

PORTFOLIO BUDGET STATEMENTS 2007-08

AGRICULTURE, FISHERIES AND FORESTRY PORTFOLIO

BUDGET INITIATIVES AND EXPLANATIONS OF
APPROPRIATIONS SPECIFIED BY OUTCOMES AND OUTPUTS BY AGENCY

BUDGET RELATED PAPER NO. 1.1

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HON PETER MCGAURAN MP
MINISTER FOR AGRICULTURE, FISHERIES AND FORESTRY

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 2007-08 Budget for the Agriculture, Fisheries and Forestry Portfolio.

These statements have been developed, and are submitted to the Parliament, as a statement on the funding requirements being sought for the Portfolio.

I present these statements by virtue of my ministerial responsibility for accountability to the Parliament and, through it, the public.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter McGauran', written in a cursive style.

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nfp	not for publication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 the Chief Finance Officer of the Department of Agriculture, Fisheries and Forestry on (02) 6272 4398.

A copy of this document can be located on the Australian Government Budget website at: <http://www.budget.gov.au>.

CONTENTS

Purpose and structure of Portfolio Budget Statements.....	vii
Purpose	ix
Structure	x
Portfolio overview	1
Agency Budget Statements	9
Department of Agriculture, Fisheries and Forestry	11
Australian Fisheries Management Authority	87
Australian Pesticides and Veterinary Medicines Authority	109
Australian Wine and Brandy Corporation.....	129
Biosecurity Australia.....	155
Cotton Research and Development Corporation	175
Fisheries Research and Development Corporation	195
Grains Research and Development Corporation	213
Grape and Wine Research and Development Corporation	235
Land and Water Australia.....	255
Rural Industries Research and Development Corporation	275
Sugar Research and Development Corporation	299
Wheat Export Authority	319
Glossary	339
Index	343

**PURPOSE AND STRUCTURE OF
PORTFOLIO BUDGET
STATEMENTS**

Purpose of the Portfolio Budget Statements

The purpose of the 2007–08 Portfolio Budget Statements (PB Statements) is to inform Senators and Members of Parliament of the proposed allocation of resources to government outcomes by agencies within the portfolio. Agencies receive resources from the annual appropriations acts, special appropriations (including standing appropriations and special accounts), and revenue from other sources.

A key role of the PB Statements is to facilitate the understanding of proposed annual appropriations in Appropriation Bills No. 1 and No. 2 2007–08 (or Appropriation Bill [Parliamentary Departments] No. 1 2007–08 for the parliamentary departments). In this sense, the PB Statements are Budget-related papers and are declared by the Appropriation Acts to be ‘relevant documents’ to the interpretation of the Acts according to section 15AB of the *Acts Interpretation Act 1901*.

The PB Statements provide 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*, non-general government sector entities are not consolidated into the Commonwealth general government sector fiscal estimates; accordingly, those entities are not reported in the PB Statements.

Structure of the Portfolio Budget Statements

The PB Statements are presented in three sections, aligned in several ways to the Budget Papers, as outlined below.

Part	Description
User Guide to the Portfolio Budget Statements	
	An introduction, explaining the purpose of the PB Statements, the structure of the document, and styles and conventions used.
Portfolio Overview	
	A brief overview of the portfolio. Portfolio outcomes are depicted in a chart outlining the structure of the outcomes to which the portfolio contributes. This includes a table for Australian Indigenous Expenditures for the portfolio.
Agency Budget Statements	
	For each agency within the portfolio, a budget statement is presented in five sections:
Section 1: Overview	A brief overview of the agency.
Section 2: Resources	A reconciliation of agency resourcing information from the <i>2006–07 Mid-Year Economic and Fiscal Outlook</i> to the 2007–08 Budget. Includes key changes to the agency's estimates and a table of appropriations and other revenue sources for both Administered and Departmental appropriations.
Section 3: Outcomes	A brief description of the agency's outcomes and, where applicable, Budget measures in summary form. Details the contribution of the agency's outputs to the outcome(s), performance information for the outcome(s), outputs and administered activities, and planned evaluations. Notes upcoming competitive tendering and contracting that is of a material or sensitive nature. Links the resources appropriated and their application to the agency's outputs and to Administered items.
Section 4: Other reporting requirements	Includes purchaser–provider and cost recovery components.
Section 5: Budgeted financial statements	The agency's budgeted financial statements in accrual format, covering the Budget year, the preceding year and three out-years.
Glossary	Explains key terms.
Index	Alphabetical guide to the PB Statements.

PORTFOLIO BUDGET STATEMENTS AND BUDGET PAPERS

Comprehensive information on all government decisions announced in the Budget are in Budget Paper No. 2, *Budget Measures 2007–08*. The PB Statements include Budget appropriations for this Budget in each agency’s Table 2.2, 2007–08 Budget Measures.

