome 1 (continued)**

<b>Program 1.1: Rural Industries Research and Development Corporation</b>	
<b>Delivery (continued)</b>	<p><b>AgriFutures enhances the profitability and sustainability of our levied rural industries by:</b></p> <ul style="list-style-type: none"> <li>• Engaging industry participants in determining R&amp;D priorities through industry R&amp;D planning and participation in industry panels to allocate levied funds to projects.</li> <li>• Investing in innovation that assists levied industries to be more profitable and that demonstrates value to industry participants.</li> <li>• Delivering outcomes to maximise industry uptake and adoption.</li> <li>• Communicating research outcomes to farmers at events like field days and workshops and through channels including e-newsletters, emails, social media and hardcopy publications.</li> </ul>
	<p><b>AgriFutures supports viable and sustainable new and emerging rural industries by:</b></p> <ul style="list-style-type: none"> <li>• Identifying and targeting high-potential emerging rural industries by supporting rigorous feasibility assessments and identifying critical impediments that can be addressed through R&amp;D.</li> <li>• Building partnerships with key stakeholders, including the private sector, to support the development of high-potential emerging rural industries.</li> </ul>

Continued on following pages

**Contributions to Outcome 1 (continued)**

<b>Performance information</b>		
<b>Year</b>	<b>Performance criteria<sup>(a)</sup></b>	<b>Targets</b>
2017–18	Contribute to the increase of annual intakes of students into agriculture and agricultural science courses at universities.	1,500 per annum.  Information from the Australian Council of Deans of Agriculture annual survey show an increasing number of enrolments.
	Evidence of stakeholder interest in funded research projects undertaken to inform debates of national significance to rural industries.	Make reports available to national rural issues audience.
	Stakeholders rating AgriFutures Australia as a highly credible source of information on national rural issues.	Greater than 50 per cent.
	Level of co-investment of collaboratively working on common issues across rural issues.	Greater than 1:1.2.
	Levy payers comfortable or extremely comfortable paying the R&D level.	Greater than 75 per cent.
	Key Performance Indicators (KPIs) in the industry-based R&D plans are achieved.	Greater than 85 per cent.
	Stakeholders directly benefited from AgriFutures Australia supported research in the last five years.	Greater than 50 per cent.
	Impact assessment and economic evaluation of programs show a strong return.	Greater than 3:1.
	Number of new rural industries reaching or exceeding \$10 million per annum threshold.	Five by 2022.

Continued on following page

**Contributions to Outcome 1 (continued)**

<b>Performance information (continued)</b>		
<b>Year</b>	<b>Performance criteria<sup>(a)</sup></b>	<b>Targets</b>
2018–19	Contribute to the increase of annual intakes of students into agriculture and agricultural science courses at Australian universities.	1,600 per annum. Information from the Australian Council of Deans of Agriculture annual survey show an increasing number of enrolments.
	Percentage of participants who feel their confidence as a leader has increased significantly or very significantly as a result of participation in an AgriFutures Australia sponsored activity.	70 per cent of surveyed participants.
	Impact of AgriFutures Australia sponsored studies on debates of national significance to rural industries.	Five National Rural Issues studies published each year.
	New technologies adapted for use in Australian rural industries.	One new technology entering commercialisation phase with private sector participation each year.
	Evidence of collaboration between RDCs in cross sector investment initiatives.	Ten collaborative initiatives involving other RDCs each year.
	Percentage of growers comfortable or very comfortable paying the R&D levy.	70 per cent of surveyed participants.
	Degree to which the objectives of the industry-based R&D plans are being achieved.	85 per cent of KPIs met in each Industry Program R&D Plan.
	Stakeholders rate the value of AgriFutures Australia's information products and services as high or very high.	70 per cent of surveyed participants.
	Number of new rural industries reaching or exceeding \$10m per annum threshold.	Five by 2022.
2019–20 and beyond	As per 2018–19.	As per 2018–19.

(a) New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.

## Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2018–19 budget year, including the impact of budget measures and resourcing on financial statements.

### **3.1 BUDGETED FINANCIAL STATEMENTS**

#### **3.1.1 Differences between entity resourcing and financial statements**

The financial statements are prepared on an accrual basis where revenues and expenses are recognised as and when the resources are received and used. The entity resourcing table recognises the cash resources available to be used during the period and includes amounts recognised as revenue in previous periods.

#### **3.1.2 Explanatory notes and analysis of budgeted financial statements**

AgriFutures is budgeting for a deficit of \$3.7 million in 2018–19.

AgriFutures' balance sheet remains strong with estimated total assets of \$18.0 million in 2018–19 and in forward years. Of the total assets, approximately \$15.6 million is represented by cash and investments.

Total liabilities of \$1.3 million are mostly represented by payables to R&D providers and suppliers of \$0.9 million and employee entitlements of \$0.4 million over the same period.

### 3.2 BUDGETED FINANCIAL STATEMENTS TABLES

**Table 3.1 Comprehensive income statement (showing net cost of services) (for the period ended 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>EXPENSES</b>					
Employee benefits	2,570	3,588	2,579	2,588	2,822
Supplier expenses	4,102	3,596	3,850	4,195	4,195
Grants	23,889	22,807	20,699	15,794	15,693
Depreciation and amortisation	160	160	160	160	160
<b>Total expenses</b>	<b>30,721</b>	<b>30,151</b>	<b>27,288</b>	<b>22,737</b>	<b>22,870</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
Industry contributions	4,957	3,832	4,124	1,320	1,320
Interest	603	550	600	600	600
Royalties	320	387	387	387	387
Provision of Goods Revenue	-	-	43	43	43
Other	282	1,365	346	285	285
<b>Total own-source revenue</b>	<b>6,162</b>	<b>6,134</b>	<b>5,500</b>	<b>2,635</b>	<b>2,635</b>
<b>Total own-source income</b>	<b>6,162</b>	<b>6,134</b>	<b>5,500</b>	<b>2,635</b>	<b>2,635</b>
<b>Net cost of (contribution by) services</b>	<b>24,559</b>	<b>24,017</b>	<b>21,788</b>	<b>20,102</b>	<b>20,235</b>
Revenue from Government <sup>(a)</sup>					
Commonwealth contribution	23,238	20,365	20,888	20,102	20,235
<b>Total revenue from Government</b>	<b>23,238</b>	<b>20,365</b>	<b>20,888</b>	<b>20,102</b>	<b>20,235</b>
<b>Surplus/(deficit) attributable to the Australian Government</b>	<b>(1,321)</b>	<b>(3,652)</b>	<b>(900)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income/(loss) attributable to the Australian Government</b>	<b>(1,321)</b>	<b>(3,652)</b>	<b>(900)</b>	<b>-</b>	<b>-</b>

(a) Revenue from Government includes a Commonwealth contribution under the PIRD Act and levies collected from industry by the Department of Agriculture and Water Resources for R&D activities.

Prepared on Australian Accounting Standards basis.

**Table 3.2: Budgeted departmental balance sheet (as at 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	12,208	8,649	7,812	7,812	7,812
Trade and other receivables	2,400	2,400	2,400	2,400	2,400
Investments – Deposits	6,980	6,980	6,980	6,980	6,980
<b>Total financial assets</b>	<b>21,588</b>	<b>18,029</b>	<b>17,192</b>	<b>17,192</b>	<b>17,192</b>
<b>Non-financial assets</b>					
Property, plant and equipment	152	104	86	(14)	(14)
Intangibles	178	133	88	28	28
Other	203	203	203	203	203
<b>Total non-financial assets</b>	<b>533</b>	<b>440</b>	<b>377</b>	<b>217</b>	<b>217</b>
<b>Total assets</b>	<b>22,121</b>	<b>18,469</b>	<b>17,569</b>	<b>17,409</b>	<b>17,409</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	893	893	893	733	733
Other	5	5	5	5	5
<b>Total payables</b>	<b>898</b>	<b>898</b>	<b>898</b>	<b>738</b>	<b>738</b>
<b>Provisions</b>					
Employee provisions	387	387	387	387	387
<b>Total provisions</b>	<b>387</b>	<b>387</b>	<b>387</b>	<b>387</b>	<b>387</b>
<b>Total liabilities</b>	<b>1,285</b>	<b>1,285</b>	<b>1,285</b>	<b>1,125</b>	<b>1,125</b>
<b>Net assets</b>	<b>20,836</b>	<b>17,184</b>	<b>16,284</b>	<b>16,284</b>	<b>16,284</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Retained surplus	20,799	17,147	16,247	16,247	16,247
<b>Total Equity</b>	<b>20,799</b>	<b>17,147</b>	<b>16,247</b>	<b>16,247</b>	<b>16,247</b>

\*'Equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

**Table 3.3: Departmental statement of changes in equity – summary of movement (budget year 2018–19)**

	Retained earnings	Total equity
	\$'000	\$'000
<b>Opening balance as at 1 July 2018</b>		
Balance carried forward from previous period	20,799	20,799
<b>Adjusted opening balance</b>	<b>20,799</b>	<b>20,799</b>
<b>Comprehensive income</b>		
Surplus (deficit) for the period	(3,652)	(3,652)
<b>Total comprehensive income</b>	<b>(3,652)</b>	<b>(3,652)</b>
of which:		
Attributable to the Australian Government	(3,652)	(3,652)
<b>Estimated closing balance as at 30 June 2019</b>	<b>17,147</b>	<b>17,147</b>
<b>Closing balance attributable to the Australian Government</b>	<b>17,147</b>	<b>17,147</b>

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Revenue from Government	23,238	20,365	20,888	20,102	20,235
Interest	603	550	600	600	600
Other	5,559	5,584	4,900	2,035	2,035
<b>Total cash received</b>	<b>29,400</b>	<b>26,499</b>	<b>26,388</b>	<b>22,737</b>	<b>22,870</b>
<b>Cash used</b>					
Employees	2,570	3,588	2,579	2,588	2,822
Suppliers	4,102	3,596	3,850	4,355	4,195
Grants	23,889	22,807	20,699	15,794	15,693
<b>Total cash used</b>	<b>30,561</b>	<b>29,991</b>	<b>27,128</b>	<b>22,737</b>	<b>22,710</b>
<b>Net cash from (used by) operating activities</b>	<b>(1,161)</b>	<b>(3,492)</b>	<b>(740)</b>	<b>-</b>	<b>160</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash Received</b>					
Proceeds from sale of financial instruments	3,020	-	-	-	-
<b>Total cash received</b>	<b>3,020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	207	67	97	-	160
<b>Total cash used</b>	<b>207</b>	<b>67</b>	<b>97</b>	<b>-</b>	<b>160</b>
<b>Net cash from (used by) investing activities</b>	<b>2,813</b>	<b>(67)</b>	<b>(97)</b>	<b>-</b>	<b>(160)</b>
<b>Net increase (decrease) in cash held</b>	<b>1,652</b>	<b>(3,559)</b>	<b>(837)</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period	10,556	12,208	8,649	7,812	7,812
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>12,208</b>	<b>8,649</b>	<b>7,812</b>	<b>7,812</b>	<b>7,812</b>

Prepared on Australian Accounting Standards basis.

**Table 3.5: Departmental capital budget statement**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded internally from departmental resources <sup>(a)</sup>	207	67	97	-	-
<b>TOTAL</b>	<b>207</b>	<b>67</b>	<b>97</b>	<b>-</b>	<b>-</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	207	67	97	-	-
<b>Total cash used to acquire assets</b>	<b>207</b>	<b>67</b>	<b>97</b>	<b>-</b>	<b>-</b>

- (a) Includes the following sources of funding:
- annual and prior year appropriation; and
  - internally developed assets.

Consistent with information contained in the Statement of Asset Movements and the Budgeted Departmental Statement of Cash Flows.

**Table 3.6: Statement of asset movements (Budget year 2018–19)**

	Other property, plant and equipment \$'000	Intangibles \$'000	Total \$'000
<b>As at 1 July 2018</b>			
Gross book value	301	707	1,008
Accumulated depreciation/amortisation and impairment	(149)	(529)	(678)
<b>Opening net book balance</b>	<b>152</b>	<b>178</b>	<b>330</b>
<b>CAPITAL ASSET ADDITIONS</b>			
<b>Estimated expenditure on new or replacement assets</b>			
By purchase – Government funding	52	15	67
<b>Total additions</b>	<b>52</b>	<b>15</b>	<b>67</b>
<b>Other movements</b>			
Depreciation/amortisation expense	(100)	(60)	(160)
<b>Total other movements</b>	<b>(100)</b>	<b>(60)</b>	<b>(160)</b>
<b>As at 30 June 2019</b>			
Gross book value	353	722	1,075
Accumulated depreciation/amortisation and impairment	(249)	(589)	(838)
<b>Closing net book balance</b>	<b>104</b>	<b>133</b>	<b>237</b>

Prepared on Australian Accounting Standards basis.



# AUSTRALIAN PESTICIDES AND VETERINARY MEDICINES AUTHORITY

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# AUSTRALIAN PESTICIDES AND VETERINARY MEDICINES AUTHORITY

## Section 1: Entity overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

The Australian Pesticides and Veterinary Medicines Authority (APVMA) is established under the *Agricultural and Veterinary Chemicals (Administration) Act 1992* (Administration Act). The APVMA's principal responsibilities are described in the Administration Act and the *Agricultural and Veterinary Chemicals Code Act 1994*.

The APVMA provides regulatory services for the supply of safe and effective agricultural and veterinary (agvet) chemicals in Australia. Robust risk assessment methods are used to scientifically evaluate new and existing pesticides and veterinary medicines. Through its regulatory action and decisions the APVMA ensures the registration of agvet chemical products delivers appropriate protections for human health and safety, animals and the environment, and supports international trade.

Before agvet chemical products can be legally sold, supplied or used in Australia, they must be evaluated and registered by the APVMA through the National Registration Scheme for Agricultural and Veterinary Chemicals (NRS). The states and territories are responsible for regulating and managing the use of agricultural and veterinary chemical products once they are sold.

The APVMA aims to operate a system for regulating pesticides and veterinary medicines that uses the best science, systems and processes to register products that advance Australia's agricultural productivity and animal health. Business and operational improvements at the APVMA aim to improve regulatory efficiency for clients and stakeholders while delivering a system that is open and transparent and gives opportunity for public input.

APVMA is receiving \$25.6 million over six years from 2016–17 to 2021–22 for the relocation of its operations to Armidale, New South Wales, including implementing strategies to address identified risks and opportunities. Relocation activities are underway and the APVMA is working to ensure disruption to core business is kept to a minimum and that relocation risks are appropriately managed.

In addition to implementing the relocation program, in 2018–19 the APVMA will continue systems development and business reform to realise the benefits of the Government's \$7.3 million investment through the Agricultural Competitiveness White Paper, as well as implementing priority activities from reviews of operational performance.

In the 2018-19 Budget the APVMA is receiving digital transformation funding of \$10.1 million over three years to transform its information technology capability. An enabling technology program will deliver multiple projects to stabilise and modernise the agency's information and communications technology infrastructure environment; implement a single fully integrated core desktop communication and collaboration suite; and progress the digitisation of business critical records to coincide with commencement of operations at the new Armidale office in July 2019.

Upon confirmation that these systems and associated services are embedded within operations at the Armidale office, redevelopment or enhancement of core business applications, leveraging opportunities that the new core desktop capability provides, will be delivered to progressively reduce the regulatory burden for industry and improve the efficiency of the APVMA's operations.

## 1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total resources from all sources. The table summarises how resources will be applied by outcome and by administered and departmental classification.

**Table 1.1: Australian Pesticides and Veterinary Medicines Authority – Resource Statement – Budget Estimates for 2018–19 as at Budget May 2018**

	2017–18 <i>Estimated actual</i> \$'000	2018–19 Estimate \$'000
<b>Opening balance/cash reserves at 1 July</b>	<b>2,767</b>	<b>2,500</b>
<b>Funds from Government</b>		
Annual appropriations – ordinary annual services <sup>(a)</sup>		
Outcome 1	6,556	24,902
<i>Total annual appropriations</i>	<i>6,556</i>	<i>24,902</i>
Amounts received from related entities		
Amounts from portfolio department <sup>(b)</sup>	134	130
<i>Total amounts received from related entities</i>	<i>134</i>	<i>130</i>
<b>Total funds from Government</b>	<b>6,690</b>	<b>25,032</b>
<b>Special appropriations<sup>(c)</sup></b>		
<i>Agricultural and Veterinary Chemicals (Administration) Act 1992 – s. 58</i>		
(6) amount payable to the APVMA	28,745	28,233
<i>Total special appropriations</i>	<i>28,745</i>	<i>28,233</i>
<b>Total funds from Government</b>	<b>35,435</b>	<b>53,265</b>
<b>Funds from industry sources</b>		
Levies, fees and charges <sup>(d)</sup>	28,745	28,233
<i>less amounts paid to the CRF</i>	<i>(28,745)</i>	<i>(28,233)</i>
<i>Total funds from industry sources</i>	<i>-</i>	<i>-</i>
<b>Funds from other sources</b>		
Interest	10	10
Other	50	50
<i>Total funds from other sources</i>	<i>60</i>	<i>60</i>
<b>Total net resourcing for APVMA</b>	<b>38,262</b>	<b>55,825</b>
	<b>2017–18</b>	<b>2018–19</b>
<b>Average staffing level (number)</b>	<b>201</b>	<b>195</b>

(a) Appropriation Bill (No. 1) 2018–19. Appropriation is provided through the Department of Agriculture and Water Resources and is specified within the Annual Appropriation Bills as a payment to the Australian Pesticides and Veterinary Medicines Authority (APVMA).

(b) Funding provided by the portfolio department that is not specified within the Annual Appropriation Bills as a payment to that corporate entity (for example, a grant awarded to a corporate entity from one of its portfolio department's administered programs).

Continued on following page

## APVMA Budget Statements

- (c) APVMA's special appropriation is not directly appropriated as it is a corporate Commonwealth entity under the PGPA Act. Appropriations are made to the Department of Agriculture and Water Resources which are then paid to APVMA and are considered departmental for all purposes.
- (d) These charges are imposed by the *Agricultural and Veterinary Chemicals Code Act 1994* and the *Agricultural and Veterinary Chemical Products (Collection of Levy) Act 1994*. They are collected by APVMA and transferred to the CRF via the Department of Agriculture and Water Resources. This is then drawn down by the department as a Special Appropriation under the Administration Act.

CRF – Consolidated Revenue Fund

Please note: All figures shown above are GST exclusive - these may not match figures in the cash flow statement.

Prepared on a resourcing (i.e. appropriations available) basis.

### 1.3 BUDGET MEASURES

Budget measures in Part 1 relating to the Australian Pesticides and Veterinary Medicines Authority are detailed in *Budget Paper No.2: Budget Measures 2018–19* and are summarised below.

**Table 1.2: Australian Pesticides and Veterinary Medicines Authority 2018–19 Budget measures**

**Part 1: Measures announced since the 2017–18 Mid-Year Economic and Fiscal Outlook (MYEFO)**

Program		2017–18 \$'000	2018–19 \$'000	2019–20 \$'000	2020–21 \$'000	2021–22 \$'000
<b>Expense measures</b>						
Australian Agriculture and Export Growth Plan – APVMA – transformation <sup>(a),(b)</sup>		1.1				
Administered expenses		-	-	-	-	-
Departmental expenses		-	8,284	1,636	217	-
<b>Total</b>		-	<b>8,284</b>	<b>1,636</b>	<b>217</b>	-
<b>Total expense measures</b>						
Administered		-	-	-	-	-
Departmental		-	8,284	1,636	217	-
<b>Total</b>		-	<b>8,284</b>	<b>1,636</b>	<b>217</b>	-

(a) The measure description appears in *Budget Paper No. 2: Budget Measures 2018–19* under the Agriculture and Water Resources portfolio.

(b) Funding for this measure passes through the Department of Agriculture and Water Resources to the APVMA.

**Part 2: Other measures not previously reported in a portfolio statement**

The APVMA does not have any other measures not previously reported in a portfolio statement.

Prepared on a Government Finance Statistics (fiscal) basis.

Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds.

## Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

**Note:**

Performance reporting requirements in the Portfolio Budget Statements are part of the Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements - included in Annual Reports - to provide an entity's complete performance story.

The most recent corporate plan for the Australian Pesticides and Veterinary Medicines Authority can be found at: <https://apvma.gov.au/node/11026>.

The most recent annual performance statement can be found at: <https://apvma.gov.au/node/11031> in chapter 3.

## 2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

**Outcome 1: Protection of the health and safety of people, animals, the environment, and agricultural and livestock industries through regulation of pesticides and veterinary medicines.**

### Linked programs

<b>Department of Agriculture and Water Resources</b>
<b>Program:</b> <ul style="list-style-type: none"> <li>• Program 1.10: Agricultural Resources</li> </ul>
<b>Contribution to Outcome 1 made by linked programs:</b> The Australian Pesticides and Veterinary Medicines Authority and the Department of Agriculture and Water Resources work together to ensure the protection of the health and safety of humans, animals and the environment.
<b>Department of the Environment and Energy</b>
<b>Program:</b> <ul style="list-style-type: none"> <li>• Program 1.6: Management of Hazardous Wastes, Substances and Pollutants</li> </ul>
<b>Contribution to Outcome 1 made by linked program:</b> The Australian Pesticides and Veterinary Medicines Authority and the Department of the Environment and Energy work together to ensure regulation of pesticide and veterinary medicines protects Australia's environment and our environmental health.

**Table 2.1.1: Budgeted expenses for Outcome 1**

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

<b>Outcome 1: Protection of the health and safety of people, animals, the environment, and agricultural and livestock industries through regulation of pesticides and veterinary medicines.</b>					
	2017–18	2018–19	2019–20	2020–21	2021–22
	Estimated	Budget	Forward	Forward	Forward
	actual		estimate	estimate	estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Program 1.1: Australian Pesticides and Veterinary Medicines Authority</b>					
Revenue from Government					
Ordinary annual services					
(Appropriation Bill (No. 1)) <sup>(a)</sup>	6,056	24,902	5,701	4,429	1,955
Payment from related entities	134	130	133	135	137
Special appropriations					
<i>Agricultural and Veterinary Chemicals</i>					
<i>(Administration) Act 1992 – s. 58 (6)</i>					
amount payable to the APVMA	32,872	28,233	29,553	23,707	26,375
Revenues from other independent sources	60	60	60	60	60
<b>Total expenses for program 1.1</b>	<b>39,122</b>	<b>53,325</b>	<b>35,447</b>	<b>28,331</b>	<b>28,527</b>
<b>Outcome 1 totals by resource type</b>					
Revenue from Government					
Ordinary annual services					
(Appropriation Bill (No. 1))	6,056	24,902	5,701	4,429	1,955
Payment from related entities	134	130	133	135	137
Special appropriations	32,872	28,233	29,553	23,707	26,375
Revenues from other independent sources	60	60	60	60	60
<b>Total expenses for Outcome 1</b>	<b>39,122</b>	<b>53,325</b>	<b>35,447</b>	<b>28,331</b>	<b>28,527</b>
	<b>2017–18</b>	<b>2018–19</b>			
<b>Average staffing level (number)</b>	<b>201</b>	<b>195</b>			

(a) The APVMA is a corporate Commonwealth entity (CCE) under the PGPA Act and does not receive direct appropriations. Instead, this funding passes through the Department of Agriculture and Water Resources to the APVMA.

## 2.1.2 Performance criteria for Outcome 1

Table 2.1.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2018-19 Budget measures have created new programs or materially changed existing programs.

<b>Outcome 1: Protection of the health and safety of people, animals, the environment, and agricultural and livestock industries through regulation of pesticides and veterinary medicines.</b>		
<b>Program 1.1: Australian Pesticides and Veterinary Medicines Authority</b>		
<b>Objective</b>	The APVMA regulates agricultural and veterinary chemicals up to and including the point of sale to protect the health and safety of people, animals and crops, the environment and trade and support Australian primary industries.	
<b>Delivery</b>	Regulation of agricultural and veterinary chemicals is delivered through four mechanisms: <ul style="list-style-type: none"> <li>• Risk-based assessment and registration of pesticides and veterinary chemicals;</li> <li>• Identification and resolution of non-compliance up to and including the point of retail sale;</li> <li>• Licence and audit veterinary manufacturers; and</li> <li>• Identification and review of the safety of existing chemicals of regulatory concern.</li> </ul>	
<b>Performance information</b>		
<b>Year</b>	<b>Performance criteria<sup>(a)</sup></b>	<b>Targets</b>
2017-18	Registered chemicals are available for use by primary industries – 100 per cent timeframe performance of: <ul style="list-style-type: none"> <li>a. Product registrations;</li> <li>b. Actives; and</li> <li>c. Permits.</li> </ul>	Forecast: <ul style="list-style-type: none"> <li>a. 60 per cent</li> <li>b. 65 per cent</li> <li>c. 65 per cent</li> </ul>
2018-19	Registered chemicals are available for use by primary industries.	Proportion of applications completed by the due date. Forecast: <ul style="list-style-type: none"> <li>a. 70 per cent</li> <li>b. 70 per cent</li> <li>c. 70 per cent</li> </ul>

Continued on following page

**Contributions to Outcome 1 (continued)**

<b>Performance information (continued)</b>		
<b>Year</b>	<b>Performance criteria<sup>(a)</sup></b>	<b>Targets</b>
2019–20 and beyond	Registered chemicals are available for use by primary industries.	Proportion of applications completed by the due date.  Forecast: a. 75 per cent b. 75 per cent c. 75 per cent
<b>Purpose</b>	Regulate the production of agricultural and veterinary chemicals to ensure they are safe for Australian people, animals and the environment.	

(a) Refers to updated purposes that will be reflected in the 2018–19 Corporate Plan.

## Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2018–19 budget year, including the impact of budget measures and resourcing on financial statements.

### **3.1 BUDGETED FINANCIAL STATEMENTS**

#### **3.1.1 Differences between entity resourcing and financial statements**

Total income for 2018–19 is now estimated to be \$53.3 million, an increase of \$17.8 million compared to the 2017–18 Portfolio Budget Statements (PBS). The increase in revenue is due to Armidale relocation appropriation funding – including the release of the contingency reserve funds for the Armidale permanent office accommodation – and the first year of the 2018–19 Budget measure related to digital transformation.

Total expenditure for 2018–19 is estimated to be \$53.3 million as the APVMA commits its appropriation to the relocation to Armidale whilst providing its regulatory services for industry.

#### **3.1.2 Explanatory notes and analysis of budgeted financial statements**

The APVMA's estimated total asset position of \$14.0 million at 30 June 2019 is similar to that budgeted in the 2017–18 PBS. Cash reserves are \$1.0 million higher to account for a slight increase in other receivables and investment in non-financial assets has reduced slightly pending the relocation to Armidale.

Total liabilities at 30 June 2019 are estimated to be \$10.9 million, similar to that reported in the 2017–18 PBS.

As the APVMA's revenue can vary from year-to-year as a result of fluctuations in agricultural and veterinary chemical sales, the APVMA aims to maintain equity levels that allow revenue fluctuations to be managed.