The following chart shows the parts of PB Statements which relate to specific Budget papers.

Budget Paper	PB Statements
Budget Paper No. 1: Budget Strategy and Outlook	
Statement 1: Fiscal Strategy and Budget Priorities Overview of the fiscal and economic outlook	Portfolio structure (Agency) Overview (Agency) Resources for 2007–08
Statement 2: Fiscal Outlook Budget aggregates and variations to the fiscal balance estimates	(Agency) Resources for 2007–08
Statement 10: AAS Financial Statements Accrual financial statements for the general government sector	(Agency) Budgeted financial statements
Budget Paper No. 2: Budget Measures	
Budget revenue, expense and capital measures	(Agency) Resources for 2007–08
Budget Paper No. 3: Federal Financial Relations	
Information on the Australian Government’s relations with states, territories and local government, in particular, Specific Purpose Payments (SPPs)	(Agency) Resources for 2007–08 (Agency) Outcomes
Budget Paper No. 4: Agency Resourcing	
Resourcing for Australian Government agencies, including Appropriation Bills	(Agency) Resources for 2007–08

Departmental and administered distinction

Under the Australian Government's accrual-based budgeting framework, and consistent with Australian Accounting Standards, transactions that agencies decide (departmental transactions) are separately budgeted for and reported on from transactions agencies make on behalf of others (administered transactions). This ensures that the transactions decided by agencies are reported separately from other transactions in their accounts.

Departmental

Revenues, expenses, assets and liabilities in relation to an agency or authority that are controlled by the agency. Departmental expenses include employee and supplier expenses and other administrative costs, which are incurred by the agency in providing its goods and services.

Administered

Revenues, expenses, assets and liabilities that are managed by an agency or authority on behalf of the government according to set government directions. Administered expenses include subsidies, grants and personal benefit payments and administered revenues include taxes, fees, fines and excises.

Appropriations in the accrual budgeting framework

In the accrual budgeting framework, separate annual appropriations are provided for:

- departmental price of outputs appropriations: representing the government's funding for outputs from agencies
- departmental capital appropriations for investments by the government for either additional equity or loans to agencies or payments from previous years' outputs
- administered expense appropriations: for the estimated administered expenses relating to an existing outcome, a new outcome or a Specific Purpose Payment to the states and territories
- administered capital appropriations: for increases in administered equity through funding non-expense administered payments.

Special appropriations fund the majority of payments from the Consolidated Revenue Fund (especially those that are entitlement driven or involve transfers to state governments). The appropriation framework is discussed further in the introduction to Budget Paper No. 4, *Agency Resourcing 2007–08*.

Components of agency financial statements

Reporting requirements for budgeted financial statements differ between agencies (for example, according to whether the agency participates in administered transactions). Therefore, not all agencies are required to report against all schedules.

The budgeted financial statements contain the estimates prepared in accordance with the requirements of the government's financial budgeting and reporting framework, including the principles of the Australian Accounting Standards and Statements of Accounting Concepts, as well as specific guidelines issued by the Department of Finance and Administration. They show the planned financial performance for the 2007-08 Budget year and each of the forward years from 2008-09 to 2010-11. The statements also include the estimated actual for 2006-07 for comparative purposes.

The schedules included in the budgeted financial statements for 2007-08 are as follows.

Schedule	Purpose
Budgeted departmental income statement	Shows the expected financial results for the agency. Identifies full accrual expenses and revenues, which highlights whether the agency is operating at a sustainable level.
Budgeted departmental balance sheet	The financial position of the agency. It helps decision makers to track the management of assets and liabilities.
Budgeted departmental statement of cash flows	Provides information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.
Budgeted departmental statement of changes in equity — summary of movement	This is a new statement for Portfolio Budget Statements that represents the movement of parent entity (the Commonwealth) interest in the agency. The statement has been prepared to reflect the net operating result, movements of capital return and additional capital injections from the Commonwealth.
Departmental capital budget statement	Shows all planned departmental capital expenditure (capital expenditure on non-financial assets), whether funded through capital appropriations for additional equity or borrowings, or from funds from internal sources.
Departmental property, plant, equipment and intangibles — summary of movement	Shows budgeted acquisitions and disposals of non financial assets during the Budget year.

Purpose and structure of Portfolio Budget Statements

Schedule	Purpose
Schedule of budgeted income and expenses administered on behalf of government	Identifies the main revenues and expenses administered on behalf of government.
Schedule of budgeted assets and liabilities administered on behalf of government	Shows the assets and liabilities administered on behalf of government.
Schedule of budgeted administered cash flows	Shows cash flows administered on behalf of government.
Schedule of administered capital budget	Shows details of planned administered capital expenditure.
Schedule of administered property, plant, equipment and intangibles — summary of movement	Discloses details of movements in administered non financial assets.

PORTFOLIO OVERVIEW

AGRICULTURE, FISHERIES AND FORESTRY PORTFOLIO OVERVIEW

PORTFOLIO RESPONSIBILITIES

The Agriculture, Fisheries and Forestry portfolio aims to advance the interests of Australia's agriculture, food, fisheries and forest industries in ways that protect and enhance the natural resource base and are underpinned by sound scientific and economic research.

The portfolio comprises the Australian Government Department of Agriculture, Fisheries and Forestry and fourteen portfolio agencies. These portfolio organisations implement policies, programmes and services to assist industries to deal with the challenges they face and improve their sustainability, competitiveness and profitability.

The portfolio is structured to contribute to the achievement of the government's objectives of:

- helping Australian agricultural, food, fisheries and forestry industries become more competitive, profitable and sustainable
- enhancing the natural resource base on which these industries rely
- delivering scientific advice and economic research, policy advice, programmes and services to help deal with the challenges faced by agricultural, food, fisheries and forestry industries
- maintaining Australia's highly favourable animal and plant health status through quarantine, export inspection and certification and food safety standards activities
- improving trading opportunities for Australian agriculture and food industries.

From 1 July 2007 the portfolio is expected to consist of:

- The Australian Government Department of Agriculture, Fisheries and Forestry, including the Australian Quarantine and Inspection Service (AQIS), the Bureau of Rural Sciences (BRS) and the Australian Bureau of Agricultural and Resource Economics (ABARE).
- Three agencies prescribed under the *Financial Management and Accountability (FMA) Act 1997*:
 - Biosecurity Australia
 - The Dairy Adjustment Authority
 - The Australian Pesticides and Veterinary Medicines Authority.

Portfolio Overview

- One statutory marketing authority:
 - The Australian Wine and Brandy Corporation.
- Two regulatory authorities:
 - The Australian Fisheries Management Authority
 - The Wheat Export Authority.
- Seven Research and Development Corporations:
 - Cotton; Fisheries; Grains; Grape and Wine; Land and Water Australia; Rural Industries; and Sugar.

The Australian Pesticides and Veterinary Medicines Authority is scheduled to become a prescribed agency under the *Financial Management Accountability Act 1997* from 1 July 2007 (legislation currently before Parliament).

The Forest and Wood Products Research and Development Corporation (FWPRDC) is currently undergoing a process to form a new industry-owned company called Forest and Wood Products Australia. It is intended that this new entity will operate from 1 July 2007, and the FWPRDC has therefore not been included in this document.

Each agency within the portfolio has an outcome and one or more outputs that contribute to the portfolio outcome. Details are provided in each agency's section of this document.

The Department has also transferred a number of water programmes to the new Department of Environment and Water Resources pursuant to the Administrative Arrangements Order dated 21 September 2006 and amended 30 January 2007.

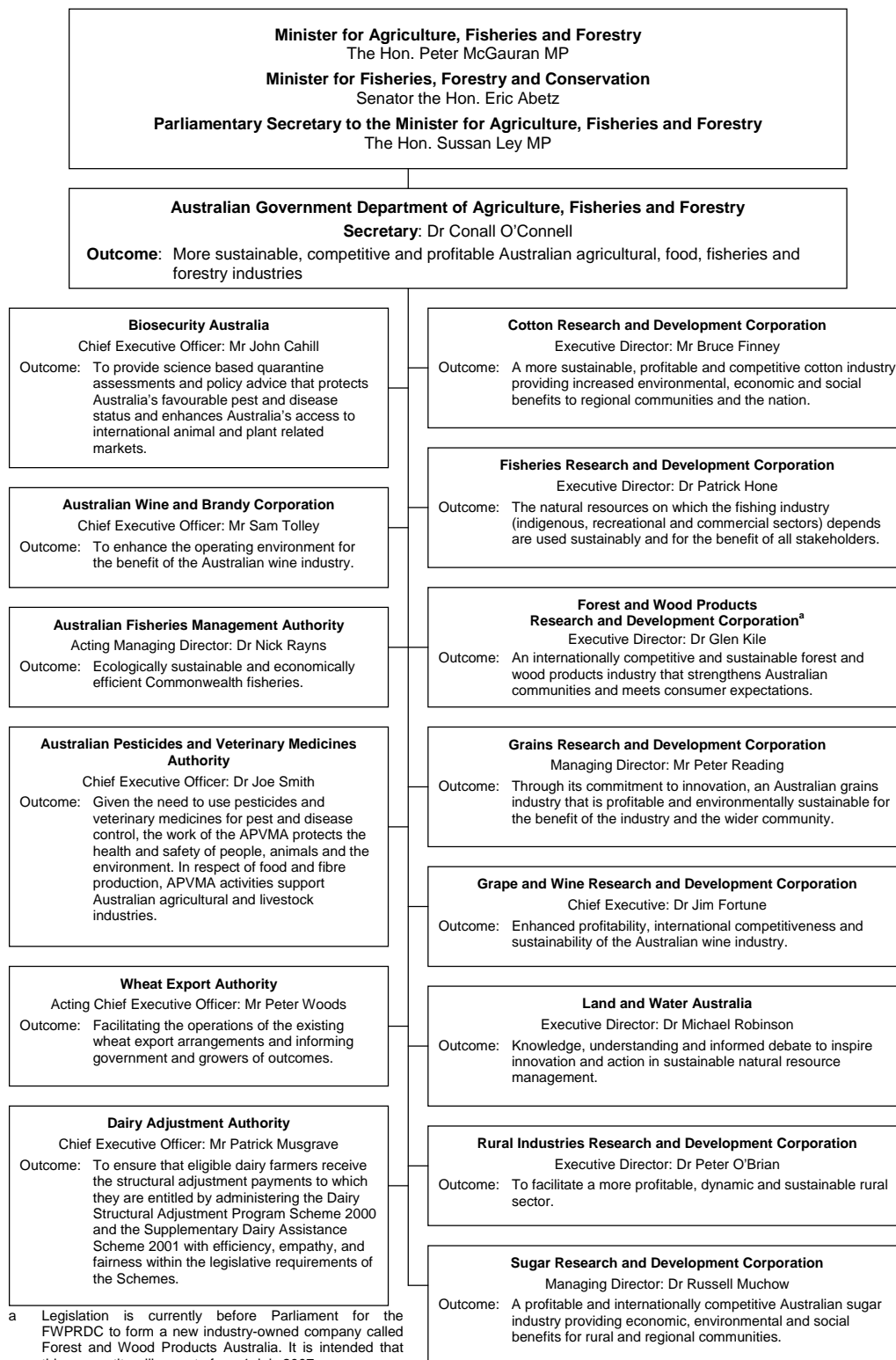
APPROPRIATIONS AND VARIATIONS AT THE PORTFOLIO LEVEL