The equity target is set at \$7.0 million (approximately three months operating expenses). At 30 June 2018 the APVMA's equity is estimated to be \$3.2 million.

There has been an increased drawdown from reserves to cover losses arising over the previous three financial years. The APVMA is reviewing its cost recovery arrangements with the view to implementing the outcomes of a renewed Cost Recovery Implementation Statement to restore its equity target to \$7.0 million.

### 3.2 BUDGETED FINANCIAL STATEMENTS

**Table 3.1 Comprehensive income statement (showing net cost of services)  
(for the period ended 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>EXPENSES</b>					
Employee benefits	26,726	20,082	23,264	17,602	18,495
Supplier expenses	10,676	31,563	10,697	8,799	8,352
Depreciation and amortisation	1,720	1,680	1,486	1,930	1,680
<b>Total expenses</b>	<b>39,122</b>	<b>53,325</b>	<b>35,447</b>	<b>28,331</b>	<b>28,527</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
Interest	10	10	10	10	10
Other	50	50	50	50	50
<b>Total own-source revenue</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>
<b>Total own-source income</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>
<b>Net cost of (contribution by) services</b>	<b>39,062</b>	<b>53,265</b>	<b>35,387</b>	<b>28,271</b>	<b>28,467</b>
Revenue from Government					
Commonwealth contribution	6,190	25,032	5,834	4,564	2,092
Industry contributions	28,745	28,233	29,553	23,707	26,375
<b>Total revenue from Government</b>	<b>34,935</b>	<b>53,265</b>	<b>35,387</b>	<b>28,271</b>	<b>28,467</b>
<b>Surplus/(deficit) attributable to the Australian Government</b>	<b>(4,127)</b>	-	-	-	-
<b>Total comprehensive income/(loss) attributable to the Australian Government</b>	<b>(4,127)</b>	-	-	-	-

Prepared on Australian Accounting Standards basis.

**Table 3.2: Budgeted departmental balance sheet (as at 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	2,500	2,500	2,500	2,500	2,500
Trade and other receivables	4,383	5,494	6,624	8,293	9,973
<b>Total financial assets</b>	<b>6,883</b>	<b>7,994</b>	<b>9,124</b>	<b>10,793</b>	<b>12,473</b>
<b>Non-financial assets</b>					
Land and buildings	601	201	-	-	-
Property, plant and equipment	404	504	354	104	104
Intangibles	5,748	5,043	4,333	2,653	973
Other	331	331	331	331	331
<b>Total non-financial assets</b>	<b>7,084</b>	<b>6,079</b>	<b>5,018</b>	<b>3,088</b>	<b>1,408</b>
<b>Total assets</b>	<b>13,967</b>	<b>14,073</b>	<b>14,142</b>	<b>13,881</b>	<b>13,881</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	2,523	2,596	2,672	2,952	2,952
Other	1,096	948	755	755	755
<b>Total payables</b>	<b>3,619</b>	<b>3,544</b>	<b>3,427</b>	<b>3,707</b>	<b>3,707</b>
<b>Provisions</b>					
Employee provisions	6,634	6,805	6,981	7,003	7,003
Other	543	553	563	-	-
<b>Total provisions</b>	<b>7,177</b>	<b>7,358</b>	<b>7,544</b>	<b>7,003</b>	<b>7,003</b>
<b>Total liabilities</b>	<b>10,796</b>	<b>10,902</b>	<b>10,971</b>	<b>10,710</b>	<b>10,710</b>
<b>Net assets</b>	<b>3,171</b>	<b>3,171</b>	<b>3,171</b>	<b>3,171</b>	<b>3,171</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	6,675	6,675	6,675	6,675	6,675
Reserves	1,053	1,053	1,053	1,053	1,053
Retained surplus (accumulated deficit)	(4,557)	(4,557)	(4,557)	(4,557)	(4,557)
<b>Total equity</b>	<b>3,171</b>	<b>3,171</b>	<b>3,171</b>	<b>3,171</b>	<b>3,171</b>

\* 'Equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

**Table 3.3: Departmental statement of changes in equity — summary of movement (budget year 2018–19)**

	Retained earnings	Asset revaluation reserve	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000
<b>Opening balance as at 1 July 2018</b>				
Balance carried forward from previous period	(4,557)	1,053	6,675	3,171
<b>Adjusted opening balance</b>	<b>(4,557)</b>	<b>1,053</b>	<b>6,675</b>	<b>3,171</b>
<b>Estimated closing balance as at 30 June 2019</b>	<b>(4,557)</b>	<b>1,053</b>	<b>6,675</b>	<b>3,171</b>
<b>Closing balance attributable to the Australian Government</b>	<b>(4,557)</b>	<b>1,053</b>	<b>6,675</b>	<b>3,171</b>

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Grants received from Portfolio Department	37,117	52,161	34,264	26,606	26,787
Sale of goods and rendering of services	(4)	(4)	(4)	(2)	-
Net GST received	(2)	(3)	(3)	(2)	-
Other	60	60	60	60	60
<b>Total cash received</b>	<b>37,171</b>	<b>52,214</b>	<b>34,317</b>	<b>26,662</b>	<b>26,847</b>
<b>Cash used</b>					
Employees	26,558	19,911	23,088	17,580	18,495
Suppliers	10,702	31,628	10,804	9,082	8,352
<b>Total cash used</b>	<b>37,260</b>	<b>51,539</b>	<b>33,892</b>	<b>26,662</b>	<b>26,847</b>
<b>Net cash from (used by) operating activities</b>	<b>(89)</b>	<b>675</b>	<b>425</b>	<b>-</b>	<b>-</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment	1,325	675	425	-	-
<b>Total cash used</b>	<b>1,325</b>	<b>675</b>	<b>425</b>	<b>-</b>	<b>-</b>
<b>Net cash from (used by) investing activities</b>	<b>(1,325)</b>	<b>(675)</b>	<b>(425)</b>	<b>-</b>	<b>-</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Contributed equity	1,147	-	-	-	-
<b>Total cash received</b>	<b>1,147</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash from (used by) financing activities</b>	<b>1,147</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash held</b>	<b>(267)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period	2,767	2,500	2,500	2,500	2,500
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>2,500</b>	<b>2,500</b>	<b>2,500</b>	<b>2,500</b>	<b>2,500</b>

Prepared on Australian Accounting Standards basis.

**Table 3.5: Departmental capital budget statement**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>NEW CAPITAL APPROPRIATION</b>					
Capital budget – Bill 1 (DCB)	500	-	-	-	-
<b>Total New Capital Appropriation</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	500	-	-	-	-
<b>Total Items</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded internally from departmental resources <sup>(a)</sup>	825	675	425	-	-
Funded by capital appropriation – DCB	500	-	-	-	-
<b>TOTAL</b>	<b>1,325</b>	<b>675</b>	<b>425</b>	<b>-</b>	<b>-</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	1,325	675	425	-	-
<b>Total cash used to acquire assets</b>	<b>1,325</b>	<b>675</b>	<b>425</b>	<b>-</b>	<b>-</b>

- (a) Includes the following sources of funding:
- annual and prior year appropriations;
  - internally developed assets;
  - section 74 Retained revenue receipts; and
  - proceeds from the sale of assets.

Consistent with information contained in the Statement of Asset Movements and the Budgeted Statement of Cash Flows.

Prepared on Australian Accounting Standards basis.

**Table 3.6: Statement of asset movements (Budget year 2018–19)**

	Building \$'000	Other property, plant and equipment \$'000	Intangibles \$'000	Total \$'000
<b>As at 1 July 2018</b>				
Gross book value	1,785	1,109	10,704	13,598
Accumulated depreciation/amortisation and impairment	(1,184)	(705)	(4,956)	(6,845)
<b>Opening net book balance</b>	<b>601</b>	<b>404</b>	<b>5,748</b>	<b>6,753</b>
<b>CAPITAL ASSET ADDITIONS</b>				
<b>Estimated expenditure on new or replacement assets</b>				
By purchase – other	25	350	300	675
<b>Total additions</b>	<b>25</b>	<b>350</b>	<b>300</b>	<b>675</b>
<b>Other movements</b>				
Depreciation/amortisation expense	(425)	(250)	(1,005)	(1,680)
<b>Total other movements</b>	<b>(425)</b>	<b>(250)</b>	<b>(1,005)</b>	<b>(1,680)</b>
<b>As at 30 June 2019</b>				
Gross book value	1,810	1,459	11,004	14,273
Accumulated depreciation/amortisation and impairment	(1,609)	(955)	(5,961)	(8,525)
<b>Closing net book balance</b>	<b>201</b>	<b>504</b>	<b>5,043</b>	<b>5,748</b>

Prepared on Australian Accounting Standards basis.



# COTTON RESEARCH AND DEVELOPMENT CORPORATION

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# COTTON

## RESEARCH AND DEVELOPMENT CORPORATION

### Section 1: Entity overview and resources

#### 1.1 STRATEGIC DIRECTION STATEMENT

The Cotton Research and Development Corporation (CRDC) has been delivering outcomes in cotton research, development and extension (RD&E) on behalf of Australia's cotton growers and the Australian Government for over 27 years.

Established in October 1990 and operating under the *Primary Industries Research and Development Act 1989* (PIRD Act), CRDC exists to power the success of Australian cotton through world-leading RD&E. CRDC is based in Narrabri, NSW: the heart of one of Australia's major cotton-growing regions and home to the Australian Cotton Research Institute.

Cotton is a major contributor to the economic, environmental and social fabric of rural Australia. Predominately grown in New South Wales and Queensland, with expansion into Victoria and commercial trials in the Northern Territory, cotton is a major employer and contributor to the local, state and national economy. The industry's national exports generate an average of \$1.9 billion in annual revenue.

CRDC's role is to invest in RD&E on behalf of cotton growers and the government, with the outcomes boosting the productivity and profitability of industry. RD&E, and its resulting innovations, are a key driving force behind the cotton industry's continued success. CRDC's ultimate aim is to deliver increased economic, social and environmental benefits for the Australian cotton industry, and the wider community, by investing in knowledge, innovation and its adoption.

CRDC's investments are governed by a five-year strategic plan, with 2018–19 marking the first year under CRDC's new 2018–23 Strategic Plan. The new plan builds on the success of the preceding five-year plan and provides an ambitious roadmap for CRDC's investment.

CRDC's aim through the plan is to contribute to creating \$2 billion in additional gross value of cotton production for the benefit of Australian cotton growers and the wider community.

The plan has five key areas of focus:

- Increasing productivity and profitability on Australian cotton farms;
- Improving cotton farming sustainability and value chain competitiveness;
- Building the adaptive capacity of the Australian cotton industry;
- Strengthening partnerships and adoption; and
- Driving RD&E impact.

To help achieve this, Australian cotton growers and the Australian Government will co-invest \$24.3 million into cotton RD&E during 2018-19, across 300 projects and in collaboration with over 100 research partners.

## 1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total resources from all sources. The table summarises how resources will be applied by outcome and by administered and departmental classification.

**Table 1.1: Cotton Research and Development Corporation – Resource Statement – Budget Estimates for 2018–19 as at May 2018**

	2017–18 <i>Estimated actual</i> \$'000	2018–19 Estimate \$'000
<b>Opening balance/cash reserves at 1 July</b>	<b>35,071</b>	<b>37,716</b>
<b>Funds from Government</b>		
<b>Special appropriations<sup>(a)</sup></b>		
<i>Primary Industries Research and Development Act 1989 s.30(3) – Cotton R&amp;D Corporation</i>	19,218	17,840
<i>Total special appropriations</i>	<b>19,218</b>	<b>17,840</b>
<b>Total funds from Government</b>	<b>19,218</b>	<b>17,840</b>
<b>Funds from industry sources</b>		
Levies <sup>(b)</sup>	9,610	8,920
<i>less amounts paid to the CRF</i>	(9,610)	(8,920)
<i>Total funds from industry sources</i>	-	-
<b>Funds from industry sources</b>		
Interest	798	720
Royalties	1,069	1,221
Other	4,823	3,150
<i>Total funds from other sources</i>	<b>6,690</b>	<b>5,091</b>
<b>Total net resourcing for CRDC</b>	<b>60,979</b>	<b>60,647</b>
	<b>2017–18</b>	<b>2018–19</b>
<b>Average staffing level (number)</b>	15	15

(a) CRDC is not directly appropriated as it is a corporate Commonwealth entity under the PGPA Act. Appropriations are made to the Department of Agriculture and Water Resources and then paid to CRDC and are considered departmental for all purposes.

(b) Levies imposed and collected under the following legislation: *Primary Industries Research and Development Act 1989* (PIRD Act), *Primary Industries (Excise) Levies Act 1999*, *Primary Industries Levies and Charges Collection Act 1991* and associated legislation.

CRF – Consolidated Revenue Fund

Prepared on a resourcing (i.e. appropriations available) basis.

Please note: All figures shown above are GST exclusive – these may not match figures in the cash flow statement.

### **1.3 BUDGET MEASURES**

Budget measures in Part 1 relating to the Cotton Research and Development Corporation are detailed in *Budget Paper No. 2: Budget Measures 2018–19* and are summarised below.

#### **Table 1.2: Cotton Research and Development Corporation 2018–19 Budget measures**

##### **Part 1: Measures announced since the 2017–18 Mid-Year Economic and Fiscal Outlook (MYEFO)**

CRDC does not have any 2018–19 Budget measures.

##### **Part 2: Other measures not previously reported in a portfolio statement**

CRDC does not have any other measures not previously reported in a portfolio statement.

## Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

**Note:**

Performance reporting requirements in the Portfolio Budget Statements are part of the Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in annual reports – to provide an entity's complete performance story.

The most recent corporate plan for the Cotton Research and Development Corporation can be found at: [www.crdc.com.au/publications/crdc-strategic-plan](http://www.crdc.com.au/publications/crdc-strategic-plan).

The most recent annual performance statement can be found at: [www.crdc.com.au/publications/crdc-annual-report](http://www.crdc.com.au/publications/crdc-annual-report).

## 2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

**Outcome 1: Adoption of innovation that leads to increased productivity, competitiveness and environmental sustainability through investment in research and development that benefits the Australian cotton industry and the wider community.**

### Linked programs

**Department of Agriculture and Water Resources**

**Programs:**

Program 1.10: Agricultural Resources

**Contribution to Outcome 1 made by linked program:**

The Cotton Research and Development Corporation works together with the Department of Agriculture and Water Resources to ensure a sustainable, productive and profitable cotton industry.

**Table 2.1.1: Budgeted expenses for Outcome 1**

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

**Outcome 1: Adoption of innovation that leads to increased productivity, competitiveness and environmental sustainability through investment in research and development that benefits the Australian cotton industry and the wider community.**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>Program 1.1: Cotton Research and Development Corporation</b>					
Revenue from Government					
Special appropriations					
<i>Primary Industries Research and Development Act 1989 s. 30(3) – Cotton R&amp;D Corporation</i>	9,608	8,920	8,705	8,705	8,705
Special appropriations – Industry Levies	9,610	8,920	8,705	8,705	8,705
Revenues from other independent sources	6,690	5,091	5,033	4,993	4,938
Reserves	99	1,400	2,161	2,757	3,378
<b>Total expenses for program 1.1</b>	<b>26,007</b>	<b>24,331</b>	<b>24,604</b>	<b>25,160</b>	<b>25,726</b>
<b>Outcome 1 totals by resource type</b>					
Revenue from Government					
Special appropriations	9,608	8,920	8,705	8,705	8,705
Special appropriations – Industry Levies	9,610	8,920	8,705	8,705	8,705
Revenues from other independent sources	6,690	5,091	5,033	4,993	4,938
Reserves	99	1,400	2,161	2,757	3,378
<b>Total expenses for Outcome 1</b>	<b>26,007</b>	<b>24,331</b>	<b>24,604</b>	<b>25,160</b>	<b>25,726</b>
	<b>2017–18</b>	<b>2018–19</b>			
<b>Average staffing level (number)</b>	15	15			

## 2.1.2 Performance criteria for Outcome 1

Table 2.1.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2017-18 Budget measures have created new programs or materially changed existing programs.

As an entity established under the PIRD Act, CRDC does not produce a Corporate Plan under the PGPA Act and is therefore exempt from the requirement to map purposes to outcomes.

<b>Outcome 1: Adoption of innovation that leads to increased productivity, competitiveness and environmental sustainability through investment in research and development that benefits the Australian cotton industry and the wider community.</b>	
<b>Program 1.1: Cotton Research and Development Corporation</b>	
<b>Objectives</b>	<p><b>Increase productivity and profitability on cotton farms</b></p> <p>Deliver RD&amp;E for cotton producers to increase productivity, successfully protect crops from biotic threats and environmental stresses, adopt transformative technologies and innovate for improved profitability.</p>
	<p><b>Improve cotton farming sustainability and value chain competitiveness</b></p> <p>Deliver RD&amp;E and innovation to create higher value uses for cotton and assist the industry achieve its ambition to be the highest yielding, finest, cleanest and most responsibly produced cotton in the world.</p>
	<p><b>Build adaptive capacity of the cotton industry</b></p> <p>Deliver RD&amp;E to develop science and innovation capacity as well as new knowledge to strengthen adaptive capacity.</p>
	<p><b>Strengthening partnerships and adoption</b></p> <p>Deliver RD&amp;E and innovation through collaborative partnerships to ensure adoption of best practice, new knowledge, products and services.</p>
	<p><b>Driving RD&amp;E impact</b></p> <p>Deliver assessments of the impact of CRDC's RD&amp;E investments that inform future investment direction and continuous improvement.</p>

Continued on following pages

## Contributions to Outcome 1 (continued)

<b>Program 1.1: Cotton Research and Development Corporation (continued)</b>	
<b>Delivery</b>	<p><b>Increase productivity and profitability on cotton farms</b></p> <p>Strategically prioritise investment in basic, applied and blue-sky research collaboratively with research and cross-sectoral partners to develop new knowledge, practices and adapt transformative technologies for on-farm application that also protect industry from biotic threats and environmental stresses.</p>
	<p><b>Improve cotton farming sustainability and value chain competitiveness</b></p> <p>Strategically prioritise investment in basic, applied and blue-sky research collaboratively with research, industry and cross-sectoral partners to develop new knowledge, practices, processes, higher value products and innovative approaches to improve the sustainability of cotton farming and strengthen value chain competitiveness.</p>
	<p><b>Build adaptive capacity of the cotton industry</b></p> <p>Strategically prioritise investment in RD&amp;E collaboratively with research, industry and cross-sectoral partners to develop new knowledge, futures thinking, science and innovation capability.</p>
	<p><b>Strengthening partnerships and adoption</b></p> <p>Strategically prioritise investment in the effective adoption of research by strengthening partnerships and collaboration, development of best practice and supporting innovation and commercialisation.</p>
	<p><b>Driving RD&amp;E impact</b></p> <p>Strategically prioritise investment in research, data capture, analysis and reviews with stakeholders and partners to demonstrate that RD&amp;E investments deliver impact.</p>

Continued on following pages

## Contributions to Outcome 1 (continued)

Performance information		
Year	Performance criteria	Targets
2017–18	<p><b>Farmers – cotton is profitable and consistently farmers’ crop of choice</b></p> <p>Industry productivity growth per hectare per annum.</p>	<p>3.0 per cent per hectare per annum.</p> <p>Estimated achievement of 3.0 per cent average growth in yield per hectare per annum since 2013.</p>
	<p><b>Industry – the Australian cotton industry is the global leader in sustainable agriculture</b></p> <p>Industry reports to customer needs for sustainability indicators.</p>	<p>Achieved through responses to the 2014 Australian Grown Cotton Sustainability Report and Third Environmental Assessment.</p>
	<p><b>Customers – the Australian cotton industry captures the full value of its products</b></p> <p>Customers continue to demand Australian cotton products.</p>	<p>Double the premium for Australian cotton.</p> <p>The Australian cotton industry receives a premium for its product – at times double the premium paid for cotton from other countries – further RD&amp;E investment is required to successfully sustain premiums.</p>
	<p><b>People – capable and connected people driving the cotton industry</b></p> <p>Implementation of the Cotton Industry Workforce Strategy.</p>	<p>Measured improvement in the capacity of farmers to attract, retain and develop people.</p> <p>Educational attainment in cotton is commensurate with regional Australia, with 28 per cent possessing post-school qualifications.</p>
	<p><b>Performance – measured performance of the Australian cotton industry and its RD&amp;E drives continuous improvement</b></p> <p>Coverage of Best Management Practice systems across Australian cotton industry.</p>	<p>80 per cent of cotton farms participating. Estimated achievement of 75 per cent participation.</p>
2018–19	<p><b>Increase productivity and profitability on cotton farms</b></p> <p>Improved yield and quality.</p>	<p>Annual increase of 0.35 bales per hectare for irrigated cotton and 0.14 bales per hectare for dryland cotton.</p>

Continued on following page

## Contributions to Outcome 1 (continued)

Performance information		
Year	Performance criteria	Targets
2018–19 (continued)	<b>Improve cotton farming sustainability and value chain competitiveness</b> CRDC collaborates in global leadership for sustainability initiatives.	Participates in six global initiatives.
	<b>Build adaptive capacity of the cotton industry</b> Science and innovation capacity is strengthened and strategically fit for a digital future.	10+ new/early career researchers supported through strategic career pathways.
	<b>Strengthening partnerships and adoption</b> Partnerships are strengthened to engage multi-disciplinary and multi-institutional resources.	40 per cent of annual RD&E investments are through cross sectoral partnerships.
	<b>Driving RD&amp;E impact</b> CRDC monitors and evaluates RD&E impact.	One RD&E impact report per annum.
2019–20 and beyond	<b>Increase productivity and profitability on cotton farms</b> As per 2018–19.	As per 2018–19.
	<b>Improve cotton farming sustainability and value chain competitiveness</b> As per 2018–19.	As per 2018–19.
	<b>Build adaptive capacity of the cotton industry</b> As per 2018–19.	20+ new/early career researchers supported through strategic career pathways.
	<b>Strengthening partnerships and adoption</b> As per 2018–19.	As per 2018–19.
	<b>Driving RD&amp;E impact</b> As per 2018–19.	As per 2018–19.

## Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2018–19 budget year, including the impact of budget measures and resourcing on financial statements.

### **3.1 BUDGETED FINANCIAL STATEMENTS**

#### **3.1.1 Differences between entity resourcing and financial statements**

The resourcing statement is prepared on a cash basis. The financial statements are prepared on an accrual basis. Differences between the resourcing and financial statements represent timing differences between revenue recognition and cash received.

#### **3.1.2 Explanatory notes and analysis of budgeted financial statements**

##### **Budgeted Comprehensive Income Statement**

Variability in CRDC's revenue and expenditure is a result of significant fluctuations in the production of Australian cotton each year. Cotton production has been as low as 560,000 bales in 2008, as high as 5.4 million bales in 2012 and is estimated to be 3.9 million bales in 2018–19.

Revenue from industry levies, matching contributions from the Australian Government and royalties are determined by the level of cotton production and represent more than 83 per cent of total revenue. Since 2008–09 CRDC's revenue has fluctuated between \$7.7 million and \$31.4 million per annum.

The impact of the highly variable revenue stream on CRDC's investment in RD&E is minimised by managing cash reserves. During periods of high revenue CRDC builds up reserves by operating in surplus. During periods of low revenue CRDC draws on reserves by operating under approved deficits. This financial strategy allows CRDC to maintain a more consistent level of RD&E expenditure each year.

Matching contributions from the Australian Government are determined by either the value of industry levies collected or 0.5 per cent of the cotton industry's three year average gross value of production. Which limit will apply depends on the price of cotton, timing of the harvest and ginning and the variability of the crop size. Royalties from the sale of domestic and international planting seed, interest on investments, external grant revenue and research project refunds make up the balance of the CRDC's income.

**Budgeted Comprehensive Income Statement (continued)**

To achieve the strategic priorities of the R&D plan for the period 2013-18, CRDC has invested a total of \$115.4 million for the five-year R&D plan.

In 2018-19 CRDC has budgeted for a deficit of \$1.4 million based on revenues of \$22.9 million and RD&E expenditure of \$24.3 million.

**Budgeted Balance Sheet**

Reserves increased during 2010-11 to 2013-14 which were years of high cotton production and decreased during 2014-15 to 2016-17 due to below average levels of cotton production. In 2018-19 CRDC estimates production will be 3.9 million bales.

CRDC plans to use its reserves to maintain research expenditure at a consistent level in future years when crop levels are below historical averages. The balance of expenditure and reserves will be closely monitored to ensure that reserves remain at an appropriate level.

### 3.2 BUDGETED FINANCIAL STATEMENTS TABLES

**Table 3.1 Comprehensive income statement (showing net cost of services)  
(for the period ended 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>EXPENSES</b>					
Employee benefits	2,104	2,449	2,497	2,546	2,607
Supplier expenses	1,528	1,238	1,077	1,150	1,252
Grants	22,051	20,342	20,728	21,162	21,565
Depreciation and amortisation	324	302	302	302	302
<b>Total expenses</b>	<b>26,007</b>	<b>24,331</b>	<b>24,604</b>	<b>25,160</b>	<b>25,726</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
Interest	798	720	660	620	565
Rental income	5	-	-	-	-
Royalties	1,069	1,221	1,223	1,223	1,223
Other Grants	4,412	2,900	2,900	2,900	2,900
Other	406	250	250	250	250
<b>Total own-source revenue</b>	<b>6,690</b>	<b>5,091</b>	<b>5,033</b>	<b>4,993</b>	<b>4,938</b>
<b>Net cost of (contribution by) services</b>	<b>19,317</b>	<b>19,240</b>	<b>19,571</b>	<b>20,167</b>	<b>20,788</b>
Revenue from Government <sup>(a)</sup>					
Commonwealth contribution	9,608	8,920	8,705	8,705	8,705
Industry contributions	9,610	8,920	8,705	8,705	8,705
<b>Total revenue from Government</b>	<b>19,218</b>	<b>17,840</b>	<b>17,410</b>	<b>17,410</b>	<b>17,410</b>
<b>Surplus/(deficit) attributable to the Australian Government</b>	<b>(99)</b>	<b>(1,400)</b>	<b>(2,161)</b>	<b>(2,757)</b>	<b>(3,378)</b>
<b>Total comprehensive income/(loss) attributable to the Australian Government</b>	<b>(99)</b>	<b>(1,400)</b>	<b>(2,161)</b>	<b>(2,757)</b>	<b>(3,378)</b>

(a) Revenue from Government includes a Commonwealth contribution under the PIRD Act and levies collected from industry by the Department of Agriculture and Water Resources for R&D activities.

Prepared on Australian Accounting Standards basis.

**Table 3.2: Budgeted departmental balance sheet (as at 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	6,716	5,112	3,883	5,139	5,423
Trade and other receivables	2,910	2,911	2,910	2,909	2,909
Investments	31,000	31,000	30,000	26,000	22,000
<b>Total financial assets</b>	<b>40,626</b>	<b>39,023</b>	<b>36,793</b>	<b>34,048</b>	<b>30,332</b>
<b>Non-financial assets</b>					
Land and buildings	831	861	891	921	951
Property, plant and equipment	359	547	511	554	747
Intangibles	267	252	327	242	357
<b>Total non-financial assets</b>	<b>1,457</b>	<b>1,660</b>	<b>1,729</b>	<b>1,717</b>	<b>2,055</b>
<b>Total assets</b>	<b>42,083</b>	<b>40,683</b>	<b>38,522</b>	<b>35,765</b>	<b>32,387</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	200	200	200	200	200
Grants	4,000	4,000	4,000	4,000	4,000
<b>Total payables</b>	<b>4,200</b>	<b>4,200</b>	<b>4,200</b>	<b>4,200</b>	<b>4,200</b>
<b>Provisions</b>					
Employee provisions	447	447	447	447	447
<b>Total provisions</b>	<b>447</b>	<b>447</b>	<b>447</b>	<b>447</b>	<b>447</b>
<b>Total liabilities</b>	<b>4,647</b>	<b>4,647</b>	<b>4,647</b>	<b>4,647</b>	<b>4,647</b>
<b>Net assets</b>	<b>37,436</b>	<b>36,036</b>	<b>33,875</b>	<b>31,118</b>	<b>27,740</b>
<b>EQUITY*</b>					
Reserves	255	255	255	255	255
Retained surplus	37,181	35,781	33,620	30,863	27,485
<b>Total Equity</b>	<b>37,436</b>	<b>36,036</b>	<b>33,875</b>	<b>31,118</b>	<b>27,740</b>

\*'Equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

**Table 3.3: Departmental statement of changes in equity — summary of movement (budget year 2018–19)**

	Retained earnings	Asset revaluation reserve	Total equity
	\$'000	\$'000	\$'000
<b>Opening balance as at 1 July 2018</b>			
Balance carried forward from previous period	37,181	255	37,436
<b>Adjusted opening balance</b>	<b>37,181</b>	<b>255</b>	<b>37,436</b>
<b>Comprehensive income</b>			
Surplus (deficit) for the period	(1,400)	-	(1,400)
<b>Total comprehensive income</b>	<b>(1,400)</b>	<b>-</b>	<b>(1,400)</b>
of which:			
Attributable to the Australian Government	(1,400)	-	(1,400)
<b>Estimated closing balance as at 30 June 2019</b>	<b>35,781</b>	<b>255</b>	<b>36,036</b>
<b>Closing balance attributable to the Australian Government</b>	<b>35,781</b>	<b>255</b>	<b>36,036</b>

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Industry contributions	10,524	8,920	8,705	8,705	8,705
Revenue from Government	10,726	8,920	8,705	8,705	8,705
Interest	640	720	660	620	565
Net GST received	1,916	1,772	1,781	1,823	1,910
Other Grants	4,853	3,190	3,190	3,190	3,190
Other	1,670	1,618	1,620	1,620	1,620
<b>Total cash received</b>	<b>30,329</b>	<b>25,140</b>	<b>24,661</b>	<b>24,663</b>	<b>24,695</b>
<b>Cash used</b>					
Employees	2,064	2,449	2,497	2,546	2,607
Suppliers	1,698	1,414	1,222	1,293	1,442
Grants	23,141	22,376	22,801	23,278	23,722
<b>Total cash used</b>	<b>26,903</b>	<b>26,239</b>	<b>26,520</b>	<b>27,117</b>	<b>27,771</b>
<b>Net cash from (used by) operating activities</b>	<b>3,426</b>	<b>(1,099)</b>	<b>(1,859)</b>	<b>(2,454)</b>	<b>(3,076)</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Investments	46,000	42,000	45,000	42,000	37,000
<b>Total cash received</b>	<b>46,000</b>	<b>42,000</b>	<b>45,000</b>	<b>42,000</b>	<b>37,000</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	781	505	370	290	640
Purchase of investment	57,000	42,000	44,000	38,000	33,000
<b>Total cash used</b>	<b>57,781</b>	<b>42,505</b>	<b>44,370</b>	<b>38,290</b>	<b>33,640</b>
<b>Net cash from (used by) investing activities</b>	<b>(11,781)</b>	<b>(505)</b>	<b>630</b>	<b>3,710</b>	<b>3,360</b>
<b>Net increase (decrease) in cash held</b>	<b>(8,355)</b>	<b>(1,604)</b>	<b>(1,229)</b>	<b>1,256</b>	<b>284</b>
Cash and cash equivalents at the beginning of the reporting period	15,071	6,716	5,112	3,883	5,139
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>6,716</b>	<b>5,112</b>	<b>3,883</b>	<b>5,139</b>	<b>5,423</b>

Prepared on Australian Accounting Standards basis.

**Table 3.5: Departmental capital budget statement**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded internally from departmental resources <sup>(a)</sup>	781	505	370	290	640
<b>TOTAL</b>	<b>781</b>	<b>505</b>	<b>370</b>	<b>290</b>	<b>640</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	781	505	370	290	640
<b>Total cash used to acquire assets</b>	<b>781</b>	<b>505</b>	<b>370</b>	<b>290</b>	<b>640</b>

(a) Includes the following sources of funding:  
– internally developed assets.

Consistent with information contained in the Statement of Asset Movements and the Budgeted Statement of Cash Flows.

**Table 3.6: Statement of asset movements (Budget year 2018–19)**

	Land \$'000	Buildings \$'000	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
<b>As at 1 July 2018</b>					
Gross book value	190	688	591	796	2,265
Accumulated depreciation/amortisation and impairment	-	(47)	(232)	(529)	(808)
<b>Opening net book balance</b>	<b>190</b>	<b>641</b>	<b>359</b>	<b>267</b>	<b>1,457</b>
<b>CAPITAL ASSET ADDITIONS</b>					
<b>Estimated expenditure on new or replacement assets</b>					
By purchase – other	-	50	290	165	505
<b>Total additions</b>	<b>-</b>	<b>50</b>	<b>290</b>	<b>165</b>	<b>505</b>
<b>Other movements</b>					
Depreciation/amortisation expense	-	(20)	(102)	(180)	(302)
<b>Total other movements</b>	<b>-</b>	<b>(20)</b>	<b>(102)</b>	<b>(180)</b>	<b>(302)</b>
<b>As at 30 June 2019</b>					
Gross book value	190	738	881	961	2,770
Accumulated depreciation/amortisation and impairment	-	(67)	(334)	(709)	(1,110)
<b>Closing net book balance</b>	<b>190</b>	<b>671</b>	<b>547</b>	<b>252</b>	<b>1,660</b>

Prepared on Australian Accounting Standards basis.

# FISHERIES

## RESEARCH AND DEVELOPMENT CORPORATION

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# FISHERIES

## RESEARCH AND DEVELOPMENT CORPORATION

### Section 1: Entity overview and resources

#### 1.1 STRATEGIC DIRECTION STATEMENT

The Fisheries Research and Development Corporation (FRDC) invests in research, development and extension (RD&E) that supports aquaculture, as well as commercial, Indigenous and recreational fishers. These stakeholders operate across environments that range from the northern tropics through to temperate seas and icy Antarctic waters, from freshwater rivers and lakes, to estuaries and the depths of the ocean.

The FRDC leads investment in fisheries research and development (R&D), partnering with organisations that have the necessary capabilities to undertake the varied and specialised activities. The focus remains on the end users, market and people who participate in fishing and aquaculture or who consume seafood, as such the FRDC invests and facilitates extension of the R&D that will lead to adoption and commercialisation. Results and outcomes of both the undertaking and extension of R&D are evaluated to measure and inform future investment.

FRDC's investment policy balances the needs of stakeholders, including the community, with achieving specific, planned end user solutions to national, regional and sector-based priorities. Partnerships and previous RD&E are considered in its planning and investment processes, to maximise leverage and reduce duplication.

The 2015–20 RD&E Plan is more prescriptive than previous plans and seeks to facilitate outcomes in several areas, while still providing flexibility to respond to unforeseen issues and opportunities. It is the FRDC's role to anticipate knowledge gaps and opportunities to ensure fishing and aquaculture meet future challenges.

As a quality-certified organisation (AS/NZS ISO 9001:2008), FRDC's RD&E investment is underpinned by a quality management system including mechanisms for reviewing performance and implementing changes, to ensure continuous improvement.

FRDC also contributes to the broader national strategic approach to fishing and aquaculture RD&E build cohesion and establish common goals between sectors. While a primary focus of FRDC investment is to deliver benefits primarily to fishing and aquaculture stakeholders – FRDC investment delivers benefits to other participants in the value chain, research providers, and the wider Australian community.

New investments in 2018–19 will build on existing investments to deliver RD&E along the seafood value chain, and focus on the three national priorities, and on those outlined by stakeholders as part of their specific RD&E Plans.

## 1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total resources from all sources. The table summarises how resources will be applied by outcome and by administered and departmental classification.

**Table 1.1: Fisheries Research and Development Corporation – Resource Statement – Budget Estimates for 2018–19 as at May 2018**

	2017–18 Estimated actual \$'000	2018–19 Estimate \$'000
<b>Opening balance/cash reserves at 1 July</b>	<b>12,614</b>	<b>16,553</b>
<b>Funds from Government</b>		
Amounts received from related entities		
Amounts from portfolio department <sup>(a)</sup>	3,905	2,015
<i>Total amounts received from related entities</i>	<b>3,905</b>	<b>2,015</b>
<b>Special appropriations<sup>(b)</sup></b>		
<i>Primary Industries Research and Development Act 1989,     s. 30A(3) &amp; s. 30B(9) – Fisheries R&amp;D Corporation</i>	23,267	23,317
<i>Total special appropriations</i>	<b>23,267</b>	<b>23,317</b>
<b>Total funds from Government</b>	<b>27,172</b>	<b>25,332</b>
<b>Funds from industry sources</b>		
Levies <sup>(c)</sup>	1,000	1,050
<i>less amounts paid to the CRF</i>	(1,000)	(1,050)
Industry contributions	5,996	5,964
<i>Total funds from industry sources</i>	<b>5,996</b>	<b>5,964</b>
<b>Funds from industry sources</b>		
Interest	300	300
Sale of goods and services	3	-
Other	2,697	3,101
<i>Total funds from industry sources</i>	<b>3,000</b>	<b>3,401</b>
<b>Total net resourcing for FRDC</b>	<b>48,782</b>	<b>51,250</b>
	<b>2017–18</b>	<b>2018–19</b>
<b>Average staffing level (number)</b>	21	19

(a) FRDC has a grant agreement with the Department of Agriculture Water and Resources to develop the National Carp Control Plan.

(b) FRDC is not directly appropriated as it is a corporate Commonwealth entity under the PGPA Act. Appropriations are made to the Department of Agriculture and Water Resources and then paid to FRDC and are considered departmental for all purposes.

(c) Levies are collected under the *Primary Industries Research and Development Act 1989* (PIRD Act) and the Fishing Levy Regulations and are remitted to the Department of Agriculture and Water Resources and transferred to the CRF. An equivalent amount of FRDC management levy is paid to FRDC by the Department of Agriculture and Water Resources under a special appropriation under the PIRD Act.

CRF – Consolidated Revenue Fund

Prepared on a resourcing (i.e. appropriations available) basis.

Please note: All figures shown above are GST exclusive – these may not match figures in the cash flow statement.

### 1.3 BUDGET MEASURES

Budget measures in Part 1 relating to the Fisheries Research and Development Corporation are detailed in *Budget Paper No. 2: Budget Measures 2018–19* and are summarised below.

#### **Table 1.2: Fisheries Research and Development Corporation 2018–19 Budget measures**

##### **Part 1: Measures announced since the 2017–18 Mid-Year Economic and Fiscal Outlook (MYEFO)**

FRDC does not have any 2018–19 Budget measures.

##### **Part 2: Other measures not previously reported in a portfolio statement**

FRDC does not have any other measures not previously reported in a portfolio statement.

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## Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

**Note:**

Performance reporting requirements in the Portfolio Budget Statements are part of the Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements - included in annual reports - to provide an entity's complete performance story.

The most recent corporate plans (annual operating plan and research development and extension plan for FRDC) can be found at:

<http://www.frdc.com.au/en/about-us/corporate-documents/annual-operating-plan>  
and <http://www.frdc.com.au/research/RDE-planning-and-priorities>.

The most recent annual performance statement can be found at:

<http://www.frdc.com.au/en/about-us/corporate-documents/annual-reports>.

## 2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

**Outcome 1: Increased economic, social and environmental benefits for Australian fishing and aquaculture, and the wider community, by investing in knowledge, innovation, and marketing.**

### Linked programs

**Department of Agriculture and Water Resources**

**Program:**

- Program 1.4: Fishing Industry

**Contribution to Outcome 1 made by linked program:**

The Fisheries Research Development Corporation works together with the Department of Agriculture and Water Resources to ensure fishing and aquaculture in Australia is sustainable, productive and profitable.

**Table 2.1.1: Budgeted expenses for Outcome 1**

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

<b>Outcome 1: Increased economic, social and environmental benefits for Australian fishing and aquaculture, and the wider community, by investing in knowledge, innovation, and marketing.</b>					
	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>Program 1.1: Fisheries Research and Development Corporation</b>					
Revenue from Government					
Payment from related entities	3,001	2,012	-	-	-
Special appropriations					
<i>Primary industries Research and Development Act 1989, s. 30A(3) &amp; s. 30B(9) – Fisheries R&amp;D Corporation</i>	20,080	23,302	23,738	24,198	24,578
Revenues from industry sources	5,619	5,964	6,751	6,834	7,721
Revenues from other independent sources	2,972	3,398	5,046	5,912	5,925
<b>Total expenses for program 1.1</b>	<b>31,672</b>	<b>34,676</b>	<b>35,535</b>	<b>36,944</b>	<b>38,224</b>
<b>Outcome 1 totals by resource type</b>					
Revenue from Government					
Payment from related entities	3,001	2,012	-	-	-
Special appropriations	20,080	23,302	23,738	24,198	24,578
Revenues from industry sources	5,619	5,964	6,751	6,834	7,721
Revenues from other independent sources	2,972	3,398	5,046	5,912	5,925
<b>Total expenses for Outcome 1</b>	<b>31,672</b>	<b>34,676</b>	<b>35,535</b>	<b>36,944</b>	<b>38,224</b>
	<b>2017–18</b>	<b>2018–19</b>			
<b>Average staffing level (number)</b>	21	19			

## 2.1.2 Performance criteria for Outcome 1

Table 2.1.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2018–19 Budget measures have created new programs or materially changed existing programs.

As an entity established under the PIRD Act, FRDC does not produce a Corporate Plan under the PGPA Act and is therefore exempt from the requirement to map purposes to outcomes.

<b>Outcome 1: Increased economic, social and environmental benefits for Australian fishing and aquaculture, and the wider community, by investing in knowledge, innovation, and marketing.</b>	
<b>Program 1.1: Fisheries Research and Development Corporation</b>	
<b>Objectives</b>	<p><b>Australian fishing and aquaculture products are sustainable and acknowledged to be so</b></p> <p>By 2020, the community has effective access to, and understanding of, RD&amp;E that supports fishing and aquaculture sustainability and improves perceptions of Australian seafood.</p>
	<p><b>Improved productivity and profitability</b></p> <p>By 2020, deliver RD&amp;E for fishing and aquaculture to increase productivity and profitability consistent with economic, social and environmental sustainability.</p>
	<p><b>Developing new and emerging aquaculture growth opportunities</b></p> <p>By 2020, deliver RD&amp;E sufficient for the significant commercialisation of at least two emerging aquaculture growth opportunities with demonstrated potential for profitable business operations.</p>
	<p><b>Partner and collaboration</b></p> <p>By 2020, provide an investment framework that gives partners (specific sectors and jurisdictions) greater ownership of their strategic priorities and direction, investment in these activities and responsibility for taking outputs and turning them into outcomes.</p>
<b>Delivery</b>	<p><b>Australian fishing and aquaculture products are sustainable and acknowledged to be so</b></p> <p>Continue to prioritise investment in RD&amp;E that contributes to the sustainability of fishing and aquaculture, including consideration of target species, bycatch species, threatened, endangered and protected species, and the broader marine environment.</p>

Continued on following pages

**Contributions to Outcome 1 (continued)**

<b>Program 1.1: Fisheries Research and Development Corporation (continued)</b>		
<b>Delivery (continued)</b>	<b>Improved productivity and profitability</b>	Invest in RD&E to understand the drivers of and impediments to productivity and profitability growth in all fishing and aquaculture sectors; research means of increasing sustainable production and profitability; link these to business education; encompass the needs of Indigenous communities.
	<b>Developing new and emerging aquaculture growth opportunities</b>	Identify research constraints to industry growth – such as lack of potential markets, cost of production, survival, deformities and uniformity of growth – and invest in RD&E to determine successful and competitive commercial activity.
	<b>Partner and collaboration</b>	Enter into partnership agreements with specific sectors and jurisdictions to jointly develop and invest against RD&E priorities.
<b>Performance information</b>		
<b>Year</b>	<b>Performance criteria<sup>(a)</sup></b>	<b>Targets</b>
2017–18 <sup>Note</sup>	Projects focus on the FRDC Board's assessment of priority research and development issues.	95 per cent are a priority.
	Projects are assessed as meeting high standards/peer review requirements for improvements in performance and likely adoption.	95 per cent are a high priority.
	Maintain ISO9001:2008 accreditation.	FRDC maintains certification.
	Submit planning and reporting documents in accordance with legislative and Australian Government requirements and timeframes.	100 per cent met Government requirements.
	Implement best practice governance arrangements to promote transparency, good business performance and unqualified audits.	Achieve unqualified audit result.

Continued on following pages

## Contributions to Outcome 1 (continued)

Performance information (continued)		
Year	Performance criteria <sup>(a)</sup>	Targets
2017–18 (continued)	Demonstrate the benefits of RD&E investments by positive benefit cost analysis results.	Benefit analysis undertaken on one investment area.
	Perception of the commercial fishing industry increased from 30 per cent to 36 per cent by 2020.	Perception of industry increases to 31 per cent.
	Volume of aquaculture rises to above 100,000 tonnes.	Annual aquaculture production exceeds 85,000 tonnes.
	The value of Australia's fishing and aquaculture increases by 20 per cent (\$2.4 billion to \$2.8 billion).	Value increases to \$2.4 billion.
	There are 2–3 new aquaculture species that are seeing good productivity and profitability growth as measured by an increase in tonnage from other species.	Production of new aquaculture species increases to 1,000 tonnes.
2018–19	<b>Corporate governance and decision making is overseen by a framework of policies and procedures</b>	
	Projects focus on the FRDC Board's assessment of priority research and development issues.	95 per cent are a priority.
	Projects are assessed as meeting high standards/peer review requirements for improvements in performance and likely adoption.	95 per cent are a high priority.
	Maintain ISO9001:2008 accreditation.	FRDC maintains certification.
	Submit planning and reporting documents in accordance with legislative and Australian Government requirements and timeframes.	100 per cent met Government requirements.
Implement best practice governance arrangements to promote transparency, good business performance and unqualified audits.	Achieve unqualified audit result.	

Continued on following pages

## Contributions to Outcome 1 (continued)

Performance information (continued)			
Year	Performance criteria <sup>(a)</sup>	Targets	
2018–19 (continued)	Demonstrate the benefits of RD&E investments by positive benefit cost analysis results.	Benefit analysis undertaken on one investment area.	
	<b>Australian fishing and aquaculture products are sustainable and acknowledged to be so</b>		
	The number of species in the national Status of Key Australian Fish Stocks Reports increases to include 200 species.	160 species included in Status of Australian Fish Stocks Reports.	
	The number of species classified as 'undefined' is reduced from the previous [2016] Status of Key Australian Fish Stocks Reports.	Undefined species is less than 20 per cent.	
	Perception of the commercial fishing industry increased from 28 per cent to 40 per cent by 2020.	Perception of industry increases to 34 per cent.	
	<b>Improved productivity and profitability</b>		
	Understand the quantity of potential production from Australia's fishing and aquaculture resources.	One report completed on quantity of production from Australia's fishing and aquaculture resources.	
	<b>Developing new and emerging aquaculture growth opportunities</b>		
	Advance two or more new or emerging aquaculture opportunities for which RD&E has identified clear opportunities and technologies for good production and profitability growth, as measured by increases in harvest tonnages.	1,500 tonnes of additional production.	
	<b>Partner and collaboration</b>		
	Partners have a RD&E plan. Partners invest in a balanced portfolio across the FRDC purpose themes – environment, industry, communities, people and extension.	90 per cent of partners have an RD&E Plan. Investment portfolios include investment across FRDC purposes.	

Continued on following pages

## Contributions to Outcome 1 (continued)

Performance information (continued)		
Year	Performance criteria <sup>(a)</sup>	Targets
2019–20 (continued)	<b>Corporate governance and decision making is overseen by a framework of policies and procedures</b>	
	As per 2017–18.	As per 2017–18.
	<b>Australian fishing and aquaculture products are sustainable and acknowledged to be so</b>	
	Perception of the commercial fishing industry increased from 28 per cent to 40 per cent by 2020.	Perception of industry increases to 36 per cent.
	<b>Developing new and emerging aquaculture growth opportunities</b>	
	As per 2017–18.	2,000 tonnes of additional production.
	<b>Partner and collaboration</b>	
As per 2017–18.	As per 2017–18.	
2020–21 and beyond	<b>Corporate governance and decision making is overseen by a framework of policies and procedures</b>	
	As per 2017–18.	As per 2017–18.
	<b>Australian fishing and aquaculture products are sustainable and acknowledged to be so</b>	
	The number of species in the national Status of Key Australian Fish Stocks Reports increases to include 200 species.	200 species included in Status of Australian Fish Stocks Reports.
	The number of species classified as 'undefined' is reduced from the previous [2018] Status of Key Australian Fish Stocks Reports.	The number of species classified as 'undefined' is reduced to less than 10 per cent.

Continued on following page

**Contributions to Outcome 1 (continued)**

<b>Performance information (continued)</b>		
<b>Year</b>	<b>Performance criteria<sup>(a)</sup></b>	<b>Targets</b>
2020–21 and beyond (continued)	Perception of the commercial fishing industry increased from 28 per cent to 40 per cent by 2020.	Perception of industry increases to 40 per cent.
	<b>Developing new and emerging aquaculture growth opportunities</b>	
	As per 2017–18.	2,500 tonnes of additional production.
	<b>Partner and collaboration</b>	
	As per 2017–18.	As per 2017–18.

(a) New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.

Note: Performance criteria and targets were changed in 2015–16 for subsequent years following the approval of the FRDC Research, Development and Extension Plan 2015–20.

## Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2018–19 budget year, including the impact of budget measures and resourcing on financial statements.

### **3.1 BUDGETED FINANCIAL STATEMENTS**

#### **3.1.1 Explanatory notes and analysis of budgeted financial statements**

The FRDC's RD&E expenditure is dependent on the gross value of production (GVP) of the Australian fishing industry. The indication for the GVP for the Australian fishing industry is positive, with growth expected in 2018–19 year. This is based on aquaculture which is anticipated to grow; however some uncertainty remains around the size of this growth. Income contributions from the commercial sector are expected to maintain current levels. The commencement of marketing activities is likely to see industry contribute funds specifically for this activity. The amount of marketing income is not likely to be significant in 2018–19, but is likely to grow in future years.

### 3.2 BUDGETED FINANCIAL STATEMENTS TABLES

**Table 3.1 Comprehensive income statement (showing net cost of services)  
(for the period ended 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>EXPENSES</b>					
Employee benefits	3,566	3,933	4,090	4,254	4,424
Supplier expenses	1,496	1,733	1,800	1,800	1,900
Grants	26,000	28,350	28,560	28,890	29,920
Depreciation and amortisation	200	210	185	200	180
Other	410	450	900	1,800	1,800
<b>Total expenses</b>	<b>31,672</b>	<b>34,676</b>	<b>35,535</b>	<b>36,944</b>	<b>38,224</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
Sale of goods and rendering of services	3	-	-	-	-
Interest	300	300	250	250	250
Contributions	5,996	5,964	6,775	6,850	7,745
Other	2,697	3,101	4,799	5,702	5,702
<b>Total own-source revenue</b>	<b>8,996</b>	<b>9,365</b>	<b>11,824</b>	<b>12,802</b>	<b>13,697</b>
<b>Total own-source income</b>	<b>8,996</b>	<b>9,365</b>	<b>11,824</b>	<b>12,802</b>	<b>13,697</b>
<b>Net cost of (contribution by) services</b>	<b>22,676</b>	<b>25,311</b>	<b>23,711</b>	<b>24,142</b>	<b>24,527</b>
Revenue from Government <sup>(a)</sup>					
Commonwealth contribution	27,172	25,332	23,771	24,181	24,572
<b>Total revenue from Government</b>	<b>27,172</b>	<b>25,332</b>	<b>23,771</b>	<b>24,181</b>	<b>24,572</b>
<b>Surplus/(deficit) attributable to the Australian Government</b>	<b>4,496</b>	<b>21</b>	<b>60</b>	<b>39</b>	<b>45</b>
<b>Total comprehensive income/(loss) attributable to the Australian Government</b>	<b>4,496</b>	<b>21</b>	<b>60</b>	<b>39</b>	<b>45</b>

(a) Revenue from Government includes a Commonwealth contribution under the PIRD Act and levies collected from industry by the Department of Agriculture and Water Resources for R&D activities.

Prepared on Australian Accounting Standards basis.