The Department is receiving funding of \$2,303.6 million in 2007–08. This represents an increase of \$282.8 million from the 2006–07 Additional Estimates as detailed in the Department's part of the document.

The Australian Fisheries Management Authority will be receiving \$10.8 million less (\$5 million in 2006–07 and \$5.8 million in 2007–08) in revenues from government following a downward revision in the estimate for the number of illegal foreign fishing vessels being apprehended and the transfer of the Horne Island facility to the Australian Customs Service.

Biosecurity Australia is receiving additional ongoing funding (\$2.6 million in 2007–08) for supporting an improved import risk analysis process.

Figure 1: Portfolio structure and outcomes



The boards of the respective agencies are responsible for the preparation of their PBS entries. They are accountable for their performance to the Australian Government and through it to Parliament, which provides their statutory base, and also to their levy payers. Accountability to Parliament is achieved through the tabling of annual reports, containing audited financial statements, while accountability to industry is achieved by the presentation of annual reports at annual general meetings.

Figure 1 (Portfolio structure and outcomes) shows the various statutory agencies within the portfolio. Each is categorised as one of the following: Statutory Marketing Authority; Research and Development Corporations; Regulatory Authorities; Advisory/Other bodies, Selection Committees; or Joint/Intergovernment bodies. All agencies except for Biosecurity Australia and the Australian Pesticides and Veterinary Medicines Authority (APVMA) are subject to the *Commonwealth Authorities and Companies Act 1997*. Biosecurity Australia is a prescribed agency under the *Financial Management and Accountability Act 1997* and APVMA will be subject to this Act from 1 July 2007.

Except for Biosecurity Australia, the agencies reporting in the Agency Budget Statements section are not funded directly by appropriation and thus do not have any budget measures, administered funds, special appropriations or special accounts.

The majority of portfolio statutory authorities are funded partially or fully by levies collected from the respective industries.

The Research and Development Corporations derive their objectives, functions and powers from the *Primary Industries and Energy Research and Development Act 1989*. This enabling legislation provides the foundation for the corporations' accountability to Parliament, the portfolio Ministers and Parliamentary Secretary and industry for securing the greatest possible returns from the research and development in which the corporations invest.

All other agencies derive their objects, functions and powers from their enabling legislation.

STATUTORY PLANNING PROCESSES OF PORTFOLIO AGENCIES

The information provided by the statutory authorities and presented in the Agency Budget Statements section includes estimates only and is subject to change, as the planning and ministerial approval cycle of these entities is not aligned with the timing of the Portfolio Budget Statements.

The planning requirements for each statutory authority are set out in its enabling legislation, which does not require annual operating plans to be finalised in line with the Budget preparation cycle.

The seasonal nature of the levy income of some corporations means that the firm indication of their budget positions and finalisation of annual operating plans will not take place until late May.

AGENCY BUDGET STATEMENTS

Department of Agriculture, Fisheries and Forestry.....	11
Australian Fisheries Management Authority.....	87
Australian Pesticides and Veterinary Medicines Authority	109
Australian Wine and Brandy Corporation	129
Biosecurity Australia	155
Cotton Research and Development Corporation.....	175
Fisheries Research and Development Corporation	195
Grains Research and Development Corporation.....	213
Grape and Wine Research and Development Corporation.....	235
Land and Water Australia.....	255
Rural Industries Research and Development Corporation.....	275
Sugar Research and Development Corporation	299
Wheat Export Authority	319

DEPARTMENT OF AGRICULTURE, FISHERIES AND FORESTRY

Section 1: Overview	13
1.1 Summary of agency contributions to outcomes.....	13
Section 2: Resources for 2007–08.....	15
2.1 Appropriations and other resources.....	15
2.2 2007–08 Budget measures.....	17
2.3 Other resources available to be used	19
2.4 Movement of administered funds.....	21
2.5 Special appropriations	22
2.6 Movements in Special Accounts	23
Section 3: Outcomes	28
3.1 Summary of outputs and contribution to outcomes	28
3.2 Outcome resources and performance information	30
Section 4: Other reporting requirements.....	56
4.1 Purchaser–provider arrangements	56
4.2 Cost recovery arrangements.....	62
4.3 Australian Government indigenous expenditure.....	69
Section 5: Budgeted financial statements.....	70
5.1 Analysis of budgeted financial statements.....	70
5.2 Budgeted financial statements tables	72

DEPARTMENT OF AGRICULTURE, FISHERIES AND FORESTRY

Section 1: Overview

The role of the Australian Government Department of Agriculture, Fisheries and Forestry (the Department) is to contribute to more sustainable, competitive and profitable Australian agricultural, fisheries, forestry and food industries.

A key aspect of our responsibility is working with rural and regional communities, industries and state and territory governments.

The Department is responsible for enhancing the natural resource base on which portfolio industries rely and for delivering scientific advice and economic research, policy advice, programmes, quarantine and export services to help industries deal with the challenges they face. Our responsibilities span Australia's entire food chain, from producer to processor to the consumer.

To help the government achieve its policy objectives in these areas the Department must work to achieve the following Outcome:

Australian agricultural, fisheries, food and forestry industries that are based on sustainable management of and access to natural resources, are more competitive self-reliant and innovative, have increased access to markets, are protected from diseases and are underpinned by scientific advice and economic research.

The Corporate Plan outlines our key objectives in broad terms and is reviewed triennially to reflect changing priorities. The Client Service Charter outlines the core values which embody the way we work with each other and with stakeholders and clients. Our priorities for the 2007-08 year are outlined in Section 3.2.4 (Table 3.2)

1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOMES

The products and services delivered by the Department (outputs and administered policies, products and services) which contribute to achievement of outcomes for the Department are summarised in Table 1.1.

Table 1.1: Contribution to outcomes

Outcome	Description	Output groups
<p>Australian agricultural, fisheries, food and forestry industries that are based on sustainable management of and access to natural resources, are more competitive, self-reliant and innovative, have increased access to markets, are protected from diseases and are underpinned by scientific advice and economic research.</p>	<p>The primary role of the Department is to help increase the profitability, competitiveness and sustainability of Australian agricultural, fisheries, food and forestry industries and enhance the natural resource base to achieve greater national wealth and stronger rural and regional communities.</p>	<ol style="list-style-type: none"> 1. Natural resources access and management 2. Rural policy and innovation 3. Industry development 4. International Food and Agriculture Service 5. Product integrity, animal (including aquatic animal) and plant health 6. Quarantine and export services 7. Scientific advice 8. Economic research

Section 2: Resources for 2007–08

2.1 APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows the total resources from all origins for 2007–08, including appropriations. The table summarises how resources will be applied by outcome, administered and departmental classification.

The Department is being provided with \$2,303.6 million in appropriations for 2007–08. This represents an increase of \$282.8 million from the 2006–07 Additional Estimates.

Total resourcing for the Department is shown in Table 2.1. New measures and funding for these are shown in Table 2.2.

Table 2.1: Appropriations and other resources 2007–08 ('000)

Agriculture, Fisheries and Forestry Portfolio
Agency Resourcing—2007–08

Department of Agriculture, Fisheries and Forestry	Departmental				Administered					Total
	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2 \$'000	Special Appropriation \$'000	Receipts (a) \$'000	Appropriation Bill No. 1 \$'000	Appropriation SPP \$'000	Bill No. 2 Other (b) \$'000	Special Appropriation \$'000	Receipts (a) \$'000	
More sustainable, competitive and profitable Australian agricultural, food, fisheries and forestry industries	332,437	662	-	278,166	392,012	489,495	-	1,088,972	-	2,581,744
TOTAL	332,437	662	-	278,166	392,012	489,495	-	1,088,972	-	2,581,744

(a) Departmental and administered receipts from other sources (i.e. other than appropriation amounts) that are available to be used.