**Table 3.2: Budgeted departmental balance sheet (as at 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	16,553	16,809	17,079	17,096	17,168
Trade and other receivables	7,955	7,540	7,203	7,006	6,765
Investments	5	5	5	5	5
<b>Total financial assets</b>	<b>24,513</b>	<b>24,354</b>	<b>24,287</b>	<b>24,107</b>	<b>23,938</b>
<b>Non-financial assets</b>					
Property, plant and equipment	135	140	145	150	160
Intangibles	972	1,132	1,292	1,462	1,642
Other	30	30	30	30	30
<b>Total non-financial assets</b>	<b>1,137</b>	<b>1,302</b>	<b>1,467</b>	<b>1,642</b>	<b>1,832</b>
<b>Total assets</b>	<b>25,650</b>	<b>25,656</b>	<b>25,754</b>	<b>25,749</b>	<b>25,770</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	164	172	190	188	188
Projects	210	200	230	200	201
Other	85	85	85	85	85
<b>Total payables</b>	<b>459</b>	<b>457</b>	<b>505</b>	<b>473</b>	<b>474</b>
<b>Provisions</b>					
Employee provisions	970	957	947	935	910
<b>Total provisions</b>	<b>970</b>	<b>957</b>	<b>947</b>	<b>935</b>	<b>910</b>
<b>Total liabilities</b>	<b>1,429</b>	<b>1,414</b>	<b>1,452</b>	<b>1,408</b>	<b>1,384</b>
<b>Net assets</b>	<b>24,221</b>	<b>24,242</b>	<b>24,302</b>	<b>24,341</b>	<b>24,386</b>
<b>EQUITY*</b>					
Reserves	410	410	410	410	410
Retained earnings	23,811	23,832	23,892	23,931	23,976
<b>Total Equity</b>	<b>24,221</b>	<b>24,242</b>	<b>24,302</b>	<b>24,341</b>	<b>24,386</b>

\* 'Equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

**Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2018–19)**

	Retained earnings	Asset revaluation reserve	Total equity
	\$'000	\$'000	\$'000
<b>Opening balance as at 1 July 2018</b>			
Balance carried forward from previous period	23,811	410	24,221
<b>Adjusted opening balance</b>	<b>23,811</b>	<b>410</b>	<b>24,221</b>
<b>Comprehensive income</b>			
Surplus (deficit) for the period	21	-	21
<b>Total comprehensive income</b>	<b>21</b>	<b>-</b>	<b>21</b>
of which:			
Attributable to the Australian Government	21	-	21
<b>Estimated closing balance as at 30 June 2019</b>	<b>23,832</b>	<b>410</b>	<b>24,242</b>
<b>Closing balance attributable to the Australian Government</b>	<b>23,832</b>	<b>410</b>	<b>24,242</b>

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	3	-	-	-	-
Receipts from Australian Government	27,172	25,332	23,771	24,181	24,572
Contributions	8,228	9,436	11,692	12,674	13,447
Interest	300	300	250	250	250
<b>Total cash received</b>	<b>35,703</b>	<b>35,068</b>	<b>35,713</b>	<b>37,105</b>	<b>38,269</b>
<b>Cash used</b>					
Employees	3,577	3,927	4,081	4,246	4,428
Suppliers	1,509	1,725	1,582	1,502	1,700
Projects	26,338	28,810	29,430	30,990	31,719
<b>Total cash used</b>	<b>31,424</b>	<b>34,462</b>	<b>35,093</b>	<b>36,738</b>	<b>37,847</b>
<b>Net cash from (used by) operating activities</b>	<b>4,279</b>	<b>606</b>	<b>620</b>	<b>367</b>	<b>422</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment	40	50	50	50	50
Purchase of Intangibles	300	300	300	300	300
<b>Total cash used</b>	<b>340</b>	<b>350</b>	<b>350</b>	<b>350</b>	<b>350</b>
<b>Net cash from (used by) investing activities</b>	<b>(340)</b>	<b>(350)</b>	<b>(350)</b>	<b>(350)</b>	<b>(350)</b>
<b>Net increase (decrease) in cash held</b>	<b>3,939</b>	<b>256</b>	<b>270</b>	<b>17</b>	<b>72</b>
Cash and cash equivalents at the beginning of the reporting period	12,614	16,553	16,809	17,079	17,096
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>16,553</b>	<b>16,809</b>	<b>17,079</b>	<b>17,096</b>	<b>17,168</b>

Prepared on Australian Accounting Standards basis.

**Table 3.5: Departmental capital budget statement**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded internally from departmental resources <sup>(a)</sup>	340	350	350	350	350
<b>TOTAL</b>	<b>340</b>	<b>350</b>	<b>350</b>	<b>350</b>	<b>350</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	340	350	350	350	350
<b>Total cash used to acquire assets</b>	<b>340</b>	<b>350</b>	<b>350</b>	<b>350</b>	<b>350</b>

(a) Includes the following source of funding:  
– internally developed assets.

Consistent with information contained in the Statement of Asset Movements and the Budgeted Statement of Cash Flows.

**Table 3.6: Statement of asset movements (Budget year 2018–19)**

	Other property, plant and equipment \$'000	Intangibles \$'000	Total \$'000
<b>As at 1 July 2018</b>			
Gross book value	220	1,465	1,685
Accumulated depreciation/amortisation	(60)	(493)	(553)
<b>Opening net book balance</b>	<b>160</b>	<b>972</b>	<b>1,132</b>
<b>CAPITAL ASSET ADDITIONS</b>			
<b>Estimated expenditure on new or replacement assets</b>			
By purchase – other	50	300	350
<b>Total additions</b>	<b>50</b>	<b>300</b>	<b>350</b>
<b>Other movements</b>			
Depreciation/amortisation expense	(70)	(140)	(210)
<b>Total other movements</b>	<b>(70)</b>	<b>(140)</b>	<b>(210)</b>
<b>As at 30 June 2019</b>			
Gross book value	270	1,765	2,035
Accumulated depreciation/amortisation	(130)	(633)	(763)
<b>Closing net book balance</b>	<b>140</b>	<b>1,132</b>	<b>1,272</b>

Prepared on Australian Accounting Standards basis.

# GRAINS

## RESEARCH AND DEVELOPMENT CORPORATION

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# GRAINS

## RESEARCH AND DEVELOPMENT CORPORATION

### Section 1: Entity overview and resources

#### 1.1 STRATEGIC DIRECTION STATEMENT

The Grains Research and Development Corporation's (GRDC) purpose is to invest in research, development and extension (RD&E) to create enduring profitability for Australian grain growers.

In supporting its purpose, GRDC invests in RD&E activities across a portfolio spanning temperate and tropical cereals (including coarse grains), pulses and oilseeds. This involves identifying and prioritising research for investment; monitoring, evaluating and reporting on research impacts; and facilitating the dissemination, adoption and commercialisation of research results.

GRDC also contributes to the development of strategic national approaches to grains industry RD&E, to reduce fragmentation and duplication and to help address industry-wide issues such as biosecurity, grains market access and sustainable resource management.

While its focus is on delivering benefits to Australian grain growers, who pay levies, GRDC also generates outcomes from investing in RD&E that benefit other participants in the Australian grains industry value chain and the wider Australian community, as well as the grains research community in Australia and overseas. GRDC investments support the capacity of the Australian research community through collaborative approaches that minimise duplication of effort and provide access to shared knowledge, infrastructure and facilities.

Effective partnerships with other Australian organisations enable GRDC to leverage resources and research capability; share market knowledge, technologies and intellectual property; and reduce the risk associated with transformational investments. GRDC also builds strong relationships with organisations overseas, both to broaden the resources available to the Australian grains industry and to access international RD&E efforts that offer potential benefits, such as food security, for Australia.

Because adoption by growers is critical to achieving benefits from research and development (R&D), GRDC undertakes activities to raise awareness of grains industry R&D and extend the results of GRDC-supported investments to grain growers and their advisers, other participants in rural industry and the wider community. Recognising different needs and preferences for receiving information, GRDC uses a range of products and channels, from phone apps to field days.

GRDC works closely with Australian grain growers and the Australian Government to ensure that their RD&E priorities are effectively addressed through GRDC investments. GRDC also maintains strong connections with its other stakeholders, particularly in the R&D and agribusiness sectors.

2018 marks the beginning of a new five-year RD&E plan. The plan is firmly focussed on delivering research and extension investments that increase the profitability of Australian grain growers. The plan considers the key drivers of profitability in terms of yield, price, costs (on-farm and post farm gate) as well as risk.

It is important to note that the impact of different drivers on profit will vary across grain-growing businesses and environments. This will inform the potential shape and scope of the GRDC's RD&E investment portfolio at the national level, and on the activities and approaches required to support adoption of RD&E outputs at the regional and local levels.

The 2018–2023 RD&E plan has been informed by extensive consultation across a broad spectrum of grains industry participants, government, and research providers. The consultation has identified 36 key investment targets, with relative priorities that will underpin the delivery of the GRDC's purpose.

Detailed performance information across all the drivers of profitability through Key Investment Targets will be available in each of the GRDC Annual Operational Plans across the five-year period.

## 1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total resources from all sources. The table summarises how resources will be applied by outcome and by administered and departmental classification.

**Table 1.1: Grains Research and Development Corporation – Resource Statement – Budget Estimates for 2018–19 as at Budget May 2018**

	2017–18 <i>Estimated actual</i> \$'000	2018–19 Estimate  \$'000
<b>Opening balance/cash reserves at 1 July</b>	<b>234,732</b>	<b>216,671</b>
<b>Funds from Government</b>		
<b>Special appropriations<sup>(a)</sup></b>		
<i>Primary Industries Research and Development Act 1989, s. 30(3) – Grains and Wheat R&amp;D Corporation</i>	<i>195,970</i>	<i>199,270</i>
<i>Total special appropriations</i>	<b>195,970</b>	<b>199,270</b>
<b>Total funds from Government</b>	<b>195,970</b>	<b>199,270</b>
<b>Funds from industry sources</b>		
Levies <sup>(b)</sup>	121,810	125,306
<i>less amounts paid to the CRF</i>	<i>(121,810)</i>	<i>(125,306)</i>
<i>Total funds from industry sources</i>	<b>-</b>	<b>-</b>
<b>Funds from other sources</b>		
Interest	3,908	6,559
Royalties	3,144	3,220
Other	9,221	6,044
<i>Total funds from other sources</i>	<b>16,273</b>	<b>15,823</b>
<b>Total net resourcing for GRDC</b>	<b>446,975</b>	<b>431,764</b>
	<b>2017–18</b>	<b>2018–19</b>
<b>Average staffing level (number)</b>	<b>79</b>	<b>79</b>

(a) GRDC is not directly appropriated as it is a corporate Commonwealth entity under the PGPA Act. Appropriations are made to the Department of Agriculture and Water Resources and then paid to GRDC and are considered departmental for all purposes.

(b) The levies collected under the *Primary Industries Levies and Charges Collection Act 1991* are remitted to the Department of Agriculture and Water Resources and transferred to the Consolidated Revenue Fund. An equivalent amount is paid by Department of Agriculture to the GRDC as a special appropriation under the *Primary Industries Research and Development Act 1989* (PIRD Act).

CRF – Consolidated Revenue Fund

Prepared on a resourcing (i.e. appropriations available) basis.

Please note: All figures shown above are GST exclusive – these may not match figures in the cash flow statement.

### 1.3 BUDGET MEASURES

Budget measures in Part 1 relating to the Grains Research and Development Corporation are detailed in *Budget Paper No. 2: Budget Measures 2018–19* and are summarised below.

#### **Table 1.2: Grains Research and Development Corporation 2018–19 Budget measures**

##### **Part 1: Measures announced since the 2017–18 Mid-Year Economic and Fiscal Outlook (MYEFO)**

GRDC does not have any 2018–19 Budget measures.

##### **Part 2: Other measures not previously reported in a portfolio statement**

GRDC does not have any other measures not previously reported in a portfolio statement.

## Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

**Note:**

Performance reporting requirements in the Portfolio Budget Statements are part of the Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in annual reports – to provide an entity's complete performance story.

The most recent corporate plan for the Grains Research and Development Corporation can be found at: <https://grdc.com.au/About-Us/Corporate-Governance/Strategic-RD-Plan>.

The most recent annual performance statement can be found at: <https://grdc.com.au/About-Us/Corporate-Governance/Annual-Report>.

## 2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

**Outcome 1: New information and products that enhance the productivity, competitiveness and environmental sustainability of Australian grain growers and benefit the industry and wider community, through planning, managing and implementing investments in grains research and development.**

### Linked programs

**Department of Agriculture and Water Resources**

**Programs:**

- Program 1.7: Grains Industry

**Contribution to Outcome 1 made by linked program:**

The Grains Research Development Corporation works together with the Department of Agriculture and Water Resources to ensure sustainable, productive and profitable grains industry.

**Table 2.1.1: Budgeted expenses for Outcome 1**

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

**Outcome 1: New information and products that enhance the productivity, competitiveness and environmental sustainability of Australian grain growers and benefit the industry and wider community, through planning, managing and implementing investments in grains research and development.**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>Program 1.1: Grains Research and Development Corporation</b>					
Revenue from Government					
Special appropriations					
<i>Primary Industries Research and     Development Act 1989, s. 30(3) –     Grains and Wheat R&amp;D Corporation</i>	74,160	73,964	74,573	75,139	77,383
Revenues from industry sources	121,810	125,306	128,902	132,602	136,407
Revenues from other independent sources	16,273	15,823	11,164	10,106	9,504
Reserves	12,957	13,777	16,897	14,696	10,284
<b>Total expenses for program 1.1</b>	<b>225,200</b>	<b>228,870</b>	<b>231,536</b>	<b>232,543</b>	<b>233,578</b>
<b>Outcome 1 totals by resource type</b>					
Revenue from Government					
Special appropriations	74,160	73,964	74,573	75,139	77,383
Revenues from industry sources	121,810	125,306	128,902	132,602	136,407
Revenues from other independent sources	16,273	15,823	11,164	10,106	9,504
Reserves	12,957	13,777	16,897	14,696	10,284
<b>Total expenses for Outcome 1</b>	<b>225,200</b>	<b>228,870</b>	<b>231,536</b>	<b>232,543</b>	<b>233,578</b>
	<b>2017–18</b>	<b>2018–19</b>			
<b>Average staffing level (number)</b>	79	79			

## 2.1.2 Performance criteria for Outcome 1

Table 2.1.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2018–19 Budget measures have created new programs or materially changed existing programs.

As an entity established under the PIRD Act, GRDC does not produce a Corporate Plan under the PGPA Act and is therefore exempt from the requirement to map purposes to outcomes.

<b>Outcome 1: New information and products that enhance the productivity, competitiveness and environmental sustainability of Australian grain growers and benefit the industry and wider community, through planning, managing and implementing investments in grains research and development.</b>		
<b>Program 1.1: Grains Research and Development Corporation</b>		
<b>Objective</b>	Drive the discovery, development and delivery of world-class innovation to enhance the productivity, profitability and sustainability of Australian grain growers and benefit the industry and the wider community.	
<b>Delivery</b>	Continue to prioritise RD&E investments that supports the enduring profitability of Australian grain growers. The target group is primarily Australian grain growers but the grains industry value chain also includes Governments, industry groups, rural and regional communities, research organisations and the wider community.	
<b>Performance information<sup>(a)</sup></b>		
<b>Year</b>	<b>Performance criteria<sup>(b)</sup></b>	<b>Targets</b>
2017–18	Australian Export Grains Innovation Centre (AEGIC) joint venture is established and operating appropriately.	Required market information available.
	Growers are interested in the benefits of measuring grain quality to meet customer requirements.	90 per cent of growers.
	Growers storing grain on-farm use sealed silos to meet market requirements and provide for the continued effectiveness of pest control measures.	70 per cent.

Continued on following pages

## Contributions to Outcome 1 (continued)

Performance information <sup>(a)</sup> (continued)		
Year	Performance criteria <sup>(b)</sup>	Targets
2017–18 (continued)	New cereal, pulse and oilseed varieties have minimum increases in genetic yield potential per annum as measured in National Variety Trials (NVT).	Cereals 1 per cent. Pulses 2 per cent. Oilseeds 1.5 per cent.
	New varieties currently available meet the expectations of growers.	60 per cent.
	Growers and advisers use NVT data in selection of varieties to plant.	40 per cent access data of which 90 per cent consider helpful.
	Growers and advisers are aware of and use integrated weed, pest or disease management practices.	70 per cent aware, 50 per cent use.
	Growers undertake on-farm practices to maintain or improve their biosecurity.	50 per cent.
	Growers place a high importance on the use of decision tools to assist them with strategic or tactical decision-making.	70 per cent.
	Growers have a whole-farm business plan which takes account of strategic opportunities, constraints and risks.	25 per cent.
	Growers consider the potential effects of climate change on their farm business when making long-term decisions.	60 per cent.
	Growers undertake activities to improve the condition and productive capacity of their soils.	70 per cent.
	Growers use nutrient budgeting to better match application with anticipated crop needs.	65 per cent.
	Each year Nuffield scholars include people from the grains industry.	At least three.
	Growers and advisers undertake at least one activity each year to learn more about opportunities to improve farm profit or sustainability.	75 per cent.

Continued on following pages

**Contributions to Outcome 1 (continued)**

<b>Performance information<sup>(a)</sup> (continued)</b>		
<b>Year</b>	<b>Performance criteria<sup>(b)</sup></b>	<b>Targets</b>
2018–19	<i>Average farm business rates of return.</i>	<i>A minimum of six per cent by 2023.</i>
	<i>Improvements in yield and yield stability.</i>	<i>Minimum yield increases equivalent to one per cent per annum for cereals, two per cent per annum for pulses and 1.5 per cent for oilseeds.</i>
	<i>Yield stability.</i>	<i>By 2023 a minimum 20 per cent closure of the gap between potential yield and actual yield.</i>
	<i>Maintaining and improving price.</i>	<i>Identification of potential new products that attract premium prices.</i> <i>Identification of opportunities for product differentiation.</i> <i>Defence of current market access programs.</i>
	<i>Optimising input costs.</i>	<i>Maintain increases in chemistry costs below the five-year trend (2018–2023) equivalent to \$85.50 per hectare or a ratio of input to crop revenue of 0.166.</i> <i>Maintain increases in fertilizer costs below the five-year trend (2018–2023) equivalent to \$84.30 per hectare or a ratio of input to crop revenue of 0.164.</i>

Continued on following page

## Contributions to Outcome 1 (continued)

Performance information <sup>(a)</sup> (continued)		
Year	Performance criteria <sup>(b)</sup>	Targets
2018–19 (continued)	<i>Optimising input costs (continued)</i>	<p>Note:</p> <ul style="list-style-type: none"> <li>• <i>Not all input costs are captured in this target – all inputs costs as a share of cash receipts are captured in the calculation of Rates of Return.</i></li> <li>• <i>Reporting on a mean can be informative but is not the best indicator of impact due to variations across region, soil type, rainfall and business characteristics of each farm. GRDC is working toward developing a more detailed regionalised dataset which will allow for impact measurement.</i></li> </ul>
2019–20 and beyond	<i>As per 2018–19.</i>	<i>As per 2018–19.</i>

(a) Additional performance information that support the achievement of the above performance criteria are available in the GRDC's 2018–2023 Strategic RD&E plan.

(b) New or modified performance criteria that reflect new or materially changed programs are shown in *italics*. These measures are consistent with a new five-year strategic plan for 2018–2022, which takes effect 1 July 2018.

## Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2018–19 budget year, including the impact of budget measures and resourcing on financial statements.

### **3.1 BUDGETED FINANCIAL STATEMENTS**

#### **3.1.1 Differences between entity resourcing and financial statements**

The financial statements are prepared on an accrual basis where revenues and expenses are recognised as and when the resources are received and used. The entities resourcing table recognises cash resources available to be used during the period and includes amounts recognised as revenue in previous periods.

#### **3.1.2 Explanatory notes and analysis of budgeted financial statements**

GRDC's revenue is primarily from industry contributions in the form of levies paid on the farm gate value of grain sold and Australian Government contributions which are capped at 0.5 per cent of the three-year rolling average of gross value of production (GVP). GRDC's revenue streams are therefore subject to the volatility of local and international grain commodity markets, farm gate costs, environmental conditions and the marketing decisions of growers. This means the assumptions in developing financial forecasts have a high degree of uncertainty and change frequently.

In 2018–19, GRDC is budgeting for an operating deficit of \$13.8 million which will be funded from its own accumulated reserves. Industry contributions are expected to increase by \$3.5 million on the current year estimates and in line with long term trends. Australian Government contributions are expected to decrease slightly by \$0.2 million. Own source income is expected to decrease by \$0.5 million due to a reduction in project refunds as a greater proportion of RD&E contracts become milestone based. In support of current higher values of RD&E investment, supplier expenses, particularly those relating to contracting services are expected to increase by \$3.2 million in 2018–19.

The budgeted net asset position for 2018–19 is \$179.1 million which is \$13.8 million less than the estimated actual. This decrease is due to the budgeted operating deficit for 2018–19.

### 3.2 BUDGETED FINANCIAL STATEMENTS TABLES

**Table 3.1 Comprehensive income statement (showing net cost of services)  
(for the period ended 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>EXPENSES</b>					
Employee benefits	13,900	14,000	14,420	14,853	15,298
Supplier expenses	209,500	212,731	214,996	215,801	216,602
Depreciation and amortisation	1,800	2,139	2,120	1,889	1,678
<b>Total expenses</b>	<b>225,200</b>	<b>228,870</b>	<b>231,536</b>	<b>232,543</b>	<b>233,578</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
Interest	3,908	6,559	5,920	5,126	4,656
Grant income	1,000	3,220	-	-	-
Royalties	3,144	3,302	3,302	3,302	3,302
Dividends	1,945	1,000	1,000	1,000	1,000
Other	6,276	1,742	942	678	546
<b>Total own-source revenue</b>	<b>16,273</b>	<b>15,823</b>	<b>11,164</b>	<b>10,106</b>	<b>9,504</b>
<b>Total own-source income</b>	<b>16,273</b>	<b>15,823</b>	<b>11,164</b>	<b>10,106</b>	<b>9,504</b>
<b>Net cost of (contribution by) services</b>	<b>208,927</b>	<b>213,047</b>	<b>220,372</b>	<b>222,437</b>	<b>224,074</b>
Revenue from Government <sup>(a)</sup>					
Commonwealth contributions	74,160	73,964	74,573	75,139	77,383
Industry contributions	121,810	125,306	128,902	132,602	136,407
<b>Total revenue from Government</b>	<b>195,970</b>	<b>199,270</b>	<b>203,475</b>	<b>207,741</b>	<b>213,790</b>
<b>Surplus/(deficit) attributable to the Australian Government</b>	<b>(12,957)</b>	<b>(13,777)</b>	<b>(16,897)</b>	<b>(14,696)</b>	<b>(10,284)</b>
<b>Total comprehensive income (loss)</b>	<b>(12,957)</b>	<b>(13,777)</b>	<b>(16,897)</b>	<b>(14,696)</b>	<b>(10,284)</b>
<b>Total comprehensive income/(loss) attributable to the Australian Government</b>	<b>(12,957)</b>	<b>(13,777)</b>	<b>(16,897)</b>	<b>(14,696)</b>	<b>(10,284)</b>

(a) Revenue from Government includes a Commonwealth contribution under the PIRD Act and levies collected from industry by the Department of Agriculture and Water Resources for R&D activities.

Prepared on Australian Accounting Standards basis.

**Table 3.2: Budgeted departmental balance sheet (as at 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	21,472	16,136	15,829	19,424	17,923
Trade and other receivables	27,390	26,734	27,695	28,018	30,060
Investments	195,199	165,199	135,199	115,199	105,199
Other investments	4,214	4,214	4,214	4,214	4,214
<b>Total financial assets</b>	<b>248,275</b>	<b>212,283</b>	<b>182,937</b>	<b>166,855</b>	<b>157,396</b>
<b>Non-financial assets</b>					
Land and buildings	5,785	5,287	4,789	4,291	3,793
Property, plant and equipment	985	1,282	980	877	770
Intangibles	5,637	7,704	6,534	5,536	4,613
Other non-financial assets	3,000	3,000	3,000	3,000	3,000
<b>Total non-financial assets</b>	<b>15,407</b>	<b>17,273</b>	<b>15,303</b>	<b>13,704</b>	<b>12,176</b>
<b>Total assets</b>	<b>263,682</b>	<b>229,556</b>	<b>198,240</b>	<b>180,559</b>	<b>169,572</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	64,224	47,224	32,934	30,077	29,503
Unearned income	3,220	-	-	-	-
<b>Total payables</b>	<b>67,444</b>	<b>47,224</b>	<b>32,934</b>	<b>30,077</b>	<b>29,503</b>
<b>Provisions</b>					
Employee provisions	1,782	1,832	1,882	1,932	1,982
Other provisions	1,584	1,405	1,226	1,048	869
<b>Total provisions</b>	<b>3,366</b>	<b>3,237</b>	<b>3,108</b>	<b>2,980</b>	<b>2,851</b>
<b>Total liabilities</b>	<b>70,810</b>	<b>50,461</b>	<b>36,042</b>	<b>33,057</b>	<b>32,354</b>
<b>Net assets</b>	<b>192,872</b>	<b>179,095</b>	<b>162,198</b>	<b>147,502</b>	<b>137,218</b>
<b>EQUITY*</b>					
Reserves	110,998	110,998	110,998	110,998	110,998
Retained earnings	81,874	68,097	51,200	36,504	26,220
<b>Total Equity</b>	<b>192,872</b>	<b>179,095</b>	<b>162,198</b>	<b>147,502</b>	<b>137,218</b>

\* 'Equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

**Table 3.3: Departmental statement of changes in equity – summary of movement (Budget year 2018–19)**

	Retained earnings	Asset revaluation reserve	Other reserves	Total equity
	\$'000	\$'000	\$'000	\$'000
<b>Opening balance as at 1 July 2018</b>				
Balance carried forward from previous period	81,874	2,098	108,900	192,872
<b>Adjusted opening balance</b>	<b>81,874</b>	<b>2,098</b>	<b>108,900</b>	<b>192,872</b>
<b>Comprehensive income</b>				
Surplus (deficit) for the period	(13,777)	-	-	(13,777)
<b>Total comprehensive income</b>	<b>(13,777)</b>	<b>-</b>	<b>-</b>	<b>(13,777)</b>
<b>Estimated closing balance as at 30 June 2019</b>	<b>68,097</b>	<b>2,098</b>	<b>108,900</b>	<b>179,095</b>
<b>Closing balance attributable to the Australian Government</b>	<b>68,097</b>	<b>2,098</b>	<b>108,900</b>	<b>179,095</b>

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Industry contributions	122,441	125,306	128,902	132,602	136,407
Revenue from Government	75,580	74,817	73,817	75,030	75,564
Interest	3,780	6,363	5,715	4,912	4,432
Net GST received	20,950	21,272	21,499	21,580	21,660
Other	12,069	6,044	5,244	4,980	4,848
<b>Total cash received</b>	<b>234,820</b>	<b>233,802</b>	<b>235,177</b>	<b>239,104</b>	<b>242,911</b>
<b>Cash used</b>					
Employees	13,850	13,950	14,370	14,803	15,248
Suppliers	254,077	251,183	250,964	240,416	239,014
<b>Total cash used</b>	<b>267,927</b>	<b>265,133</b>	<b>265,334</b>	<b>255,219</b>	<b>254,262</b>
<b>Net cash from (used by) operating activities</b>	<b>(33,107)</b>	<b>(31,331)</b>	<b>(30,157)</b>	<b>(16,115)</b>	<b>(11,351)</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Investments	47,830	50,000	50,000	40,000	30,000
<b>Total cash received</b>	<b>47,830</b>	<b>50,000</b>	<b>50,000</b>	<b>40,000</b>	<b>30,000</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	2,784	4,005	150	290	150
Investments	-	20,000	20,000	20,000	20,000
<b>Total cash used</b>	<b>2,784</b>	<b>24,005</b>	<b>20,150</b>	<b>20,290</b>	<b>20,150</b>
<b>Net cash from (used by) investing activities</b>	<b>45,046</b>	<b>25,995</b>	<b>29,850</b>	<b>19,710</b>	<b>9,850</b>
<b>Net increase (decrease) in cash held</b>	<b>11,939</b>	<b>(5,336)</b>	<b>(307)</b>	<b>3,595</b>	<b>(1,501)</b>
Cash and cash equivalents at the beginning of the reporting period	9,533	21,472	16,136	15,829	19,424
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>21,472</b>	<b>16,136</b>	<b>15,829</b>	<b>19,424</b>	<b>17,923</b>

Prepared on Australian Accounting Standards basis.