(b) Includes new administered expenses and administered assets and liabilities.

Notes:

- Under the appropriation structure, Bill No. 2 includes Specific Purpose Payments (SPPs), new administered expenses within new agency Outcomes (NAOs), administered capital and departmental capital via departmental injections and loans. 'New administered expenses within new outcomes' does not include revisions to existing outcomes (for example, following restructuring of outcomes) or revisions to outcomes following an AAO change where new administered items are not involved.
- Refer to Budgeted Income Statement for application of agency revenue.

2.2 2007–08 BUDGET MEASURES

Budget measures relating to the Department as explained in Budget Paper No. 2 are summarised in Table 2.2. The table also identifies the relevant outcomes, administered items and outputs associated with each measure.

Table 2.2: Department of Agriculture, Fisheries and Forestry measures

Measure title	Output groups affected	Appropriations budget			Appropriations forward estimate			Appropriations forward estimate			Appropriations forward estimate		
		2007–08			2008–09			2009–10			2010–11		
		\$'000			\$'000			\$'000			\$'000		
		Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
Expense measures													
National Landcare Programme – continuation	1	-	-	-	33,634	2,986	36,620	34,340	3,049	37,389	35,027	3,110	38,137
Agriculture – Advancing Australia – Advancing Agriculture Industries	2	4,400	600	5,000	8,800	1,200	10,000	8,837	1,163	10,000	8,800	1,199	9,999
Agriculture – Advancing Australia – FarmBis	2	(2,000)	-	(2,000)	8,576	962	9,538	8,503	827	9,330	8,602	839	9,441
Agriculture – Advancing Australia – FarmHelp	2	19,890	1,002	20,892	20,104	4,740	24,844	19,502	4,657	24,159	17,931	4,521	22,452
Agriculture – Advancing Australia – International Agricultural Cooperation	2	-	534	534	664	1,670	2,334	678	1,705	2,383	691	1,739	2,430
Agriculture – Advancing Australia – Rural Financial Counselling Service	2	-	200	200	12,285	2,052	14,337	12,543	2,095	14,638	12,794	2,137	14,931
Murray–Darling Basin – Additional Rural Financial Counsellors	2	959	-	959	-	-	-	-	-	-	-	-	-
Climate change – Global Initiative on Forests and Climate	3	-	184	184	-	218	218	-	219	219	-	225	225

Continued on next page.

Table 2.2: Department of Agriculture, Fisheries and Forestry measures—continued

Measure title	Output groups affected	Appropriations budget			Appropriations forward estimate			Appropriations forward estimate			Appropriations forward estimate		
		2007–08			2008–09			2009–10			2010–11		
		\$'000			\$'000			\$'000			\$'000		
		Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
Expense measures (continued)													
Global Integration – Food Innovation Grants – extension	3	12,093	1,015	13,108	12,386	1,036	13,422	12,634	1,061	13,695	12,887	1,111	13,998
National Food Industry Strategy – Australian Food Industry Council	3	-	1,116	1,116	-	903	903	-	976	976	-	1,006	1,006
National Food Industry Strategy – International Food Standards Initiative	3	-	602	602	-	613	613	-	626	626	-	638	638
National Food Industry Strategy – Technical Market Access	3	-	3,644	3,644	-	3,717	3,717	-	3,795	3,795	-	3,871	3,871
Australia–China Free Trade Agreement – continuation of negotiations	4	-	401	401	-	414	414	-	-	-	-	-	-
Australia–Japan Free Trade Agreement – commencement of negotiations	4	-	401	401	-	414	414	-	-	-	-	-	-
Red Imported Fire Ant – continuation of funding for eradication	5	7,000	-	7,000	3,274	-	3,274	-	-	-	-	-	-
Import Risk Analysis – improving quarantine processes	6	-	602	602	-	486	486	-	318	318	-	325	325
Total expense measures		42,342	10,301	52,643	99,723	21,411	121,134	97,037	20,491	117,528	96,732	20,721	117,453

2.3 OTHER RESOURCES AVAILABLE TO BE USED

Table 2.3 provides details of resources obtained by the Department for provision of goods or services. These resources are approved for use by the Department and are included in Table 2.1.

Table 2.3: Other resources available to be used

	Estimated receipts 2006–07 \$'000	Budget estimate 2007–08 \$'000
Departmental resources		
Sale of goods and services	259,896	263,779
Interest	715	720
Other	14,210	13,667
Total departmental other resources available to be used	274,821	278,166
Administered other resources		
Levies, fees and charges		
AFMA Fishing Management Levy	6,065	10,796
Agricultural and Veterinary Chemical Levy, Fees and Charges	24,694	22,851
All Milk Levy	32,379	33,346
Buffalo Slaughter Export Charge	43	44
Buffalo Slaughter Levy	6	6
Cattle and Livestock Exporters Charge	2,579	2,700
Cattle Producers Export Charge	217	217
Cattle Transaction Levy	67,735	68,400
Coarse Grains Levy	14,967	14,170
Cotton Research Levy	3,673	2,250
Dairy Industry Restructure Package Levy	236,556	232,756
Deer Export Charge	7	7
Deer Slaughter Levy	105	110
Deer Velvet Export Charge	25	25
Deer Velvet Levy	5	5
Egg Promotion Levy	3,292	3,252
Farmed Prawns Export Charge	7	7
Farmed Prawns Levy	122	123
Fishing Levy – Commonwealth	1,155	1,400
Fishing Levy – Domestic	235	235
Forestry Import Charge	695	697
Forestry Levy	3,065	3,075
Goat Fibre Levy	45	46
Grain Legumes Levy	4,105	4,916
Grape Research Levy	2,310	2,333
Honey Export Charge	141	145
Honey Levy	302	305
Horticultural Export Charge	2,406	2,406
Horticultural Levy	27,500	27,500

Continued on next page.

Table 2.3: Other resources available to be used—continued

	Estimated receipts 2006–07 \$'000	Budget estimate 2007–08 \$'000
Laying Chicken Levy	900	800
Live Animal Export Charge	2,665	508
Live Bee Levy	14	14
Livestock Export Charge – Disease Eradication	1	1
Livestock Transactions Levy	31,000	31,000
Macropod Levy	129	130
Meat Chicken Levy	1,389	1,403
NRS Game Pigs Levy	30	30
NRS Horse Levy	75	75
NRS Ratite Slaughter Levy	20	20
Oilseeds Levy	3,657	3,694
Pasture Seeds Levy	219	220
Pig Slaughter Levy	12,843	13,423
Rice Levy	386	1,200
Sugar Cane Research Levy	5,100	5,100
Sugar Levy	15,900	-
Wheat Export Charge	3,220	3,420
Wheat Levy	31,000	39,800
Wine Export Charge	2,750	2,750
Wine Grapes Levy	11,430	11,230
Wool Levy and Export Charge	42,610	39,700
	599,774	588,641
Interest on state and territory debt		
Adelaide Northern Town Water	949	887
Rural Adjustment Scheme	-	-
Sewerage Agreements	722	-
War Service Land Settlement Loans	-	-
	1,671	887
Other non-taxation revenue		
War Service Land Settlement – Rent	343	343
<i>Australian Animal Health Council (Live-stock Industries) Funding Act 1996</i>	211	168
	554	511
Total administered other resources available to be used	601,999	590,039

Note: This table represents own source receipts available for spending on departmental purposes.

2.4 MOVEMENT OF ADMINISTERED FUNDS

Administered funds can be provided for a specified period, for example under annual Appropriation Acts. Funds not used in the specified period are subject to review by the Minister for Finance and Administration, and may be moved to a future period, in accordance with provisions in legislation. Table 2.4 shows the movement of administered funds approved since the 2006-07 Additional Estimates.

Table 2.4: Movement of administered funds between years

Movements of funding between years	\$'000
Fishing Structural Adjustment Package	27,196
Australian Seafood Industry Council	100
AAA – International Agricultural Corporation	92
New Industries Development Programme	300
Sugar Industry Restructure Package (SIRP) 2004	17,984
Food Processing in Regional Australia Programme	310
Australian Animal Welfare Strategy	250
Australian HomeGrown Campaign	890
Assistance to the Vegetable Industry	740
International Agricultural Cooperation – Live Animal Trade Programme	290
Living Murray Initiative	36,973
Recreational Fishing Community Grants	2,500
Tobacco Grower Adjustment Assistance 2006	6,590
Tasmanian Community Fishing Agreement	17,957
Tasmanian Water Infrastructure	1,100
	113,272