**Table 3.5: Departmental capital budget statement**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded internally from departmental resources <sup>(a)</sup>	2,784	4,005	150	290	150
<b>TOTAL</b>	<b>2,784</b>	<b>4,005</b>	<b>150</b>	<b>290</b>	<b>150</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	2,784	4,005	150	290	150
<b>Total cash used to acquire assets</b>	<b>2,784</b>	<b>4,005</b>	<b>150</b>	<b>290</b>	<b>150</b>

(a) Includes the following source of funding:  
– internally developed assets.

Consistent with information contained in the Statement of Asset Movements and the Budgeted Statement of Cash Flows.

**Table 3.6: Statement of asset movements (Budget year 2018–19)**

	Land \$'000	Buildings \$'000	Other property, plant and equipment \$'000	Intangibles \$'000	Total \$'000
<b>As at 1 July 2018</b>					
Gross book value	745	6,629	1,912	9,101	18,387
Accumulated depreciation/amortisation and impairment	-	(1,589)	(927)	(3,464)	(5,980)
<b>Opening net book balance</b>	<b>745</b>	<b>5,040</b>	<b>985</b>	<b>5,637</b>	<b>12,407</b>
<b>CAPITAL ASSET ADDITIONS</b>					
<b>Estimated expenditure on new or replacement assets</b>					
By purchase – other	-	-	725	3,280	4,005
<b>Total additions</b>	<b>-</b>	<b>-</b>	<b>725</b>	<b>3,280</b>	<b>4,005</b>
<b>Other movements</b>					
Depreciation/amortisation expense	-	(498)	(428)	(1,213)	(2,139)
<b>Total other movements</b>	<b>-</b>	<b>(498)</b>	<b>(428)</b>	<b>(1,213)</b>	<b>(2,139)</b>
<b>As at 30 June 2019</b>					
Gross book value	745	6,629	2,637	12,381	22,392
Accumulated depreciation/amortisation and impairment	-	(2,087)	(1,355)	(4,677)	(8,119)
<b>Closing net book balance</b>	<b>745</b>	<b>4,542</b>	<b>1,282</b>	<b>7,704</b>	<b>14,273</b>

Prepared on Australian Accounting Standards basis.



# MURRAY-DARLING BASIN AUTHORITY

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# MURRAY-DARLING BASIN AUTHORITY

## Section 1: Entity overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

The Murray-Darling Basin Authority (MDBA) establishes and monitors the sustainable and integrated management of the water resources of the Murray-Darling Basin. We do this in a way that best meets the social, economic and environmental needs of the Basin and its communities. We work in collaboration with other Australian Government agencies, Basin State governments, local governments, regional bodies, industry groups, landholders, environmental organisations, scientist, research organisations and Murray-Darling Basin communities, including Indigenous communities, and the broader Australian community.

The MDBA achieves this through its outcome:

**Outcome 1:** Equitable and sustainable use of the Murray-Darling Basin by governments and the community including through development and implementation of a Basin Plan, operation of the River Murray system, shared natural resource management programmes, research, information and advice.

In addition to its functions under the *Water Act 2007*, the MDBA has functions under the Murray-Darling Basin Agreement (Agreement), which forms Schedule 1 to the Act. These include giving effect to decisions of the Murray-Darling Basin Ministerial Council and the Basin Officials' Committee in relation to the Basin governments' joint programs. The MDBA delivers its functions under the Agreement in conjunction with and on behalf of the contracting governments - the Australian Government and the governments of Victoria, South Australia, New South Wales, Queensland and the Australian Capital Territory.

#### **Our purpose**

To achieve a health working Basin through the integrated management of water resources for the long-term benefit of the Australian community.

## **Our objectives**

During 2018–19, the MDBA will continue to focus its efforts on implementing the Basin Plan. Key priorities are:

- Building a culture of compliance to ensure the Basin Plan is implemented effectively and the benefits are realised for communities, industries and the environment;
- Working with Basin state governments to facilitate the development, assessment and accreditation of water resource plans;
- Increasing regional presence to leverage local knowledge through strengthening relationships with stakeholders from communities;
- Working with the Basin states to support the development of their constraints measure proposals, including for consideration through the Sustainable Diversion Limit (SDL) adjustment mechanism; and
- Working with the Basin states to transition from cap compliance to SDL accounting.

Throughout 2018–19, the MDBA will also continue to work with and on behalf of the Basin governments to deliver on its Agreement functions. Key priorities are to:

- Deliver the suite of programs agreed by the Murray-Darling Basin Ministerial Council, taking account of the financial contributions from Basin governments;
- Continue to work with the Basin governments to agree options for sustainable delivery of joint programs and the maintenance of existing and future jointly owned assets;
- Coordinate the delivery of environmental water in the southern connected Basin via the Southern Connected Basin Environmental Watering Committee;
- Work with Basin governments to implement the Basin Salinity Management 2030 Strategy; and
- Manage River Murray Operations and assets.

## 1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total resources from all sources. The table summarises how resources will be applied by outcome and by administered and departmental classification.

**Table 1.1: Murray-Darling Basin Authority – Resource Statement – Budget Estimates for 2018–19 as at Budget May 2018**

	<i>2017–18 Estimated actual \$'000</i>	2018–19 Estimate  \$'000
<b>Opening balance/cash reserves at 1 July</b>	<b>81,955</b>	<b>79,251</b>
<b>Funds from Government</b>		
Annual appropriations – ordinary annual services <sup>(a)</sup>		
Outcome 1	78,910	91,700
<i>Total annual appropriations</i>	<b>78,910</b>	<b>91,700</b>
Amounts received from related entities		
Amounts from portfolio department <sup>(b)</sup>	11,701	11,027
<i>Total amounts received from related entities</i>	<b>11,701</b>	<b>11,027</b>
<b>Total funds from Government</b>	<b>90,611</b>	<b>102,727</b>
<b>Funds from other sources</b>		
Royalties	700	1,100
Sale of goods and services	238	238
Grant	82,362	78,554
Other	3,724	3,465
<i>Total funds from other sources</i>	<b>87,024</b>	<b>83,357</b>
<b>Total net resourcing for MDBA</b>	<b>259,590</b>	<b>265,335</b>
	<b>2017–18</b>	<b>2018–19</b>
<b>Average staffing level (number)</b>	<b>288</b>	<b>288</b>

(a) Appropriation Bill (No. 1) 2018–19. Appropriation is provided through the Department of Agriculture and Water Resources and is specified within the Annual Appropriation Bills as a payment to the MDBA.

(b) Funding provided by the portfolio department that is not specified within the Annual Appropriation Bills as a payment to that corporate entity (for example, a grant awarded to a corporate entity from one of its portfolio department's administered programs).

Please note: All figures shown above are GST exclusive – these may not match figures in the cash flow statement.

Prepared on a resourcing (i.e. appropriations available) basis.

### **1.3 BUDGET MEASURES**

Budget measures in Part 1 relating to the Murray-Darling Basin Authority are detailed in *Budget Paper No. 2: Budget Measures 2018–19* and are summarised below.

#### **Table 1.2: Murray-Darling Basin Authority 2018–19 Budget measures**

##### **Part 1: Measures announced since the 2017–18 Mid-Year Economic and Fiscal Outlook (MYEFO)**

The MDBA does not have any 2018–19 Budget measures.

##### **Part 2: Other measures not previously reported in a portfolio statement**

The MDBA does not have any other measures not previously reported in a portfolio statement.

## Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

**Note:**

Performance reporting requirements in the Portfolio Budget Statements are part of the Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in annual reports – to provide an entity's complete performance story.

The most recent corporate plan for the Murray-Darling Basin Authority can be found at: <https://www.mdba.gov.au/publications/policies-guidelines/corporate-plan>.

The most recent annual performance statement can be found at: <https://www.mdba.gov.au/publications/mdba-reports/mdba-annual-report>.

## 2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

**Outcome 1: Equitable and sustainable use of the Murray-Darling Basin by governments and the community including through development and implementation of a Basin Plan, operation of the River Murray system, shared natural resource management programs, research, information and advice.**

### Linked programs

<b>Department of Agriculture and Water Resources</b>
<p><b>Program:</b></p> <ul style="list-style-type: none"> <li>• Program 3.1: Water Reform</li> </ul>
<p><b>Contribution to Outcome 1 made by linked program:</b></p> <p>The Murray-Darling Basin Authority works collaboratively with the Departments of Agriculture and Water Resources, and Environment and Energy to implement the Murray-Darling Basin Plan and the Intergovernmental Agreement on Murray-Darling Basin Reform.</p>
<b>Bureau of Meteorology</b>
<p><b>Programs:</b></p> <ul style="list-style-type: none"> <li>• Program 1.1: Bureau of Meteorology</li> </ul>
<p><b>Contribution to Outcome 1 made by linked programs:</b></p> <p>The Bureau of Meteorology provides weather, climate and water modelling to the Murray-Darling Basin Authority.</p>
<b>Department of the Environment and Energy</b>
<p><b>Program:</b></p> <ul style="list-style-type: none"> <li>• Program 1.3: Commonwealth Environmental Water</li> </ul>
<p><b>Contribution to Outcome 1 made by linked program:</b></p> <p>The Murray-Darling Basin Authority and the Department of the Environment and Energy work together on implementation of the Basin Plan, operation of the River Murray System, shared natural resource management programs, research, information, advice and Basin Plan reporting obligations, all of which contribute to the management of Commonwealth environmental water.</p>

**Table 2.1.1: Budgeted expenses for Outcome 1**

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

**Outcome 1: Equitable and sustainable use of the Murray-Darling Basin by governments and the community including through development and implementation of a Basin Plan, operation of the River Murray system, shared natural resource management programs, research, information and advice.**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>Program 1.1: Murray-Darling Basin Authority</b>					
Revenue from Government					
Ordinary annual services (Appropriation Bill (No. 1)) <sup>(a)</sup>	78,910	91,700	63,276	33,807	34,369
Payment from related entities	11,701	11,027	11,411	13,293	12,143
Expenses not requiring appropriation in the budget year <sup>(b)</sup>	2,711	8,000	8,000	8,000	21,565
Revenues from other independent sources <sup>(c)</sup>	87,024	83,357	88,610	92,659	91,882
<b>Total expenses for program 1.1</b>	<b>180,346</b>	<b>194,084</b>	<b>171,297</b>	<b>147,759</b>	<b>159,959</b>

**Outcome 1 totals by resource type**

Revenue from Government					
Ordinary annual services (Appropriation Bill (No. 1))	78,910	91,700	63,276	33,807	34,369
Payment from related entities	11,701	11,027	11,411	13,293	12,143
Expenses not requiring appropriation in the budget year	2,711	8,000	8,000	8,000	21,565
Revenues from other independent sources	87,024	83,357	88,610	92,659	91,882
<b>Total expenses for Outcome 1</b>	<b>180,346</b>	<b>194,084</b>	<b>171,297</b>	<b>147,759</b>	<b>159,959</b>

	2017–18	2018–19
<b>Average staffing level (number)</b>	288	288

- (a) The MDBA is a corporate Commonwealth entity (CCE) under the PGPA Act and does not receive direct appropriations. Instead, this funding passes through the Department of Agriculture and Water Resources to the MDBA.
- (b) This represents excess of expenditure over revenue resulting in operating loss and funds are drawn from the MDBA special account.
- (c) Revenues from other independent sources include contributions from jurisdictions for Agreement functions, other miscellaneous revenue and funds drawn from the Murray-Darling Basin special account. The Murray-Darling Basin special account is not a Special Account for the purpose of the PGPA Act.

### 2.1.2 Performance criteria for Outcome 1

Table 2.1.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2018–19 Budget measures have created new programs or materially changed existing programs.

<b>Outcome 1 – Equitable and sustainable use of the Murray-Darling Basin by governments and the community including through development and implementation of a Basin Plan, operation of the River Murray system, shared natural resource management programs, research, information and advice.</b>		
<b>Program 1.1: Equitable and sustainable use of the Murray-Darling Basin.</b>		
<b>Objective</b>	To achieve a healthy working Basin, through the integrated management of water resources for the long-term benefit of the Australian community, socially, economically and environmentally.	
<b>Delivery</b>	Collaborating with Basin governments, communities and the Commonwealth to achieve sustainable management of the Murray-Darling Basin river system, while ensuring continual application of the <i>Water Act 2007</i> , Murray-Darling Basin Agreement and the Murray-Darling Basin Plan.	
<b>Performance information</b>		
<b>Year</b>	<b>Performance criteria<sup>(a)</sup></b>	<b>Targets<sup>(b)</sup></b>
2017–18	<b>Strategic Goal 1</b> Lead the implementation of the Basin Plan to achieve a healthy working Basin.	<b>On track, with 100 per cent expected to be achieved by 30 June 2018.</b>  Achieve 100 per cent of statutory deadlines in the Basin Plan as required by the <i>Water Act 2007</i> .
	<b>Strategic Goal 2</b> Strengthen engagement with the community.	<b>Survey being finalised at the time of writing.</b>  80 per cent positive response in relation to quality and extent of engagement, reported by the annual stakeholder survey.
	<b>Strategic Goal 3</b> Evaluate and review the social, economic and environmental outcomes of Basin water reforms.	<b>On track, with 100 per cent expected to be achieved by 30 June 2018.</b>  100 per cent of monitoring and evaluation reviews conducted within statutory regulations.

Continued on following pages

**Contributions to Outcome 1 (continued)**

<b>Performance information (continued)</b>		
<b>Year</b>	<b>Performance criteria<sup>(a)</sup></b>	<b>Targets<sup>(b)</sup></b>
2017–18 (continued)	<p><b>Strategic Goal 4</b></p> <p>Operate the River Murray system efficiently for partner governments.</p>	<p><b>Completed – the prior year report was received with a positive assessment.</b></p> <p>Annual report by Independent River Operations Review Group confirms River Murray Operations are being delivered in accordance with requirements of the Asset Controlling Governments.</p>
	<p><b>Strategic Goal 5</b></p> <p>Improve the knowledge base to support sustainable water resource management.</p>	<p><b>On track, with 100 per cent expected to be achieved by 30 June 2018.</b></p> <p>90 per cent of commissioned research and monitoring activities delivered.</p>
2018–19	<p>Lead the implementation of the Basin Plan to achieve a healthy working Basin.</p>	<p>The measures and evidence of progress against this measure will be described in the Authority’s Annual Performance Statement 2017–18 in line with the evidence targets described in the 2017–18 Corporate Plan.</p>
	<p>Operate the River Murray system efficiently for partner governments.</p>	<p>The measures and evidence of progress against this measure will be described in the Authority’s Annual Performance Statement 2017–18 in line with the evidence targets described in the 2017–18 Corporate Plan.</p>

Continued on following page

**Contributions to Outcome 1 (continued)**

<b>Performance information (continued)</b>		
<b>Year</b>	<b>Performance criteria<sup>(a)</sup></b>	<b>Targets<sup>(b)</sup></b>
2019–20 and beyond	As per 2018–19.	As per 2018–19.
<b>Purpose<sup>(c)</sup></b>	To achieve a healthy working Basin, through the integrated management of water resources for the long-term benefit of the Australian community.	

(a) New or modified performance criteria that reflect new or materially changed program are shown in italics.

(b) Targets are not comprehensive enough to stand alone without other performance information.

The MDBA's annual performance statements provide a total assessment of performance against all of the measures set out in the Corporate Plan.

(c) Refers to updated purpose that will be reflected in the 2018–19 Corporate Plan.

## Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2018–19 budget year, including the impact of budget measures and resourcing on financial statements.

### **3.1 BUDGETED FINANCIAL STATEMENTS**

#### **3.1.1 Differences between entity resourcing and financial statements**

There are no differences between the resource information presented in the Budget Papers and Portfolio Budget Statements.

#### **3.1.2 Explanatory notes and analysis of budgeted financial statements**

Revenue is credited to the Murray-Darling Basin special account from the following:

- Funding received through the Department of Agriculture and Water Resources for Basin Plan functions and the South-Australian Riverland Floodplain Integrated Infrastructure Project (refer below);
- Australian Government contribution to Murray-Darling Basin Agreement; and
- State and territory government contributions and miscellaneous revenue from other sources (for example, property revenues, hydro generation and sale of assets) for the Agreement functions.

Australian Government and state and territory government contributions to the Agreement functions, which are reflected as grants income in the financial statements and grants cash in the balance sheet, for 2018–19, represent estimates based on current advice from Basin jurisdictions.

Where appropriate, expenses, both employees and suppliers, have been adjusted to reflect the appropriations and changes in revenues resulting from any revised contributions to the joint programs.

The MDBA has budgeted for an operating deficit in 2018–19 and forward years which is impacted by the need to complete a number of joint programs (i.e. programs funded through non-appropriation receipts), including for river and environmental management programs and the residual components of the Environmental Works and Measures Program, for which funds have been retained in the Murray-Darling Basin special account.

Revenue from Government includes the funding for the South-Australian Riverland Floodplain Integrated Infrastructure Project. The Project, with an estimated total cost of \$155 million, is planned to progress further over the next three years.

### 3.2 BUDGETED FINANCIAL STATEMENTS TABLES

**Table 3.1 Comprehensive income statement (showing net cost of services) (for the period ended 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>EXPENSES</b>					
Employee benefits	37,874	38,597	39,332	37,208	38,377
Supplier	104,204	110,219	105,197	108,783	119,814
Grants <sup>(a)</sup>	36,500	43,500	25,000	-	-
Depreciation and amortisation	1,768	1,768	1,768	1,768	1,768
<b>Total expenses</b>	<b>180,346</b>	<b>194,084</b>	<b>171,297</b>	<b>147,759</b>	<b>159,959</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
Grants <sup>(b)</sup>	94,063	89,581	94,488	99,588	99,208
Royalties	700	1,100	700	700	700
Other	3,962	3,703	4,833	5,664	4,117
<b>Total own-source revenue</b>	<b>98,725</b>	<b>94,384</b>	<b>100,021</b>	<b>105,952</b>	<b>104,025</b>
<b>Total own-source income</b>	<b>98,725</b>	<b>94,384</b>	<b>100,021</b>	<b>105,952</b>	<b>104,025</b>
<b>Net cost of (contribution by) services</b>	<b>(81,621)</b>	<b>(99,700)</b>	<b>(71,276)</b>	<b>(41,807)</b>	<b>(55,934)</b>
Revenue from Government	78,910	91,700	63,276	33,807	34,369
<b>Total revenue from Government</b>	<b>78,910</b>	<b>91,700</b>	<b>63,276</b>	<b>33,807</b>	<b>34,369</b>
<b>Surplus/(deficit) attributable to the Australian Government<sup>(c)</sup></b>	<b>(2,711)</b>	<b>(8,000)</b>	<b>(8,000)</b>	<b>(8,000)</b>	<b>(21,565)</b>
<b>Total comprehensive income/(loss) attributable to the Australian</b>	<b>(2,711)</b>	<b>(8,000)</b>	<b>(8,000)</b>	<b>(8,000)</b>	<b>(21,565)</b>

(a) This represents payment to South Australia as part of \$155.0 million funding over seven years for South Australian Riverland Floodplain Integrated Infrastructure Project (SARFIIP) commenced in 2013–14.

(b) For 2018–19 and the forward years this amount is an estimate pending Ministerial Council's decision.

(c) The MDBA's operating loss is the result of recommended accounting treatment for the special appropriation of \$441.5 million recognised as revenue during transition from Murray-Darling Basin Commission to MDBA in 2008–09.

Prepared on Australian Accounting Standards basis.

**Table 3.2: Budgeted departmental balance sheet (as at 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	79,251	71,251	63,251	55,251	33,686
Trade and other receivables	4,099	4,099	4,099	4,099	4,099
<b>Total financial assets</b>	<b>83,350</b>	<b>75,350</b>	<b>67,350</b>	<b>59,350</b>	<b>37,785</b>
<b>Non-financial assets</b>					
Property, plant and equipment	7,810	7,810	7,810	7,810	7,810
Intangibles	1,237	1,237	1,237	1,237	1,237
Others	803	803	803	803	803
<b>Total non-financial assets</b>	<b>9,850</b>	<b>9,850</b>	<b>9,850</b>	<b>9,850</b>	<b>9,850</b>
<b>Total assets</b>	<b>93,200</b>	<b>85,200</b>	<b>77,200</b>	<b>69,200</b>	<b>47,635</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	16,017	16,401	16,785	17,169	17,553
Other payables	5,414	4,994	4,574	4,154	3,734
<b>Total payables</b>	<b>21,431</b>	<b>21,395</b>	<b>21,359</b>	<b>21,323</b>	<b>21,287</b>
<b>Provisions</b>					
Employee provisions	10,011	10,011	10,011	10,011	10,011
Other provisions	1,244	1,280	1,316	1,352	1,388
<b>Total provisions</b>	<b>11,255</b>	<b>11,291</b>	<b>11,327</b>	<b>11,363</b>	<b>11,399</b>
<b>Total liabilities</b>	<b>32,686</b>	<b>32,686</b>	<b>32,686</b>	<b>32,686</b>	<b>32,686</b>
<b>Net assets</b>	<b>60,514</b>	<b>52,514</b>	<b>44,514</b>	<b>36,514</b>	<b>14,949</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	(11,199)	(11,199)	(11,199)	(11,199)	(11,199)
Retained surplus (accumulated deficit)	71,713	63,713	55,713	47,713	26,148
<b>Total Equity</b>	<b>60,514</b>	<b>52,514</b>	<b>44,514</b>	<b>36,514</b>	<b>14,949</b>

\*'Equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

**Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2018–19)**

	Retained earnings	Contribution equity/ capital	Total equity
	\$'000	\$'000	\$'000
<b>Opening balance as at 1 July 2018</b>			
Balance carried forward from previous period	71,713	(11,199)	60,514
<b>Adjusted opening balance</b>	<b>71,713</b>	<b>(11,199)</b>	<b>60,514</b>
<b>Comprehensive income</b>			
Surplus (deficit) for the period	(8,000)	-	(8,000)
<b>Total comprehensive income</b>	<b>(8,000)</b>	<b>-</b>	<b>(8,000)</b>
<b>Estimated closing balance as at 30 June 2019</b>	<b>63,713</b>	<b>(11,199)</b>	<b>52,514</b>
<b>Closing balance attributable to the Australian Government</b>	<b>63,713</b>	<b>(11,199)</b>	<b>52,514</b>

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Receipts from Government	78,910	91,700	63,276	33,807	34,369
Sale of goods and rendering of services	238	238	238	238	238
Grants cash received	94,063	89,581	94,488	99,588	99,208
Net GST received	9,465	10,124	9,673	9,962	11,081
Other	4,424	4,565	5,295	6,126	4,579
<b>Total cash received</b>	<b>187,100</b>	<b>196,208</b>	<b>172,970</b>	<b>149,721</b>	<b>149,475</b>
<b>Cash used</b>					
Employees	37,874	38,597	39,332	37,208	38,377
Suppliers	113,662	120,343	114,870	118,745	130,895
Grants	36,500	43,500	25,000	-	-
<b>Total cash used</b>	<b>188,036</b>	<b>202,440</b>	<b>179,202</b>	<b>155,953</b>	<b>169,272</b>
<b>Net cash from (used by) operating activities</b>	<b>(936)</b>	<b>(6,232)</b>	<b>(6,232)</b>	<b>(6,232)</b>	<b>(19,797)</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment	1,768	1,768	1,768	1,768	1,768
<b>Total cash used</b>	<b>1,768</b>	<b>1,768</b>	<b>1,768</b>	<b>1,768</b>	<b>1,768</b>
<b>Net cash from (used by) investing activities</b>	<b>(1,768)</b>	<b>(1,768)</b>	<b>(1,768)</b>	<b>(1,768)</b>	<b>(1,768)</b>
<b>Net increase (decrease) in cash held</b>	<b>(2,704)</b>	<b>(8,000)</b>	<b>(8,000)</b>	<b>(8,000)</b>	<b>(21,565)</b>
Cash and cash equivalents at the beginning of the reporting period	81,955	79,251	71,251	63,251	55,251
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>79,251</b>	<b>71,251</b>	<b>63,251</b>	<b>55,251</b>	<b>33,686</b>

Prepared on Australian Accounting Standards basis.

**Table 3.5: Departmental capital budget statement (for the period ended 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded internally from departmental resources <sup>(a)</sup>	1,768	1,768	1,768	1,768	1,768
<b>TOTAL</b>	<b>1,768</b>	<b>1,768</b>	<b>1,768</b>	<b>1,768</b>	<b>1,768</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	1,768	1,768	1,768	1,768	1,768
<b>Total cash used to acquire assets</b>	<b>1,768</b>	<b>1,768</b>	<b>1,768</b>	<b>1,768</b>	<b>1,768</b>

(a) The MDBA does not have a Departmental Capital Budget.

Consistent with information contained in the Statement of Asset Movements and the Budgeted Statement of Cash Flows.

**Table 3.6: Statement of asset movements (Budget year 2018–19)**

	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
<b>As at 1 July 2018</b>			
Gross book value	9,059	8,727	17,786
Accumulated depreciation/amortisation and impairment	(1,249)	(7,490)	(8,739)
<b>Opening net book balance</b>	<b>7,810</b>	<b>1,237</b>	<b>9,047</b>
<b>CAPITAL ASSET ADDITIONS</b>			
<b>Estimated expenditure on new or replacement assets</b>			
By purchase – other <sup>(a)</sup>	1,007	761	1,768
<b>Total additions</b>	<b>1,007</b>	<b>761</b>	<b>1,768</b>
<b>Other movements</b>			
Depreciation/amortisation expense	(1,007)	(761)	(1,768)
<b>Total other movements</b>	<b>(1,007)</b>	<b>(761)</b>	<b>(1,768)</b>
<b>As at 30 June 2019</b>			
Gross book value	10,066	9,488	19,554
Accumulated depreciation/amortisation and impairment	(2,256)	(8,251)	(10,507)
<b>Closing net book balance</b>	<b>7,810</b>	<b>1,237</b>	<b>9,047</b>

(a) Purchase of 'Other property, plant and equipment' and internally developed software (intangibles) are funded internally from departmental resources.

Prepared on Australian Accounting Standards basis.

**Table 3.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)**

The schedule of budgeted income and expenses administered on behalf of Government does not apply to the MDBA.

**Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)**

The schedule of budgeted assets and liabilities administered on behalf of Government does not apply to the MDBA.

**Table 3.9: Schedule of budgeted administered cash flows (for the period ended 30 June)**

The schedule of budgeted administered cash flows on behalf of Government does not apply to the MDBA.



# REGIONAL INVESTMENT CORPORATION

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# REGIONAL INVESTMENT CORPORATION

## Section 1: Entity overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

The Regional Investment Corporation (RIC) is a corporate Commonwealth entity established by the *Regional Investment Corporation Act 2018*. An independent Board oversees the RIC and is responsible for providing loans to eligible farm businesses and advising government on nationally significant water infrastructure projects.

The RIC will streamline the administration of farm business loans, delivering national consistency and ensuring loans are prudently assessed in a timely manner to help farmers in need. The concessional loans program will support the long-term strength, resilience and profitability of eligible farm businesses by helping them to build and maintain diversity in the markets they supply, and to take advantage of new and emerging opportunities across Australia and overseas. Loans will be targeted to farm businesses that mainly supply, or intend to mainly supply, products into supply chains that are interstate or overseas. The RIC will also provide concessional loans to help eligible farm businesses prepare for, manage through and recover from periods of drought.

The RIC will also provide independent advice to government on projects for consideration under the National Water Infrastructure Loan Facility (NWILF) and then deliver approved loans to the states and territories to fast-track the construction of priority water infrastructure projects. The NWILF is designed to assist state and territory government co-investment in vital water infrastructure. Loan funding aims to accelerate the construction of major water infrastructure projects such as dams, weirs, pipelines, managed groundwater (aquifer) recharge and wastewater reuse schemes that deliver broad public benefits, including through increased regional water availability and security for water users. Funding for the NWILF is appropriated to the Department of Infrastructure, Regional Development and Cities.

The RIC achieves this through its outcome:

**Outcome 1:** Encourage growth, investment and resilience in Australian farm businesses and rural and regional communities by delivering the Commonwealth's farm business concessional loans and the National Water Infrastructure Loan Facility.

## 1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total resources from all sources. The table summarises how resources will be applied by outcome and by administered and departmental classification.

**Table 1.1: Regional Investment Corporation – Resource Statement – Budget Estimates for 2018–19 as at Budget May 2018**

	<i>2017–18 Estimated actual \$'000</i>	2018–19 Estimate  \$'000
<b>Opening balance/cash reserves at 1 July</b>	-	-
<b>Funds from Government</b>		
Annual appropriations – ordinary annual services <sup>(a)</sup>		
Outcome 1	-	<b>12,555</b>
<i>Total annual appropriations</i>	-	<b>12,555</b>
<b>Total funds from Government</b>	-	<b>12,555</b>
<b>Funds from other sources</b>		
Revenues from other independent sources	-	4,773
<i>Total funds from other sources</i>	-	<b>4,773</b>
<b>Total net resourcing for RIC</b>	-	<b>17,328</b>
	<b>2017–18</b>	<b>2018–19</b>
<b>Average staffing level (number)</b>	-	32

(a) Appropriation Bill (No. 1) 2018–19. Appropriation is provided through the Department of Agriculture and Water Resources and is specified within the Annual Appropriation Bills as a payment to the RIC.

Please note: All figures shown above are GST exclusive - these may not match figures in the cash flow statement.

Prepared on a resourcing (i.e. appropriations available) basis.

### **1.3 BUDGET MEASURES**

Budget measures in Part 1 relating to the Regional Investment Corporation are detailed in *Budget Paper No. 2: Budget Measures 2018–19* and are summarised below.

#### **Table 1.2: Regional Investment Corporation 2018–19 Budget measures**

##### **Part 1: Measures announced since the 2017–18 Mid-Year Economic and Fiscal Outlook (MYEFO)**

RIC does not have any 2018–19 Budget measures.

##### **Part 2: Other measures not previously reported in a portfolio statement**

RIC does not have any other measures not previously reported in a portfolio statement.

## Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

**Note:**

Performance reporting requirements in the Portfolio Budget Statements are part of the Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in annual reports – to provide an entity's complete performance story.

The first corporate plan for the Regional Investment Corporation will be published in early 2018–19. This will form the basis for the 2018–19 annual performance statements in the annual report to be tabled in 2019.

## 2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

**Outcome 1: Encourage growth, investment and resilience in Australian farm businesses and rural and regional communities by delivering the Commonwealth’s farm business concessional loans and the National Water Infrastructure Loan Facility.**

### Linked programs

<b>Department of Agriculture and Water Resources</b>
<p><b>Program:</b></p> <ul style="list-style-type: none"> <li>• Program 1.11: Drought Programs</li> </ul>
<p><b>Contribution to Outcome 1 made by linked program:</b></p> <p>The Regional Investment Corporation works together with the Department of Agriculture and Water Resources to ensure more sustainable, productive, internationally competitive and profitable Australian agricultural industries.</p>
<b>Department of Industry, Innovation and Science</b>
<p><b>Programs:</b></p> <ul style="list-style-type: none"> <li>• Program 2: Growing Business Investment and Improving Business Capability</li> </ul>
<p><b>Contribution to Outcome 3 made by linked programs:</b></p> <p>The Regional Investment Corporation and the Department of Industry, Innovation and Science are working to enhance northern Australia's water security and agricultural productivity through identification and funding of new water infrastructure through the National Water Infrastructure Loan Facility.</p>
<b>Department of Infrastructure, Regional Development and Cities</b>
<p><b>Program:</b></p> <ul style="list-style-type: none"> <li>• Program 3.3: Cities</li> </ul>
<p><b>Contribution to Outcome 3 made by linked program:</b></p> <p>The Regional Investment Corporation works with the Department of Infrastructure, Regional Development and Cities to support state and territory investment in water infrastructure that will provide affordable water to support the growth of regional economies.</p>

**Table 2.1.1: Budgeted expenses for Outcome 1**

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

**Outcome 1: Encourage growth, investment and resilience in Australian farm businesses and rural and regional communities by delivering the Commonwealth's farm business concessional loans and the National Water Infrastructure Loan Facility.**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>Program 1.1: Regional Investment Corporation</b>					
Revenue from Government					
Ordinary annual services (Appropriation Bill (No. 1)) <sup>(a)</sup>	-	12,555	12,964	13,369	13,590
Revenues from other independent sources	-	4,773	12,411	20,048	27,686
<b>Total expenses for program 1.1</b>	-	<b>17,328</b>	<b>25,375</b>	<b>33,417</b>	<b>41,276</b>
<b>Outcome 1 totals by resource type</b>					
Revenue from Government					
Ordinary annual services (Appropriation Bill (No. 1))	-	12,555	12,964	13,369	13,590
Revenues from other independent sources	-	4,773	12,411	20,048	27,686
<b>Total expenses for Outcome 1</b>	-	<b>17,328</b>	<b>25,375</b>	<b>33,417</b>	<b>41,276</b>
	<b>2017-18</b>	<b>2018-19</b>			
<b>Average staffing level (number)</b>	-	32			

(a) The RIC is a corporate Commonwealth entity (CCE) under the PGPA Act and does not receive direct appropriations. Instead, this funding passes through the Department of Agriculture and Water Resources to the RIC.

## 2.1.2 Performance criteria for Outcome 1

Table 2.1.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2018 – 19 Budget measures have created new programs or materially changed existing programs.

<b>Outcome 1 – Encourage growth, investment and resilience in Australian farm businesses and rural and regional communities by delivering the Commonwealth’s farm business concessional loans and the National Water Infrastructure Loan Facility.</b>		
<b>Program 1.1: Regional Investment Corporation</b>		
<b>Objectives</b>	<p>Provide practical support and investment to help rural and regional communities achieve economic growth, agricultural productivity and resilience through the delivery of farm business loans and water infrastructure loans.</p> <p>The Corporation’s farm business loans provide low-cost finance to farm businesses that are in financial need of assistance, to recover from short-term hardship, but are assessed as financially viable over the long-term and able to repay the loan.</p> <p>The Corporation administers water infrastructure loans to the states and territories to support long-term regional economic growth and development by investing in economically viable water infrastructure that will provide secure and affordable water.</p>	
<b>Delivery</b>	<p>Concessional loans are delivered directly to eligible farm businesses in a streamlined and nationally consistent way.</p> <p>Applications for water infrastructure loans from all states and territories are assessed and the achievement of project milestones monitored to enable loan instalments of funding.</p>	
<b>Performance information</b>		
<b>Year</b>	<b>Performance criteria<sup>(a)</sup></b>	<b>Targets</b>
2017–18	The entity is established with appropriate structures in place for the delivery of farm business loans and the assessment and administration of water loans.	Finalised.
2018–19	All eligible farm businesses have access to farm business loans.	Establishment of a nationally consistent delivery model.
	The water loan facility is available to states and territories.	No days are lost in the transfer of the administration of the loan facility to RIC.

Continued on following page

**Contributions to Outcome 1 (continued)**

<b>Performance information (continued)</b>		
<b>Year</b>	<b>Performance criteria<sup>(a)</sup></b>	<b>Targets</b>
2018–19 (continued)	Loan monies (farm business loans and water loans) are disbursed and received accurately and in line with contractual and legislative requirements.	100 per cent.
	Farm businesses improve their circumstances through access to concessional financial assistance.	\$250 million is made available to eligible farm businesses in need to improve their circumstances (2019–20 and beyond).
2019–20 and beyond	All eligible farm businesses have access to farm business loans.	Delivery channels ensure timely and accurate access to information and assessment for all eligible farm businesses.
	Loan monies (farm business loans and water loans) are disbursed and received accurately and in line with contractual and legislative requirements.	100 per cent.
	Farm businesses improve their circumstances through access to concessional financial assistance.	\$250 million is made available to eligible farm businesses in need to improve their circumstances (2019–20 and beyond).
	Greater capacity for regional and economic growth, water security and affordability and irrigation and agriculture.	States and territories can co-invest in projects.  Approved water infrastructure projects complement the outcomes of the Murray Darling Basin Plan, where relevant.  Approved water infrastructure projects are in accordance with the National Water Initiative.
<b>Purpose</b>	To provide loans that support the long-term strength, resilience and profitability of Australian farm businesses and for water infrastructure that will provide secure and affordable water supplies to support the growth of regional economies and communities.	

## Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2018–19 budget year, including the impact of budget measures and resourcing on financial statements.

### **3.1 BUDGETED FINANCIAL STATEMENTS**

#### **3.1.1 Explanatory notes and analysis of budgeted financial statements**

The Regional Investment Corporation is budgeting for a balanced budget position in 2018–19. The Corporation’s expected employee and supplier expense budget is \$12.6 million in 2018–19 and \$13.0 million in 2019–20.

In 2018–19, the Corporation will develop its corporate ability to support the provision of loans to eligible farm businesses and advice to government on nationally significant water infrastructure projects. As a new entity, this will include growth of all facets of internal capability.

The expense budget reflects the work programs for the Corporation in receiving and evaluating loan applications and managing approved loans to eligible farm businesses, as well as evaluating projects for consideration under the National Water Infrastructure Loan Facility, providing independent advice to the Government and delivering approved loans to the states and territories.

### 3.2 BUDGETED FINANCIAL STATEMENTS TABLES

**Table 3.1 Comprehensive income statement (showing net cost of services) (for the period ended 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>EXPENSES</b>					
Employee benefits	-	4,254	4,253	4,278	4,298
Supplier	-	8,301	8,711	9,091	9,292
Finance costs	-	4,773	12,411	20,048	27,686
<b>Total expenses</b>	-	<b>17,328</b>	<b>25,375</b>	<b>33,417</b>	<b>41,276</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
Other	-	4,773	12,411	20,048	27,686
<b>Total own-source revenue</b>	-	<b>4,773</b>	<b>12,411</b>	<b>20,048</b>	<b>27,686</b>
<b>Total own-source income</b>	-	<b>4,773</b>	<b>12,411</b>	<b>20,048</b>	<b>27,686</b>
<b>Net cost of (contribution by) services</b>	-	<b>(12,555)</b>	<b>(12,964)</b>	<b>(13,369)</b>	<b>(13,590)</b>
Revenue from Government <sup>(a)</sup>	-	12,555	12,964	13,369	13,590
<b>Total revenue from Government</b>	-	<b>12,555</b>	<b>12,964</b>	<b>13,369</b>	<b>13,590</b>
<b>Surplus/(deficit) attributable to the Australian Government</b>	-	-	-	-	-
<b>Total comprehensive income/(loss) attributable to the Australian Government</b>	-	-	-	-	-

(a) The RIC is a corporate Commonwealth entity (CCE) under the PGPA Act and does not receive direct appropriations. Instead, this funding passes through the department to the RIC.

Prepared on Australian Accounting Standards basis.

**Table 3.2: Budgeted departmental balance sheet (as at 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Trade and other receivables	-	250,000	500,000	750,000	1,000,000
<b>Total financial assets</b>	-	<b>250,000</b>	<b>500,000</b>	<b>750,000</b>	<b>1,000,000</b>
<b>Non-financial assets</b>					
Intangibles	-	-	-	-	337
<b>Total non-financial assets</b>	-	-	-	-	<b>337</b>
<b>Total assets</b>	-	<b>250,000</b>	<b>500,000</b>	<b>750,000</b>	<b>1,000,337</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Other payables	-	250,000	500,000	750,000	1,000,000
<b>Total payables</b>	-	<b>250,000</b>	<b>500,000</b>	<b>750,000</b>	<b>1,000,000</b>
<b>Total liabilities</b>	-	<b>250,000</b>	<b>500,000</b>	<b>750,000</b>	<b>1,000,000</b>
<b>Net assets</b>	-	-	-	-	<b>337</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	-	-	-	-	337
<b>Total Equity</b>	-	-	-	-	<b>337</b>

\*'Equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

**Table 3.3: Departmental statement of changes in equity—summary of movement (Budget year 2018–19)**

The departmental statement of changes in equity – summary of movement (Budget year 2018–19 does not apply to the RIC for this Budget update.

**Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Receipts from Government	-	12,555	12,964	13,369	13,590
Other	-	4,773	12,411	20,048	27,686
<b>Total cash received</b>	<b>-</b>	<b>17,328</b>	<b>25,375</b>	<b>33,417</b>	<b>41,276</b>
<b>Cash used</b>					
Employees	-	4,254	4,253	4,278	4,298
Suppliers	-	8,301	8,711	9,091	9,292
Borrowing costs	-	4,773	12,411	20,048	27,686
<b>Total cash used</b>	<b>-</b>	<b>17,328</b>	<b>25,375</b>	<b>33,417</b>	<b>41,276</b>
<b>Net cash from (used by) operating activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Advances for loans	-	250,000	250,000	250,000	250,000
<b>Total cash received</b>	<b>-</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	-	-	-	-	337
Loans made	-	250,000	250,000	250,000	250,000
<b>Total cash used</b>	<b>-</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,337</b>
<b>Net cash from (used by) investing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(337)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Contributed equity	-	-	-	-	337
<b>Total cash received</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>337</b>
<b>Net increase (decrease) in cash held</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period	-	-	-	-	-
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Prepared on Australian Accounting Standards basis.

**Table 3.5: Departmental capital budget statement (for the period ended 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>NEW CAPITAL APPROPRIATIONS</b>					
Equity injections - Bill 2	-	-	-	-	337
<b>Total new capital appropriations</b>	-	-	-	-	<b>337</b>
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	-	-	-	-	337
<b>Total items</b>	-	-	-	-	<b>337</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriations	-	-	-	-	337
<b>TOTAL</b>	-	-	-	-	<b>337</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	-	-	-	-	337
<b>Total cash used to acquire assets</b>	-	-	-	-	<b>337</b>

Consistent with information contained in the Statement of Asset Movements and the Budgeted Statement of Cash Flows.

**Table 3.6: Statement of asset movements (Budget year 2018–19)**

The statement of asset movements (Budget year 2018–19) does not apply to the RIC for this Budget update.

**Table 3.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)**

The schedule of budgeted income and expenses administered on behalf of Government does not apply to the RIC.

**Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)**

The schedule of budgeted assets and liabilities administered on behalf of Government does not apply to the RIC.

**Table 3.9: Schedule of budgeted administered cash flows (for the period ended 30 June)**

The schedule of budgeted administered cash flows on behalf of Government does not apply to the RIC.

# WINE AUSTRALIA

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# WINE AUSTRALIA

## Section 1: Entity overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

Wine Australia supports a prosperous Australian grape and wine community by investing in research and development (R&D), building international and domestic markets, disseminating knowledge, encouraging adoption and protecting the reputation of Australian wine. We are governed by the *Wine Australia Act 2013* (Wine Australia Act). Our role under the Wine Australia Act is to:

- Coordinate or fund grape and wine research and development and facilitate the dissemination, adoption and commercialisation of the results;
- Control the export of wine from Australia; and
- Promote the sale and consumption of wine, both in Australia and overseas.

We are funded by grape growers and winemakers through levies and user-pays charges; and by the Australian Government, which provides matching funding for research, development and extension (RD&E) investments.

Australian wine is a unique, high-quality product crafted in 65 wine regions around the country. The Australian wine sector has approximately 6,251 grape growers, 132,393 hectares of vines, 2,468 wineries and produces 1.3 billion litres of wine. In 2015, independent economic research quantified the Australian grape and wine sector's contribution to the national economy. The wine sector—defined as grape growing, winemaking and wine-related tourism—supported 172,736 full-time and part-time jobs, most of which are in regional Australia, and contributed \$40.2 billion to the value of gross output to the Australian economy.

In 2018–19, Wine Australia will invest in RD&E, regulatory services and marketing to support our two strategic priorities that are outlined in our five-year Strategic Plan 2015–2020. Our priorities are:

- Increasing demand and the premium paid for all Australian wine; and
- Increasing competition.

This will be the fourth year of operation with these priorities. In 2017, Australian exports of wine increased by 15 per cent to \$2.56 billion, the highest annual growth rate since 2004. It was a record breaking year for volume, growing by 8 per cent to 811 million litres – a calendar year high. Average value increased to \$3.16 per litre free on board, the highest level since 2009. There was increased demand at all price points, and the rate of growth in exports was again fastest at higher price points. Wine exports priced at \$10 per litre and over free on board grew 29 per cent in 2017 to a record \$738 million and make up 28.8 per cent of exports. There were a record 2,210 active exporters in 2017 and Australian wine was exported to 126 destinations.

Our marketing investments are focused on our strategy of Promoting Australia wine in the Asia Pacific, China, North America, the United Kingdom and Europe.

In 2018–19, we will deliver the Export and Regional Wine Support Package under the Ten Year Enterprise Tax Plan – wine equalisation tax rebate integrity and wine tourism funding. The \$50 million program is focused on wine promotion both internationally and domestically. Initiatives will benefit regional wine producers and assist export-focused businesses to continue to grow. We will also administer the Wine Tourism and Cellar Door Grant that commences in 2019–20.

Our regulatory services activities are focused on our strategy of Protecting the reputation of Australian wine by licensing exporters, issuing permits for Australian wine and brandy exports, auditing label integrity to prevent false and misleading labelling and through the Geographical Indications Committee, defining the wine grape producing regions of Australia.

Our R&D investments are focused on seven core strategies:

- Building Australian grape and wine excellence;
- Improving resource management and sustainability;
- Improving vineyard performance;
- Improving winery performance;
- Enhancing market access;
- Building capability; and
- Business intelligence and measurement.

Our extension and adoption strategy encourages practice change by extending new knowledge so that stakeholders benefit from R&D outcomes.

We also work closely with other research and development corporations (RDCs) in cross-sectoral collaborative research, including through the Australian Government's Rural Research and Development for Profit program, to deliver RD&E benefits to the broader community.

Since 2015-16, we have been collecting the Wine Export Charge on behalf of the Australian Government. This streamlined the payment process for companies that pay the charge. In 2017-18, we will continue to investigate ways to reduce the time spent on compliance for our levy payers. We will also work with the Department of Agriculture and Water Resources and other RDCs to establish a register of all our levy payers.

Continued successful investment in the development of the Australian wine sector will see the sector further improve its competitiveness and financial sustainability.

## 1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total resources from all sources. The table summarises how resources will be applied by outcome and by administered and departmental classification.

**Table 1.1: Wine Australia – Resource Statement – Budget Estimates for 2018–19 as at May 2018**

	2017–18 <i>Estimated actual</i> \$'000	2018–19 Estimate \$'000
<b>Opening balance/cash reserves at 1 July</b>	<b>1,903</b>	<b>1,959</b>
<b>Funds from Government</b>		
Amounts received from related entities		
Amounts from portfolio department <sup>(a)</sup>	16,014	15,924
<i>Total amounts received from related entities</i>	<b>16,014</b>	<b>15,924</b>
<b>Special appropriations<sup>(b)</sup></b>		
<i>Wine Australia Act 2013, s. 32 –     payments to the Authority</i>	33,804	32,600
<i>Total special appropriations</i>	<b>33,804</b>	<b>32,600</b>
<b>Total funds from Government</b>	<b>49,818</b>	<b>48,524</b>
<b>Funds from industry sources</b>		
Levies <sup>(c)</sup>	21,304	19,600
<i>less amounts paid to the CRF</i>	(21,304)	(19,600)
<i>Total funds from industry sources</i>	-	-
<b>Funds from other sources</b>		
Interest	228	276
Other	6,992	9,365
<i>Total funds from other sources</i>	<b>7,220</b>	<b>9,641</b>
<b>Total net resourcing for Wine Australia</b>	<b>58,941</b>	<b>60,124</b>
	<b>2017–18</b>	<b>2018–19</b>
<b>Average staffing level (number)</b>	53	53

(a) Funding provided by the portfolio department that is not specified within the Annual Appropriation Bills as a payment to that corporate entity (for example, a grant awarded to a corporate entity from one of its portfolio department's administered programs).

(b) Wine Australia is not directly appropriated as it is a Corporate Commonwealth Entity (CCE) under the PGPA Act. Appropriations are made to the Department of Agriculture and Water Resources and then paid to Wine Australia and are considered departmental for all purposes.

(c) Levies comprise the Grape Research Levy and the Wine Grapes Levy, imposed by the *Primary Industries (Excise) Levies Act 1999* and *Primary Industries (Customs) Charges Act 1999*.

CRF – Consolidated Revenue Fund

Prepared on a resourcing (i.e. appropriations available) basis.

Please note: All figures shown above are GST exclusive – these may not match figures in the cash flow statement.

### 1.3 BUDGET MEASURES

Budget measures in Part 1 relating to the Wine Australia are detailed in *Budget Paper No. 2: Budget Measures 2018–19* and are summarised below.

#### **Table 1.2: Wine Australia 2018–19 Budget measures**

##### **Part 1: Measures announced since the 2017–18 Mid-Year Economic and Fiscal Outlook (MYEFO)**

Wine Australia does not have any 2018–19 Budget measures.

##### **Part 2: Other measures not previously reported in a portfolio statement**

Wine Australia does not have any other measures not previously reported in a portfolio statement.

## Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

**Note:**

Performance reporting requirements in the Portfolio Budget Statements are part of the Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in annual reports - to provide an entity's complete performance story.

The most recent corporate plan for Wine Australia can be found at:  
<https://www.wineaustralia.com/getmedia/cf1b4573-7576-46ca-95ae-a02473d0ea14/Wine-Australia-Strategic-Plan-2015-2020-Dec-2017.pdf>

The most recent annual performance statement for Wine Australia can be found at:  
<https://www.wineaustralia.com/getmedia/4917b8a5-35b8-4807-af18-18c969c6dc84/Performance-Evaluation-Report-2016-17-FINAL.pdf>

## 2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

**Outcome 1: Foster and enable a competitive Australian wine industry by investing in research and development, building markets, disseminating knowledge and ensuring compliance.**

### Linked programs

<b>Department of Agriculture and Water Resources</b>
<p><b>Program:</b></p> <ul style="list-style-type: none"> <li>• Program 1.10: Agricultural Resources</li> </ul>
<p><b>Contribution to Outcome 1 made by linked program:</b></p> <p>Wine Australia and the Department of Agriculture and Water Resources work together to ensure a sustainable, productive and profitable grape and wine sector.</p>
<b>Department of the Treasury</b>
<p><b>Program:</b></p> <ul style="list-style-type: none"> <li>• Program 1.3: Support for markets and business</li> </ul>
<p><b>Contribution to Outcome 1 made by linked program:</b></p> <p>Wine Australia delivers the Export and Regional Wine Support Package under the Department of the Treasury’s Ten Year Enterprise Tax Plan – wine equalisation tax rebate integrity and wine tourism funding. This promotes wine and assists export-focused businesses to continue to grow. It will also benefit regional wine producers and their communities through increasing wine tourism. Wine Australia will also administer the Wine Tourism and Cellar Door Grant, which commences in 2019–20.</p>

**Table 2.1.1: Budgeted expenses for Outcome 1**

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

<b>Outcome 1: Foster and enable a competitive Australian wine industry by investing in research and development, building markets, disseminating knowledge and ensuring compliance.</b>					
	2017–18 estimated actual \$'000	2018–19 estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>Program 1.1: Wine Australia</b>					
Revenue from Government					
Payment from related entities	16,014	15,924	26,062	10,000	10,000
Special appropriations					
<i>Wine Australia Act 2013</i> , s. 32 – payments to the Authority	33,804	32,600	32,150	32,150	31,400
Revenues from other independent sources	9,220	11,641	10,447	10,447	9,447
<b>Total expenses for program 1.1</b>	<b>59,038</b>	<b>60,165</b>	<b>68,659</b>	<b>52,597</b>	<b>50,847</b>
<b>Outcome 1 totals by resource type</b>					
Revenue from Government					
Payment from related entities	16,014	15,924	26,062	10,000	10,000
Special appropriations	33,804	32,600	32,150	32,150	31,400
Revenues from other independent sources	9,220	11,641	10,447	10,447	9,447
<b>Total expenses for Outcome 1</b>	<b>59,038</b>	<b>60,165</b>	<b>68,659</b>	<b>52,597</b>	<b>50,847</b>
<hr/>					
	<b>2017–18</b>	<b>2018–19</b>			
<b>Average staffing level (number)</b>	53	53			

### 2.1.2 Performance criteria for Outcome 1

Table 2.1.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2018–19 Budget measures have created new programs or materially changed existing programs.

As an entity established under the Wine Australia Act, Wine Australia does not produce a Corporate Plan under the PGPA Act and is therefore exempt from the requirement to map purposes to outcomes.

<b>Outcome 1: Foster and enable a competitive Australian wine industry by investing in research and development, building markets, disseminating knowledge and ensuring compliance.</b>	
<b>Program 1.1: Wine Australia</b>	
<b>Objective</b>	Invest in research and development, building markets, disseminating knowledge and ensuring compliance to foster and enable a competitive Australian wine sector.
<b>Delivery</b>	<p>We will invest in research and development (R&amp;D) in the seven strategic areas outlined in our Strategic Plan 2015–2020 for the benefit of wine grape growers, winemakers, wine businesses and the wider community.</p> <p>We will invest in marketing to promote Australian wine and grow international markets.</p> <p>We will invest in regulatory services to protect the reputation of Australian wine.</p> <p>We will support grape and wine businesses with market insights that allow them to make effective decisions.</p>

Continued on following pages

**Contributions to Outcome 1 (continued)**

<b>Performance information</b>		
<b>Year</b>	<b>Performance criteria<sup>(a)</sup></b>	<b>Targets</b>
2017–18	<b>RD&amp;E</b>	
	R&D projects are funded in line with the approved Annual Operational Plan (AOP).	100 per cent.
	R&D contracts are actively managed through regular and ongoing monitoring of the research.	100 per cent.
	An increased number of RD&E newsletter subscribers.	1,100
	The number of regional clusters participating in the Regional Program is maintained.	11
	<b>Marketing</b>	
	The number of user-pays events hosted with wine sector partners to engage influencers in key markets.	42
	The number of Wine Australia -funded events to engage influencers in key markets.	70
	<b>Market insights</b>	
	Improvement in customer satisfaction rating for market insights services.	74 per cent.
	<b>Regulatory services</b>	
	Risk-based audits reinforce a culture of compliance and help protect the reputation of Australian wine.	300
	Market export guides provide accurate information about import requirements for largest export markets.	27 guides.

Continued on following pages

## Contributions to Outcome 1 (continued)

Performance information (continued)		
Year	Performance criteria <sup>(a)</sup>	Targets
2018–19	<b>RD&amp;E</b>	
	Projects are funded in line with the AOP.	100 per cent.
	Contracts are actively managed through regular and ongoing monitoring of the research.	100 per cent.
	RD&E newsletter has more subscribers.	2,500
	The number of Regional Program partners is maintained.	11
	<b>Marketing</b>	
	Export and Regional Wine Support Package activities are completed in line with the funding agreement.	100 per cent.
	Wineries and distributors who participate in Wine Australia events report that they are satisfied.	At least 90 per cent.
	<b>Market insights</b>	
	Improvement in customer satisfaction rating for market insights services.	75 per cent.
	<b>Regulatory services</b>	
	Risk-based audits reinforce a culture of compliance and help protect the reputation of Australian wine.	300 audits.
	Market export guides provide accurate information about import requirements for largest export markets.	33 guides.

Continued on following page

**Contributions to Outcome 1 (continued)**

<b>Performance information (continued)</b>		
<b>Year</b>	<b>Performance criteria<sup>(a)</sup></b>	<b>Targets</b>
2019–20 and beyond	<b>RD&amp;E</b>	
	Projects are funded in line with the AOP.	100 per cent.
	Contracts are actively managed through regular and ongoing monitoring of the research.	100 per cent.
	RD&E newsletter has more subscribers.	(2017–18) 1,800. (2018–19) 2,500. (2019–20) 2,700. (2020–21) 2,800.
	The number of Regional Program partners is maintained.	11
	<b>Marketing</b>	
	Wineries and distributors who participate in Wine Australia events report that they are satisfied.	At least 90 per cent.
	<b>Market insights</b>	
	Customer satisfaction rating for services.	(2017–18) 74.5 per cent. (2018–19) 75.0 per cent. (2019–20) 75.5 per cent. (2020–21) 76.0 per cent.
	<b>Regulatory services</b>	
	Risk-based audits reinforce a culture of compliance and help protect the reputation of Australian wine.	300 audits.
	Market export guides provide accurate information about import requirements for largest export markets.	33 guides to 2019–20.

(a) New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.

## Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2018–19 budget year, including the impact of budget measures and resourcing on financial statements.

### **3.1 BUDGETED FINANCIAL STATEMENTS**

#### **3.1.1 Differences between entity resourcing and financial statements**

There are no differences between the entity resourcing and financial statements.

#### **3.1.2 Explanatory notes and analysis of budgeted financial statements**

The Budget incorporates the contracted and committed research, development and extension activities, the anticipated marketing programs and statutory duties.

Wine Australia receives levies on the tonnage of fruit grown (Grape Research Levy); grape products used in the manufacture of wine (Wine Grapes Levy); and on the value of wine exported (Wine Export Charge). Revenue from these levies is expected to be approximately \$19.6 million for the 2018–19 year, based on an expected 2018 vintage of 1.85 million tonnes.

RD&E expenditure attracts Commonwealth matching funding, which is calculated in accordance with the provisions of the *Primary Industries Research and Development Act 1989* (PIRD Act).

Other major sources of revenue are export licence and associated fees, promotional user-pays events, export partnership sponsorships and Australian Wine Overseas scheme sales.

Wine Australia is receiving additional revenue from government of \$50.0 million from 2016–17 to 2019–20 for the measure Ten Year Enterprise Tax Plan—wine equalisation tax rebate integrity and wine tourism funding.

### 3.2 BUDGETED FINANCIAL STATEMENTS TABLES

**Table 3.1 Comprehensive income statement (showing net cost of services)  
(for the period ended 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>EXPENSES</b>					
Employee benefits	9,131	10,143	10,143	10,143	10,143
Supplier	10,171	10,296	10,198	9,946	10,157
Grants	39,157	39,167	47,749	32,026	30,326
Other	21	1	21	21	21
Depreciation and amortisation	558	558	548	461	200
<b>Total expenses</b>	<b>59,038</b>	<b>60,165</b>	<b>68,659</b>	<b>52,597</b>	<b>50,847</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
Interest	228	276	276	276	276
Sale of goods and rendering of services	4,665	8,224	7,323	7,844	8,123
Other	2,327	1,141	848	327	48
<b>Total own-source revenue</b>	<b>7,220</b>	<b>9,641</b>	<b>8,447</b>	<b>8,447</b>	<b>8,447</b>
<b>Total own-source income</b>	<b>7,220</b>	<b>9,641</b>	<b>8,447</b>	<b>8,447</b>	<b>8,447</b>
<b>Net cost of (contribution by) services</b>	<b>51,818</b>	<b>50,524</b>	<b>60,212</b>	<b>44,150</b>	<b>42,400</b>
Revenue from Government <sup>(a)</sup>					
Commonwealth contribution	12,500	13,000	12,750	12,750	12,000
Industry contributions	21,304	19,600	19,400	19,400	19,400
Other	16,014	15,924	26,062	10,000	10,000
<b>Total revenue from Government</b>	<b>49,818</b>	<b>48,524</b>	<b>58,212</b>	<b>42,150</b>	<b>41,400</b>
<b>Surplus/(deficit) attributable to the Australian Government</b>	<b>(2,000)</b>	<b>(2,000)</b>	<b>(2,000)</b>	<b>(2,000)</b>	<b>(1,000)</b>
<b>Total comprehensive income/(loss) attributable to the Australian Government</b>	<b>(2,000)</b>	<b>(2,000)</b>	<b>(2,000)</b>	<b>(2,000)</b>	<b>(1,000)</b>

(a) Revenue from Government includes a Commonwealth contribution under the PIRD Act and levies collected from industry by the Department of Agriculture Water and Resources for research and development and marketing activities.

Prepared on Australian Accounting Standards basis.

**Table 3.2: Budgeted departmental balance sheet (as at 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	1,959	2,883	3,202	1,458	458
Trade and other receivables	1,964	2,513	2,492	2,447	2,447
Other investments	9,867	4,020	2,020	2,020	2,020
<b>Total financial assets</b>	<b>13,790</b>	<b>9,416</b>	<b>7,714</b>	<b>5,925</b>	<b>4,925</b>
<b>Non-financial assets</b>					
Land and buildings	7	-	-	-	-
Property, plant and equipment	344	114	64	14	14
Intangibles	642	3,449	2,951	2,540	2,340
Inventories	9	-	-	-	-
Other	742	863	863	863	863
<b>Total non-financial assets</b>	<b>1,744</b>	<b>4,426</b>	<b>3,878</b>	<b>3,417</b>	<b>3,217</b>
<b>Total assets</b>	<b>15,534</b>	<b>13,842</b>	<b>11,592</b>	<b>9,342</b>	<b>8,142</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	446	743	493	243	43
Grants	2,804	2,623	2,623	2,623	2,623
Other	53	60	60	60	60
<b>Total payables</b>	<b>3,303</b>	<b>3,426</b>	<b>3,176</b>	<b>2,926</b>	<b>2,726</b>
<b>Provisions</b>					
Employee provisions	1,017	1,202	1,202	1,202	1,202
Other provisions	95	95	95	95	95
<b>Total provisions</b>	<b>1,112</b>	<b>1,297</b>	<b>1,297</b>	<b>1,297</b>	<b>1,297</b>
<b>Total liabilities</b>	<b>4,415</b>	<b>4,723</b>	<b>4,473</b>	<b>4,223</b>	<b>4,023</b>
<b>Net assets</b>	<b>11,119</b>	<b>9,119</b>	<b>7,119</b>	<b>5,119</b>	<b>4,119</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Retained surplus (accumulated deficit)	11,119	9,119	7,119	5,119	4,119
<b>Total Equity</b>	<b>11,119</b>	<b>9,119</b>	<b>7,119</b>	<b>5,119</b>	<b>4,119</b>

\* 'Equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

**Table 3.3: Departmental statement of changes in equity – summary of movement (Budget year 2018–19)**

	Retained earnings	Total equity
	\$'000	\$'000
<b>Opening balance as at 1 July 2018</b>		
Balance carried forward from previous period	11,119	11,119
<b>Adjusted opening balance</b>	<b>11,119</b>	<b>11,119</b>
<b>Comprehensive income</b>		
Surplus (deficit) for the period	(2,000)	(2,000)
<b>Total comprehensive income</b>	<b>(2,000)</b>	<b>(2,000)</b>
<b>Estimated closing balance as at 30 June 2019</b>	<b>9,119</b>	<b>9,119</b>
<b>Closing balance attributable to the Australian Government</b>	<b>9,119</b>	<b>9,119</b>

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Interest	228	277	276	276	276
Grants	47,900	49,050	55,049	39,452	38,797
Net GST received	1,121	3,892	3,163	2,698	2,603
Other	9,139	7,776	8,171	8,195	8,150
<b>Total cash received</b>	<b>58,388</b>	<b>60,995</b>	<b>66,659</b>	<b>50,621</b>	<b>49,826</b>
<b>Cash used</b>					
Employees	9,010	9,958	10,143	10,143	10,143
Suppliers	11,688	10,104	10,448	10,196	10,357
Grants	38,207	42,721	47,749	32,026	30,326
<b>Total cash used</b>	<b>58,905</b>	<b>62,783</b>	<b>68,340</b>	<b>52,365</b>	<b>50,826</b>
<b>Net cash from (used by) operating activities</b>	<b>(517)</b>	<b>(1,788)</b>	<b>(1,681)</b>	<b>(1,744)</b>	<b>(1,000)</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Investments	12,000	9,000	12,000	10,000	10,000
<b>Total cash received</b>	<b>12,000</b>	<b>9,000</b>	<b>12,000</b>	<b>10,000</b>	<b>10,000</b>
<b>Cash used</b>					
Investments	10,818	3,153	10,000	10,000	10,000
Purchase of property, plant and equipment	609	3,135	-	-	-
<b>Total cash used</b>	<b>11,427</b>	<b>6,288</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>
<b>Net cash from (used by) investing activities</b>	<b>573</b>	<b>2,712</b>	<b>2,000</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash held</b>	<b>56</b>	<b>924</b>	<b>319</b>	<b>(1,744)</b>	<b>(1,000)</b>
Cash and cash equivalents at the beginning of the reporting period	1,903	1,959	2,883	3,202	1,458
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>1,959</b>	<b>2,883</b>	<b>3,202</b>	<b>1,458</b>	<b>458</b>

Prepared on Australian Accounting Standards basis.

**Table 3.5: Departmental capital budget statement**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>ASSETS</b>					
Funded internally from departmental resources <sup>(a)</sup>	609	3,135	-	-	-
<b>TOTAL</b>	<b>609</b>	<b>3,135</b>	-	-	-
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	609	3,135	-	-	-
<b>Total cash used to acquire assets</b>	<b>609</b>	<b>3,135</b>	-	-	-

(a) Includes the following source of funding:  
– internally developed assets.

Consistent with information contained in the Statement of Asset Movements and the Budgeted Statement of Cash Flows.

**Table 3.6: Statement of asset movements (Budget year 2018–19)**

	Land and buildings \$'000	Other property, plant and equipment \$'000	Intangibles \$'000	Total \$'000
<b>As at 1 July 2018</b>				
Gross book value	898	1,079	2,450	4,427
Accumulated depreciation/amortisation and impairment	(898)	(735)	(1,808)	(3,441)
<b>Opening net book balance</b>	<b>-</b>	<b>344</b>	<b>642</b>	<b>986</b>
<b>CAPITAL ASSET ADDITIONS</b>				
<b>Other movements</b>				
Depreciation/amortisation expense	-	(260)	(298)	(558)
<b>Total other movements</b>	<b>-</b>	<b>(260)</b>	<b>(298)</b>	<b>(558)</b>
<b>As at 30 June 2019</b>				
Gross book value	898	1,109	5,555	7,562
Accumulated depreciation/amortisation and impairment	(898)	(995)	(2,106)	(3,999)
<b>Closing net book balance</b>	<b>-</b>	<b>114</b>	<b>3,449</b>	<b>3,563</b>

Prepared on Australian Accounting Standards basis.

# AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY

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# AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY

## Section 1: Entity overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

The Australian Fisheries Management Authority (AFMA) was established under the *Fisheries Administration Act 1991* (FAA) to manage Australia's Commonwealth fisheries on behalf of the Australian community in accordance with the *Fisheries Management Act 1991* (FMA).

The AFMA Commission is responsible for exercising AFMA's domestic fisheries management functions and powers under the FAA and FMA. The Chief Executive Officer (CEO) of AFMA is responsible for assisting the Commission, including giving effect to its decisions and is also a Commissioner. The CEO is also responsible for exercising AFMA's foreign compliance functions, is the accountable authority under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and the agency head for the purposes of the *Public Service Act 1999*.

AFMA's legislated functions and objectives require the pursuit of efficient and cost effective fisheries management consistent with the principles of ecologically sustainable development, including the precautionary principle, and maximising the net economic returns to the Australian community from the management of Commonwealth fisheries. AFMA is to have regard to the impact of fishing on non-target species and on the long-term sustainability of the marine environment as well as taking into account the interests of commercial, recreational and Indigenous fishers in the management of Commonwealth fisheries.

AFMA delivers fisheries management arrangements, compliance programs, licensing services and develops operational policies and regulations. AFMA uses information gained from scientific research and its own monitoring activities to identify Australian marine living resources potentially affected by Commonwealth fisheries and implements measures to pursue sustainable fishing.

AFMA's role includes fisheries compliance and enforcement, education and training and vessel disposal activities. These activities protect Commonwealth and state-managed fisheries from illegal fishing and contribute to managing wider border security issues. AFMA participates in the Australian Government's civil maritime surveillance and response program and capacity building activities providing advice and training in neighbouring countries.

AFMA also provides fisheries management services for the Protected Zone Joint Authority (PZJA) under the *Torres Strait Fisheries Act 1984* (TSFA). Decisions under this legislation are made by the PZJA which comprises the Commonwealth as Chair and the Torres Strait Regional Authority and the Queensland Government as other members. The key objectives of the TSFA are to acknowledge and protect the traditional way of life and livelihood of traditional inhabitants, including their rights in relation to traditional fishing and to protect and preserve the marine environment and fauna and flora in and in the vicinity of the Protected Zone.

When developing and implementing fisheries management arrangements, AFMA works in partnership with the public and key stakeholders, including commercial fishing operators, the prescribed peak industry body, sectoral industry associations, Indigenous communities, recreational and charter fishing representatives, researchers, environment/conservation organisations and others with an interest in Commonwealth fisheries management. AFMA engages with stakeholder groups through management advisory committees, resource assessment groups, scientific panels, working groups, liaison meetings, port visits, and electronic newsletters to concession holders in Commonwealth fisheries. AFMA consults with the public on the development of, and amendments to, fishery management plans, including using contemporary digital, web and social media communication channels.

In managing Commonwealth fisheries, AFMA applies the Australian Government's cost recovery policy through its Cost Recovery Implementation Statement (CRIS). The commercial fishing industry pays for activities directly attributed to and recoverable from the fishing industry while the Government pays for compliance and enforcement activities that benefit the broader community.

To fulfil its functions, AFMA commissions and places a high importance on scientific and economic research and risk assessments to inform its decision-making.

AFMA's goals and strategies are aimed at continuing to deliver ecologically sustainable and economically efficient Commonwealth fisheries over the current and forecast period. Reflecting recent increased government requirements for expanded AFMA engagement with commercial, recreational and Indigenous stakeholders, we have revised our objective:

To maximise net economic returns to the Australian community through the ecologically sustainable development of Commonwealth fisheries resources.

To better reflect our emphasis on ecologically sustainable development (ESD), AFMA has increased the number of corporate goals under our Corporate Plan from three to four. This provides for closer alignment of AFMA's work with all elements of ESD beyond our past focus largely on the marine environment. As a result we will be increasing our consideration of the economic benefits for recreational and Indigenous stakeholders, as well as commercial fishers, and increasing the impact of AFMA's domestic and international compliance work. AFMA will adopt the strategies in the 2018–21 AFMA Corporate Plan to pursue the following corporate goals:

- Corporate Goal 1 – manage Commonwealth fisheries resources consistent with the principles of ecologically sustainable development
- Corporate Goal 2 – maximise the net economic returns to the Australian community from the management of Commonwealth fisheries
- Corporate Goal 3 – ensure compliance with Commonwealth fisheries laws and policies and relevant international fishing obligations and standards
- Corporate Goal 4 – deliver effective, cost efficient and accountable management of Commonwealth fisheries resources.

## 1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total resources from all sources. The table summarises how resources will be applied by outcome and by administered and departmental classification.

**Table 1.1: Australian Fisheries Management Authority – Resource Statement – Budget Estimates for 2018–19 as at May 2018**

	<i>2017–18 Estimated actual \$'000</i>	2018–19 Estimate  \$'000
<b>Departmental</b>		
Prior year appropriations available <sup>(a)</sup>	14,036	13,654
<b>Annual appropriations – ordinary annual services<sup>(b)</sup></b>		
Outcome 1	20,514	20,517
s. 74 retained revenue receipts <sup>(c)</sup>	2,733	2,851
<i>Total departmental annual appropriations</i>	<b>23,247</b>	<b>23,368</b>
<b>Special accounts<sup>(d)</sup></b>		
Appropriation receipts <sup>(e)</sup>	21,068	20,581
Non-appropriation receipts	14,238	14,300
<b>Total special account receipts</b>	<b>35,306</b>	<b>34,881</b>
<i>less departmental appropriations drawn from annual/special appropriations and credited to special accounts</i>	(21,068)	(20,581)
<b>Total departmental resourcing</b>	<b>51,521</b>	<b>51,322</b>
<b>Administered</b>		
<b>Annual appropriations – ordinary annual services<sup>(b)</sup></b>		
Outcome 1	5,424	5,506
<i>Total administered annual appropriations</i>	<b>5,424</b>	<b>5,506</b>
<b>Total administered resourcing</b>	<b>5,424</b>	<b>5,506</b>
<b>Total resourcing for AFMA</b>	<b>56,945</b>	<b>56,828</b>
	<b>2017–18</b>	<b>2018–19</b>
<b>Average staffing level (number)</b>	177	177

(a) These amounts reflects opening special account balances only.

(b) Appropriation Bill (No. 1) 2018–19.

(c) Estimated retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act)

(d) For further information on special appropriations and special accounts, please refer to *Budget Paper No. 4 – Agency Resourcing*. Please also see Table 2.1 for further information on outcome and program expenses broken down by various funding sources, e.g. annual appropriations, special appropriations and special accounts.

(e) Amounts credited to the special account(s) from entity AFMA's annual appropriations.

Prepared on a resourcing (i.e. appropriations available) basis.

Please note: All figures shown above are GST exclusive – these may not match figures in the cash flow statement.

### 1.3 BUDGET MEASURES

Budget measures in Part 1 relating to the Australian Fisheries Management Authority are detailed in *Budget Paper No. 2: Budget Measures 2018–19* and are summarised below.

#### **Table 1.2: Australian Fisheries Management Authority 2018–19 Budget measures**

##### **Part 1: Measures announced since the 2017–18 Mid-Year Economic and Fiscal Outlook (MYEFO)**

AFMA does not have any 2018–19 Budget measures.

##### **Part 2: Other measures not previously reported in a portfolio statement**

AFMA does not have any other measures not previously reported in a portfolio statement.

## Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

**Note:**

Performance reporting requirements in the Portfolio Budget Statements are part of the Commonwealth performance framework established by the PGPA Act. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in annual reports – to provide an entity's complete performance story.

The most recent corporate plan for the Australian Fisheries Management Authority can be found at: <http://www.afma.gov.au/about/corporate-publications/>.

The most recent annual performance statement can be found at: <http://www.afma.gov.au/wp-content/uploads/2017/11/9683RRR-AFMA-Annual-Report-2016-17-Tagged-update.pdf>.

## 2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

**Outcome 1: Ecologically sustainable and economically efficient Commonwealth fisheries, through understanding and monitoring Australia's marine living resources and regulating and monitoring commercial fishing, including domestic licensing and deterrence of illegal foreign fishing.**

### Linked programs

<b>Department of Agriculture and Water Resources</b>
<b>Programs:</b> <ul style="list-style-type: none"> <li>• Program 1.4: Fishing Industry</li> <li>• Program 2.1: Biosecurity and Export Services</li> </ul>
<b>Contribution to Outcome 1 made by linked program:</b> The Australian Fisheries Management Authority and Department of the Agriculture and Water Resources engage on fisheries management to ensure sustainable, productive and profitable fishery industry.
<b>Department of the Environment and Energy</b>
<b>Program:</b> <ul style="list-style-type: none"> <li>• Program 1.4: Conservation of Australia's Heritage and the Environment</li> </ul>
<b>Contribution to Outcome 1 made by linked program:</b> The Australian Fisheries Management Authority and Department of the Environment and Energy engage on fisheries management to ensure sustainable, productive and profitable fishery industry.
<b>Department of Home Affairs</b>
<b>Program:</b> <ul style="list-style-type: none"> <li>• Program 1.1: Border Enforcement</li> </ul>
<b>Contribution to Outcome 1 made by linked program:</b> The Australian Fisheries Management Authority provides the fisheries focus within the Australian Government Civil Maritime Surveillance and Response Program and is responsible for the administration of legislation on illegal fishing in the Australian Fishing Zone. AFMA deters and prevents illegal foreign fishing by carrying out prosecution of offenders, confiscation of boats, capacity building projects and cooperative enforcement operations.

**Table 2.1.1: Budgeted expenses for Outcome 1**

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by administered and departmental funding sources.

<b>Outcome 1: Ecologically sustainable and economically efficient Commonwealth fisheries, through understanding and monitoring Australia's marine living resources and regulating and monitoring commercial fishing, including domestic licensing and deterrence of illegal foreign fishing.</b>					
	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>Program 1.1: Australian Fisheries Management Authority</b>					
Administered expenses					
Ordinary annual services (Appropriation Bill (No. 1))					
Illegal Foreign Fishing Vessel Caretaking and Disposal	5,424	5,506	5,594	5,689	5,838
Departmental expenses					
Departmental appropriation <sup>(a)</sup>	22,827	24,825	22,570	22,807	23,491
Special account					
AFMA Special account	14,238	14,300	14,729	15,626	17,074
Expenses not requiring appropriation in the Budget year <sup>(b)</sup>	1,808	1,599	1,573	1,711	1,511
<b>Total expenses for program 1.1</b>	<b>44,297</b>	<b>46,230</b>	<b>44,466</b>	<b>45,833</b>	<b>47,914</b>
<b>Outcome 1 Totals by appropriation type</b>					
Administered expenses					
Ordinary annual services (Appropriation Bill (No. 1))	5,424	5,506	5,594	5,689	5,838
Departmental expenses					
Departmental appropriation <sup>(a)</sup>	22,827	24,825	22,570	22,807	23,491
Special account	14,238	14,300	14,729	15,626	17,074
Expenses not requiring appropriation in the Budget year <sup>(b)</sup>	1,808	1,599	1,573	1,711	1,511
<b>Total expenses for Outcome 1</b>	<b>44,297</b>	<b>46,230</b>	<b>44,466</b>	<b>45,833</b>	<b>47,914</b>
	<b>2017–18</b>	<b>2018–19</b>			
<b>Average staffing level (number)</b>	177	177			

(a) Expenses funded from both 'ordinary annual services' (Appropriation Bill No. 1 2018–19) and 'revenue from independent sources' (section 74 of the PGPA Act).

(b) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, and audit fees.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as Government priorities change.

## 2.1.2 Performance criteria for Outcome 1

Table 2.1.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2018–19 Budget measures have created new programs or materially changed existing programs.

<b>Outcome 1 – Ecologically sustainable and economically efficient Commonwealth fisheries, through understanding and monitoring Australia’s marine living resources and regulating and monitoring commercial fishing, including domestic licensing and deterrence of illegal foreign fishing.</b>	
<b>Program 1.1 – Australian Fisheries Management Authority</b>	
<b>Objective</b>	To maximise net economic returns to the Australian community through the ecologically sustainable development of Commonwealth fisheries resources.
<b>Delivery</b>	<p><b>AFMA manages Commonwealth fisheries resources consistent with principles of ecological sustainable development by:</b></p> <ul style="list-style-type: none"> <li>• Developing management arrangements that: : <ul style="list-style-type: none"> <li>○ Support the implementation of Commonwealth fisheries policies including the Harvest Strategy and Bycatch;</li> <li>○ Implement AFMA’s revised Ecological Risk Management Framework;</li> <li>○ Recover overfished stocks and prevent overfishing; and</li> <li>○ Ensure commercial, recreational and Indigenous fishing information is used in decision making.</li> </ul> </li> <li>• Investing in and applying scientific and economic research to decision making on fish stocks, sub-stocks, species (target and non-target species) and the impact of fishing on the marine environment.</li> </ul> <p><b>AFMA maximises the net economic returns to the Australian community from the management of Commonwealth fisheries by:</b></p> <ul style="list-style-type: none"> <li>• Reviewing management arrangements to take into account commercial, recreational and Indigenous fishing interests when maximising net economic returns from the commercial sector.</li> <li>• Increasing catch levels within sustainable total allowable catches (TACs) by conducting and considering implementation of research focussed on under caught TACs.</li> <li>• Managing exploratory fisheries (potentially underutilised fisheries).</li> <li>• Understanding impacts of resource allocation between commercial, recreational and Indigenous fishers.</li> </ul>

Continued on following pages

**Contributions to Outcome 1 (continued)**

<b>Program 1.1 – Australian Fisheries Management Authority (continued)</b>	
<b>Delivery (continued)</b>	<p><b>AFMA ensures compliance with Commonwealth fisheries laws and policies and relevant international fishing obligations and standards by:</b></p> <ul style="list-style-type: none"> <li>• Operating an effective compliance and enforcement regime encompassing:               <ul style="list-style-type: none"> <li>○ Risk-based, intelligence driven, and targeted domestic operations; and</li> <li>○ Engaging with regional fisheries management organisations and arrangements.</li> </ul> </li> <li>• Operating effective foreign fisheries compliance enforcement and capacity building by:               <ul style="list-style-type: none"> <li>○ Implementing strategies to deter and eliminate illegal, unregulated and unreported foreign fishing in Australian waters and on the high seas where Australia has an interest; and</li> <li>○ Participating in capacity building programs with neighbouring countries and supporting key regional and international fishing bodies.</li> </ul> </li> </ul> <p><b>AFMA delivers effective, cost efficient and accountable management of Commonwealth fisheries resources by:</b></p> <ul style="list-style-type: none"> <li>• Pursuing ministerial directives and government initiatives to improve regulation and administration generally in the Australian Government sector including:               <ul style="list-style-type: none"> <li>○ Exploring opportunities to streamline fisheries assessment and management processes; and</li> <li>○ Implementing new fisheries policies for harvest strategies and bycatch to improve fishery management performance.</li> </ul> </li> <li>• Reviewing business processes and systems, information flows and financial management arrangements through:               <ul style="list-style-type: none"> <li>○ Assessing and mitigating high financial and operating risks;</li> <li>○ Developing an e-business plan that considers cost effective and efficient use of electronic systems for logbooks, monitoring and licensing.</li> </ul> </li> <li>• Increasing AFMA accountability and stakeholder engagement through:               <ul style="list-style-type: none"> <li>○ Expanded membership management advisory committees (MACs) and resource assessment groups (RAGs); and</li> <li>○ Capability development for recreational and Indigenous members.</li> </ul> </li> </ul>

Continued on following pages

## Contributions to Outcome 1 (continued)

Performance information		
Year	Performance criteria <sup>(a)</sup>	Targets
2017–18	1. For economically significant stocks: <sup>(b)</sup>	
	a. Maximise the number of key commercial stocks with harvest strategy targets based on maximum economic yield (MEY) or the best available proxy. <sup>(c),(d)</sup>	15
	b. Improve the number of stocks in (a) assessed as being on target. <sup>(d)</sup>	4
	c. For those stocks in (a) assessed as not on target, improve the number that are heading towards their target reference point. <sup>(e)</sup>	6
	2. Number of fish stocks subject to overfishing. <sup>(e)</sup>	0
	3. Number of species assessed as remaining at high risk after mitigation. <sup>(f)</sup>	50
	4. The number of stocks that are assessed as overfished and will require effective management to return the stock to sustainability.	7
	5. Percentage of treatment targets for all priority domestic compliance risks met.	90 per cent. <sup>(g)</sup>
	6. Percentage of apprehended foreign illegal, unregulated and unreported (IUU) vessels and suspected irregular entry vessels (SIEVs) disposed of.	100 per cent.
7. Number of completed endorsed red tape reduction initiatives.	10	

Continued on following pages

**Contributions to Outcome 1 (continued)**

<b>Performance information (continued)</b>		
<b>Year</b>	<b>Performance criteria<sup>(a)</sup></b>	<b>Targets</b>
2018–19	1. <i>Complete an Ecological Risk Assessment (ERA) and Fisheries Management Strategy (FMS) for each fishery every five years. (number of fisheries).</i>	5
	2. <i>The number of high risk rated species from ERAs declines.</i>	88
	3. <i>Fisheries reporting on general bycatch quantity<sup>(h)</sup> each year. (number of fisheries).</i>	5
	4. <i>Fisheries reporting decreasing volume of general bycatch each year. (number of fisheries).</i>	3
	5. <i>Interaction rates with Threatened Endangered and Protected species (TEPs) decreasing each year (number of fisheries).</i>	3
	6. For economically significant stocks: <sup>(b)</sup>	
	a. maximise the number of key commercial stocks with harvest strategy targets based on MEY or the best available proxy.	At least 15.
	b. improve the number of stocks in (a) assessed as being on target. <sup>(d)</sup>	4

Continued on following pages

## Contributions to Outcome 1 (continued)

Performance information (continued)		
Year	Performance criteria <sup>(a)</sup>	Targets
2018–19 (continued)	c. for those stocks in (a) that are assessed as not on target, improve the number that are heading towards their target reference point. <sup>(e)</sup>	6
	7. <i>Major fisheries have harvest strategies that meet the Harvest Strategy Policy 2018 (HSP2018) within three years (number of fisheries).</i>	0
	8. <i>Other fisheries have harvest strategies that meet the HSP2018 within four years (number of fisheries).</i>	0
	9. Percentage of treatment targets for all priority domestic compliance risks met.	90 per cent. <sup>(g)</sup>
	10. Percentage of apprehended foreign IUU vessels and SIEVs delivered to AFMA disposed of.	100 per cent.
	11. <i>Industry cost recovery charges do not exceed the levels derived by increasing the 2005–06 recoveries by the Consumer Price Index (CPI) each year.</i>	<\$18.8 million.

Continued on following pages

**Contributions to Outcome 1 (continued)**

Performance information (continued)		
Year	Performance criteria <sup>(a)</sup>	Targets
2019–20 and beyond	1. Complete an ERA and FMS for each fishery every five years (number of fisheries).	(all forward years) 5.
	2. The number of high risk rated species from ERAs declines.	(2019–20) 80 (2020–21) 70 (2021–22) 60
	3. Fisheries reporting on general bycatch quantity <sup>(h)</sup> each year (number of fisheries).	(2019–20) 8 (2020–21) 11 (2021–22) 15
	4. Fisheries reporting decreasing volume of general bycatch each year (number of fisheries).	(2019–20) 6 (2020–21) 10 (2021–22) 15
	5. Interactions with TEPs decreasing each year (number of fisheries).	(2019–20) 5 (2020–21) 8 (2021–22) 10
	6. For economically significant stocks: <sup>(b)</sup>	
	a. maximise the number of key commercial stocks with harvest strategy targets based on MEY or the best available proxy. <sup>(c),(d)</sup>	(all forward years) At least 15.
	b. improve the number of stocks in (a) assessed as being on target. <sup>(d)</sup>	(all forward years) 4.
	c. for those stocks in (a) that are assessed as not on target, improve the number that are heading towards their target reference point. <sup>(e)</sup>	(all forward years) 6.

Continued on following pages

## Contributions to Outcome 1 (continued)

Performance information (continued)		
Year	Performance criteria <sup>(a)</sup>	Targets
2019–20 and beyond (continued)	7. <i>Major fisheries have harvest strategies that meet the HSP2018 within three years (number of fisheries).</i>	(2019–20) 6 (2020–21) 8 (2021–22) 10
	8. <i>Other fisheries have harvest strategies that meet the HSP2018 within four years (number of fisheries).</i>	(2019–20) 2 (2020–21) 4 (2021–22) 6
	9. Percentage of treatment targets for all priority domestic compliance risks met.	(all forward years) 90 per cent. <sup>(g)</sup>
	10. Percentage of apprehended foreign IUU vessels and SIEVs delivered to AFMA disposed of.	(all forward years) 100 per cent.
	11. <i>Industry cost recovery charges do not exceed the levels derived by increasing the 2005–06 recoveries by the CPI each year.</i>	(2019–20) <\$19.3 million (2020–21) <\$19.7 million (2021–22) <\$20.2 million

Continued on following page

**Contributions to Outcome 1 (continued)**

<b>Performance information (continued)</b>	
<b>Purposes<sup>(i)</sup></b>	<p>AFMA is responsible for:</p> <ul style="list-style-type: none"> <li>• Managing Commonwealth fisheries resources consistent with principles of ecological sustainable development;</li> <li>• Maximising net economic returns to the Australian community from the management of Commonwealth fisheries;</li> <li>• Promoting compliance with Commonwealth fisheries laws and policies and relevant international fishing obligations and standards;</li> <li>• Delivering effective, cost efficient and accountable management of Commonwealth fisheries resources; and</li> <li>• Considering the economic benefits for recreational and Indigenous stakeholders as well as commercial fishers.</li> </ul>

- (a) New or modified performance criteria that reflect new or materially changed programs are shown in italics.
- (b) Please note that not all Commonwealth fish stocks can be managed by MEY, for example, those managed under international regional bodies.
- (c) Where higher and lower value species are caught together, different targets for the lower value species may maximise net economic returns overall.
- (d) Assessment methodologies are being reviewed, projections may vary.
- (e) In AFMA managed fisheries, not including jointly and internationally managed fisheries.
- (f) Ecological Risk Assessments for Commonwealth managed fisheries and sub-fisheries have been completed. Species considered to be potentially at high risk are the subject of mitigation measures and further assessment. This may mean that projections of numbers of high risk species may vary from year to year. In addition, AFMA is currently applying a revised environmental risk assessment methodology which may lead to changes in reported values in future.
- (g) Some targets do not set a 100 per cent level of achievement. This reflects the operational environment for AFMA in managing a wide range of commercial, recreational and Indigenous stakeholders and their impacts on Commonwealth marine resources.
- (h) Bycatch other than TEPs.
- (i) Refers to updated purposes that will be reflected in the 2018–19 Corporate Plan.

## Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2018–19 budget year, including the impact of budget measures and resourcing on financial statements.

### **3.1 BUDGETED FINANCIAL STATEMENTS**

#### **3.1.1 Differences between entity resourcing and financial statements**

The financial statements are prepared on an accrual basis where revenues and expenses are recognised as and when the resources are received and used. The entity resourcing table recognises cash resources available to be used during the period and includes amounts recognised as revenue in previous periods.

#### **3.1.2 Explanatory notes and analysis of budgeted financial statements**

AFMA is budgeting for an operating loss in 2018–19 to cover the anticipated costs associated with the fitout of the Canberra office but expects to maintain a balanced Budget position over the remaining forward years.

AFMA collects levies via regulations under the *Fishing Levy Act 1991*, in accordance with the *Fisheries Management Act 1991*, *Fisheries Administration Act 1991*, Australian Government cost recovery policy and AFMA's Cost Recovery Implementation Statement.

Administered income reflects the fines imposed by AFMA for domestic and international illegal fishing activities and the receipt of administered revenue for expenditure incurred.

Administered expenditure reflects payments to the providers of illegal foreign fishing vessel caretaking and disposal services.

### 3.2 BUDGETED FINANCIAL STATEMENTS TABLES

**Table 3.1 Comprehensive income statement (showing net cost of services) (for the period ended 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>EXPENSES</b>					
Employee benefits	20,863	21,383	21,593	22,018	22,671
Supplier expenses	16,202	17,742	15,706	16,415	17,894
Depreciation and amortisation	1,808	1,599	1,573	1,711	1,511
<b>Total expenses</b>	<b>38,873</b>	<b>40,724</b>	<b>38,872</b>	<b>40,144</b>	<b>42,076</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
Sale of goods and rendering of services	2,008	2,423	2,471	2,571	2,728
Rental income	725	428	144	144	144
Levies and licence fees provided via crediting right to special account	14,238	14,300	14,729	15,626	17,074
<b>Total own-source revenue</b>	<b>16,971</b>	<b>17,151</b>	<b>17,344</b>	<b>18,341</b>	<b>19,946</b>
<b>Gains</b>					
Other	45	45	45	45	45
<b>Total gains</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>45</b>
<b>Total own-source income</b>	<b>17,016</b>	<b>17,196</b>	<b>17,389</b>	<b>18,386</b>	<b>19,991</b>
<b>Net cost of (contribution by) services</b>	<b>21,857</b>	<b>23,528</b>	<b>21,483</b>	<b>21,758</b>	<b>22,085</b>
Revenue from Government	20,049	19,908	19,910	20,047	20,574
<b>Surplus (deficit) attributable to the Australian Government</b>	<b>(1,808)</b>	<b>(3,620)</b>	<b>(1,573)</b>	<b>(1,711)</b>	<b>(1,511)</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
<b>Total comprehensive income (loss)</b>	<b>(1,808)</b>	<b>(3,620)</b>	<b>(1,573)</b>	<b>(1,711)</b>	<b>(1,511)</b>
<b>Total comprehensive income (loss) attributable to the Australian Government</b>	<b>(1,808)</b>	<b>(3,620)</b>	<b>(1,573)</b>	<b>(1,711)</b>	<b>(1,511)</b>
<b>Note: Impact of net cash appropriation arrangements</b>					
	2017–18 \$'000	2018–19 \$'000	2019–20 \$'000	2020–21 \$'000	2021–22 \$'000
<b>Total comprehensive income (loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations.</b>	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations <sup>(a)</sup>	1,808	1,599	1,573	1,711	1,511
<b>Total comprehensive income (loss) – as per the statement of comprehensive income</b>	<b>(1,808)</b>	<b>(1,599)</b>	<b>(1,573)</b>	<b>(1,711)</b>	<b>(1,511)</b>

(a) From 2010–11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

**Table 3.2: Budgeted departmental balance sheet (as at 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	418	-	-	-	-
Trade and other receivables	14,592	8,779	8,397	8,397	8,397
<b>Total financial assets</b>	<b>15,010</b>	<b>8,779</b>	<b>8,397</b>	<b>8,397</b>	<b>8,397</b>
<b>Non-financial assets</b>					
Land and buildings	1,808	3,904	3,308	2,722	2,136
Property, plant and equipment	748	2,025	1,888	1,679	1,481
Intangibles	334	169	166	90	215
Other	698	698	698	698	698
<b>Total non-financial assets</b>	<b>3,588</b>	<b>6,796</b>	<b>6,060</b>	<b>5,189</b>	<b>4,530</b>
<b>Total assets</b>	<b>18,598</b>	<b>15,575</b>	<b>14,457</b>	<b>13,586</b>	<b>12,927</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	2,302	2,302	2,302	2,684	3,066
Accrued expenses	1,080	1,080	1,080	1,080	1,080
<b>Total payables</b>	<b>3,382</b>	<b>3,382</b>	<b>3,382</b>	<b>3,764</b>	<b>4,146</b>
<b>Provisions</b>					
Employee provisions	5,325	5,325	5,325	5,325	5,325
<b>Total provisions</b>	<b>5,325</b>	<b>5,325</b>	<b>5,325</b>	<b>5,325</b>	<b>5,325</b>
<b>Total liabilities</b>	<b>8,707</b>	<b>8,707</b>	<b>8,707</b>	<b>9,089</b>	<b>9,471</b>
<b>Net assets</b>	<b>9,891</b>	<b>6,868</b>	<b>5,750</b>	<b>4,497</b>	<b>3,456</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	12,365	12,962	13,417	13,875	14,345
Reserves	4,221	4,221	4,221	4,221	4,221
Retained surplus (accumulated deficit)	(6,695)	(10,315)	(11,888)	(13,599)	(15,110)
<b>Total Equity</b>	<b>9,891</b>	<b>6,868</b>	<b>5,750</b>	<b>4,497</b>	<b>3,456</b>

\*'Equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

**Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2018–19)**

	Retained earnings	Revaluation Asset Reserve	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000
<b>Opening balance as at 1 July 2018</b>				
Balance carried forward from previous period	(6,695)	4,221	12,365	9,891
<b>Adjusted opening balance</b>	<b>(6,695)</b>	<b>4,221</b>	<b>12,365</b>	<b>9,891</b>
<b>Comprehensive income</b>				
Surplus (deficit) for the period	(3,620)	-	-	(3,620)
<b>Total comprehensive income</b>	<b>(3,620)</b>	<b>-</b>	<b>-</b>	<b>(3,620)</b>
of which:				
Attributable to the Australian Government	(3,620)	-	-	(3,620)
<b>Transactions with owners</b>				
<b>Contributions by owners</b>				
Departmental Capital Budget (DCBs)	-	-	597	597
<b>Sub-total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>597</b>	<b>597</b>
<b>Estimated closing balance as at 30 June 2019</b>	<b>(10,315)</b>	<b>4,221</b>	<b>12,962</b>	<b>6,868</b>
<b>Closing balance attributable to the Australian Government</b>	<b>(10,315)</b>	<b>4,221</b>	<b>12,962</b>	<b>6,868</b>

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Sale of goods and rendering of services	2,733	2,851	2,615	2,715	2,872
Appropriations	20,431	25,721	20,292	20,047	20,574
Other	14,238	14,300	14,729	15,626	17,074
<b>Total cash received</b>	<b>37,402</b>	<b>42,872</b>	<b>37,636</b>	<b>38,388</b>	<b>40,520</b>
<b>Cash used</b>					
Employees	20,863	21,383	21,593	22,018	22,671
Suppliers	16,157	17,697	15,661	15,988	17,467
<b>Total cash used</b>	<b>37,020</b>	<b>39,080</b>	<b>37,254</b>	<b>38,006</b>	<b>40,138</b>
<b>Net cash from (used by) operating activities</b>	<b>382</b>	<b>3,792</b>	<b>382</b>	<b>382</b>	<b>382</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant, equipment and intangibles	1,012	4,807	837	840	852
<b>Total cash used</b>	<b>1,012</b>	<b>4,807</b>	<b>837</b>	<b>840</b>	<b>852</b>
<b>Net cash from (used by) investing activities</b>	<b>(1,012)</b>	<b>(4,807)</b>	<b>(837)</b>	<b>(840)</b>	<b>(852)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Contributed equity	630	597	455	458	470
<b>Total cash received</b>	<b>630</b>	<b>597</b>	<b>455</b>	<b>458</b>	<b>470</b>
<b>Net cash from (used by) financing activities</b>	<b>630</b>	<b>597</b>	<b>455</b>	<b>458</b>	<b>470</b>
<b>Net increase (decrease) in cash held</b>	<b>-</b>	<b>(418)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period	418	418	-	-	-
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>418</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Prepared on Australian Accounting Standards basis.

**Table 3.5: Departmental capital budget statement (for the period ended 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Capital budget – Bill 1 (DCB)	630	597	455	458	470
<b>Total capital appropriations represented by:</b>	<b>630</b>	<b>597</b>	<b>455</b>	<b>458</b>	<b>470</b>
<b>Total new capital appropriations represented by:</b>					
Purchase of non-financial assets	630	597	455	458	470
<b>Total items</b>	<b>630</b>	<b>597</b>	<b>455</b>	<b>458</b>	<b>470</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriations <sup>(a)</sup>	172	143	-	-	-
Funded by capital appropriation – DCB <sup>(b)</sup>	382	4,210	382	382	382
Funded internally from departmental resources <sup>(c)</sup>	458	454	455	458	470
<b>TOTAL</b>	<b>1,012</b>	<b>4,807</b>	<b>837</b>	<b>840</b>	<b>852</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	1,012	4,807	837	840	852
<b>Total cash used to acquire assets</b>	<b>1,012</b>	<b>4,807</b>	<b>837</b>	<b>840</b>	<b>852</b>

(a) Includes current Appropriation Act No. 2 appropriations.

(b) Does not include annual finance lease costs. Include purchases from current and previous years' Departmental Capital Budgets (DCBs).

(c) Includes the following sources of funding:

- annual and prior year appropriations;
- internally developed assets;
- section 74 Retained revenue receipts;
- proceeds from the sale of assets; and
- the AFMA Special Account under section 94B of the FAA.

Prepared on Australian Accounting Standards basis.

Consistent with information contained in the Statement of Asset Movements and the Budgeted Statement of Cash Flows.

**Table 3.6: Statement of asset movements (Budget year 2018–19)**

	Land	Buildings	Other property, plant and equipment	Intangibles	L&B IP&E held for sale	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2018</b>						
Gross book value	975	1,735	1,298	6,548	2	10,558
Accumulated depreciation/amortisation and impairment	-	(902)	(550)	(6,214)	(2)	(7,668)
<b>Opening net book balance</b>	<b>975</b>	<b>833</b>	<b>748</b>	<b>334</b>	<b>-</b>	<b>2,890</b>
<b>CAPITAL ASSET ADDITIONS</b>						
<b>Estimated expenditure on new or replacement assets</b>						
By purchase – appropriation ordinary annual services <sup>(a)</sup>	-	2,780	1,577	450	-	4,807
<b>Total additions</b>	<b>-</b>	<b>2,780</b>	<b>1,577</b>	<b>450</b>	<b>-</b>	<b>4,807</b>
<b>Other movements</b>						
Depreciation/amortisation expense	-	(684)	(300)	(615)	-	(1,599)
<b>Total other movements</b>	<b>-</b>	<b>(684)</b>	<b>(300)</b>	<b>(615)</b>	<b>-</b>	<b>(1,599)</b>
<b>As at 30 June 2019</b>						
Gross book value	975	4,515	2,875	6,998	2	15,365
Accumulated depreciation/amortisation and impairment	-	(1,586)	(850)	(6,829)	(2)	(9,267)
<b>Closing net book balance</b>	<b>975</b>	<b>2,929</b>	<b>2,025</b>	<b>169</b>	<b>-</b>	<b>6,098</b>

(a) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No. 1) 2018–19 for depreciation/amortisation expenses, DCBs or other operational expenses.

Prepared on Australian Accounting Standards basis.

**Table 3.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>EXPENSES</b>					
Supplier	5,424	5,506	5,594	5,689	5,838
<b>Total expenses administered on behalf of Government</b>	<b>5,424</b>	<b>5,506</b>	<b>5,594</b>	<b>5,689</b>	<b>5,838</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
Own-source revenue					
<b>Total own-source revenue administered on behalf of Government</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total own-source income administered on behalf of Government</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Cost of (contribution by) services</b>	<b>5,424</b>	<b>5,506</b>	<b>5,594</b>	<b>5,689</b>	<b>5,838</b>
<b>Surplus (Deficit)</b>	<b>(5,424)</b>	<b>(5,506)</b>	<b>(5,594)</b>	<b>(5,689)</b>	<b>(5,838)</b>
<b>Total comprehensive income (loss)</b>	<b>(5,424)</b>	<b>(5,506)</b>	<b>(5,594)</b>	<b>(5,689)</b>	<b>(5,838)</b>

Prepared on Australian Accounting Standards basis.

**Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Receivables	404	1,190	1,976	1,976	1,976
<b>Total financial assets</b>	<b>404</b>	<b>1,190</b>	<b>1,976</b>	<b>1,976</b>	<b>1,976</b>
<b>Total assets administered on behalf of Government</b>	<b>404</b>	<b>1,190</b>	<b>1,976</b>	<b>1,976</b>	<b>1,976</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	168	168	168	168	168
<b>Total payables</b>	<b>168</b>	<b>168</b>	<b>168</b>	<b>168</b>	<b>168</b>
<b>Total liabilities administered on behalf of Government</b>	<b>168</b>	<b>168</b>	<b>168</b>	<b>168</b>	<b>168</b>
<b>Net assets/(liabilities)</b>	<b>236</b>	<b>1,022</b>	<b>1,808</b>	<b>1,808</b>	<b>1,808</b>

Prepared on Australian Accounting Standards basis.

**Table 3.9: Schedule of budgeted administered cash flows (for the period ended 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash used</b>					
Suppliers	5,424	5,506	5,594	5,689	5,838
<b>Total cash used</b>	<b>5,424</b>	<b>5,506</b>	<b>5,594</b>	<b>5,689</b>	<b>5,838</b>
<b>Net cash from (used by) operating activities</b>	<b>(5,424)</b>	<b>(5,506)</b>	<b>(5,594)</b>	<b>(5,689)</b>	<b>(5,838)</b>
<b>Net increase (decrease) in cash held</b>	<b>(5,424)</b>	<b>(5,506)</b>	<b>(5,594)</b>	<b>(5,689)</b>	<b>(5,838)</b>
Cash from Official Public Account for:					
– Appropriations	5,424	5,506	5,594	5,689	5,838
<b>Cash and cash equivalents at end of reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Prepared on Australian Accounting Standards basis.

**Table 3.10: Statement of administered asset movements (Budget year 2018–19)**

The schedule of administered asset movements on behalf of Government is nil.

## PORTFOLIO GLOSSARY

<b>Term</b>	<b>Meaning</b>
Accumulated Depreciation	The aggregate depreciation recorded for a particular depreciating asset.
Additional Estimates	Where amounts appropriated in the Budget are insufficient, the Parliament may appropriate more funds at Additional Estimates. These is done through Appropriation Bills (No. 3) and (No. 4). These Bills are usually introduced into the Parliament in February.
Administered Items	Expenses, revenues, assets or liabilities managed by entities on behalf of the Australian Government. Entities do not control administered items. Administered items include grants, subsidies and benefits. In many cases, administered items fund the delivery of third party outputs.
Appropriation	A law of the Parliament that provides authority for entities to spend money from the Consolidated Revenue Fund for a particular purpose. Entities may not spend money without an appropriation authorising that expenditure and, where necessary, other legislation authorising the specified purpose.
Budget Paper No. 1 (BP1)	Budget Strategy and Outlook. Provides information and analysis on whole-of-government expenditure and revenue.
Budget Paper No. 2 (BP2)	Budget Measures. Provides a description of each budget measure by portfolio.
Budget Paper No. 3 (BP3)	Federal Financial Relations. Provides information and analysis on Australian Government funding provided to the states and territories.
Budget Paper No. 4 (BP4)	Agency Resourcing. Details total resourcing available to agencies.
Capital Expenditure	Expenditure by an agency on capital projects, for example purchasing a building.
Charter of Budget Honesty Act	The <i>Charter of Budget Honesty Act 1998</i> provides a legislative framework for the conduct and reporting of fiscal policy.

<b>Term</b>	<b>Meaning</b>
Cost Recovery	The charging of fees to cover the costs of provision of government goods and services.
Consolidated Revenue Fund (CRF)	Consolidated Revenue Fund. Section 81 of the Constitution stipulates that all revenue raised or money received by the Australian Government forms the one consolidated revenue fund.
DCB	Departmental Capital Budget.
Departmental	Assets, liabilities, revenues and expenses that are controlled by the entity in providing its outputs. Departmental items would generally include computers, plant and equipment assets used by agencies in providing goods and services and most employee expenses, supplier costs and other administrative expenses incurred.
Depreciation and Amortisation	Apportionment of an asset's capital value as an expense over its estimated useful life to account for normal usage, obsolescence, or the passage of time.
Equity or Net Assets	Residual interest in the assets of an entity after deduction of its liabilities.
Estimated Actual Expenses	As the Budget is released in May each year, but the financial year does not end until 30 June, the current year numbers that are used for comparison with Budget amounts can only be estimates.
Expense	Total value of all of the resources consumed in producing goods and services or the loss of future economic benefits in the form of reductions in assets or increases in liabilities of an entity.
Fair Value	Valuation methodology: the amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction. The fair value can be affected by the conditions of the sale, market conditions and the intentions of the asset holder.
Levies	Money collected and administered by the Commonwealth on behalf of industry for use in research and development, marketing and promotion, plant and animal health programs and residue testing activities that benefit industry.

<b>Term</b>	<b>Meaning</b>
Measure	A new policy or savings decision of the Government with financial impacts.
Operating Result	Equals revenue less expense.
Outcomes	The Government's objectives in each portfolio area. Outcomes are desired results, impacts or consequences for the Australian community as influenced by the actions of the Australian Government. Actual outcomes are assessments of the end-results or impacts actually achieved.
PAES	Portfolio Additional Estimates Statements. These are Budget Statements prepared by portfolios to explain appropriations at Additional Estimates.
PBS	Portfolio Budget Statements. These are Budget Statements prepared by portfolios to explain appropriations at the time of the Budget.
PSAES	Portfolio Supplementary Additional Estimates Statements. These are Budget Statements prepared by portfolios to explain appropriations at Supplementary Additional Estimates.
Revenue	Total value of resources earned or received to cover the production of goods and services.
Special Accounts	A type of special appropriation, limited by amount, criteria or time, which may be established under sections 78 and 80 of the PGPA Act.
Special Appropriations	Authority within an Act (other than an annual Appropriation Act) to spend money from the Consolidated Revenue Fund for particular purposes.
Specific Purpose Payments	Commonwealth payments to states and territories made under the <i>Federal Financial Relations Act 2009</i> .
Supplementary Additional Estimates	Where amounts appropriated in the Budget and at Additional Estimates are insufficient, the Parliament may appropriate more funds to portfolios at Supplementary Additional Estimates. This is done through Appropriation Bills (No. 5) and (No. 6). These Bills are usually introduced into the Parliament with the Budget in May.