2.5 SPECIAL APPROPRIATIONS

Table 2.5: Estimates of expenses from special appropriations

	Estimated expenses 2006–07 \$'000	Budget estimate 2007–08 \$'000
Estimated expenses		
Output 2: Rural policy and innovation		
<i>Australian Meat and Livestock Corporation Act 1997</i> , s. 63(2) – payments to the industry marketing body	73,000	73,104
<i>Australian Meat and Livestock Corporation Act 1997</i> , s. 64(2) – payments to the industry research body	22,206	22,428
<i>Australian Meat and Livestock Corporation Act 1997</i> , s. 64A(2) – payments to livestock export marketing body	2,313	2,430
<i>Australian Meat and Livestock Corporation Act 1997</i> , s. 64B(2) – payments to the livestock export research body	576	580
<i>Australian Meat and Livestock Corporation Act 1997</i> , s. 66(1) – Commonwealth contribution to industry research body	40,370	40,370
<i>Australian Wine and Brandy Corporation Act 1980</i> , s. 32	5,982	5,209
<i>Dairy Produce Act 1986</i> , s. 6(1)	47,770	48,428
<i>Egg Industry Service Provision Act 2002</i> , s. 8(1)	4,614	4,221
<i>Farm Household Support Act 1992</i> , s. 57(3) – Exceptional Circumstances Relief Payments	272,564	308,061
<i>Financial Management and Accountability Act 1997</i> , s. 28(2) – payments to refunds not elsewhere appropriated	2,725	2,725
<i>Fisheries Administration Act 1991</i> , s. 80(2)	8,271	10,986
<i>Horticulture Marketing and Research and Development Services Act 2000</i> , s. 16(9)	63,600	63,600
<i>Pig Industry Act 2001</i> , s. 10(1)	16,668	17,421
<i>Plant Health Australia (Plant Industries) Funding Act 2002</i> , s. 6	982	982
<i>Primary Industries and Energy Research and Development Act 1989</i> , s. 30(3) – Cotton R&D Corporation	8,151	5,359
<i>Primary Industries and Energy Research and Development Act 1989</i> , s. 30(3) – Forest and Wood Products R&D Corporation	7,050	7,055
<i>Primary Industries and Energy Research and Development Act 1989</i> , s. 30(3) – Grains R&D Corporation – Other Grains	38,811	38,329
<i>Primary Industries and Energy Research and Development Act 1989</i> , s. 30(3) – Grains R&D Corporation – Wheat	52,717	62,280
<i>Primary Industries and Energy Research and Development Act 1989</i> , s. 30(3) – Grape and Wine R&D Corporation	26,738	27,219
<i>Primary Industries and Energy Research and Development Act 1989</i> , s. 30(3) – Rural Industries R&D Corporation	6,236	3,320
<i>Primary Industries and Energy Research and Development Act 1989</i> , s. 30(3) – Sugar R&D Corporation	9,809	10,069
<i>Primary Industries and Energy Research and Development Act 1989</i> , s. 30A(3) – Fisheries R&D Corporation	16,670	16,415
<i>Wheat Marketing Act 1989</i> , s. 10A(2)	3,156	2,860
<i>Wool Services Privatisation Act 2000</i> , s. 31(4)	52,300	51,500
	783,279	824,951

Continued on next page.

Table 2.5: Estimates of expenses from special appropriations—continued

	Estimated expenses 2006–07 \$'000	Budget estimate 2007–08 \$'000
Output 3: Industry development		
<i>Dairy Produce Act 1986</i> , Schedule 2, 83(2) – Dairy Industry Restructure Package	236,566	228,756
	236,566	228,756
Output 5: Product integrity, animal (including aquatic animal) and plant health		
<i>Agriculture and Veterinary Chemicals Administration Act 1992</i> , s. 58(3)	24,694	22,851
<i>Australian Animal Health Council (Live-stock Industries) Funding Act 1996</i> , s. 5	6,262	6,325
<i>National Cattle Disease Eradication Trust Account Act 1991</i> , Schedule 5, 21(6)	6	6
<i>National Residue Survey Administration Act 1992</i> , s. 6	6,023	6,083
	36,985	35,265
Total estimated expenses	1,056,830	1,088,972

2.6 MOVEMENTS IN SPECIAL ACCOUNTS

Special accounts provide a means to set aside and record amounts used for specified purposes. Special Accounts can be created by a Finance Minister's Determination under the *Financial Management and Accountability Act 1997*. These Determinations may be disallowed by the Parliament. Special Accounts can also be established by the passage of separate legislation. Abolition of Special Accounts requires a Determination to be made by the Finance Minister or, for those accounts established by legislation, by repeal of the legislation in whole or part. Table 2.6 shows the expected additions (credits) and reductions (debits) for each account used by the Department.

Table 2.6: Estimates of Special Account cash flows and balances

	Opening balance 2007-08 2006-07 \$'000	Receipts 2007-08 2006-07 \$'000	Payments 2007-08 2006-07 \$'000	Adjustments 2007-08 2006-07 \$'000	Closing balance 2007-08 2006-07 \$'000
Australian Quarantine Inspection Service Account – s. 20, <i>Financial Management and Accountability Act 1997</i> (D)	50,344 44,234	353,374 361,979	360,489 355,869	- -	43,229 50,344
National Residue Survey Account – s. 6, <i>National Residue Survey Administration Act 1992</i> (D)	12,162 12,372	8,961 10,960	7,829 11,170	- -	13,294 12,162
Services for Other Government and Non-Agency Bodies Account – s. 20, <i>Financial Management and Accountability Act 1997</i> (D)	41 401	903 1,121	944 1,481	- -	- 41
National Action Plan for Salinity and Water Quality (National Activities) Special Account – s. 20, <i>Financial Management and Accountability Act 1997</i> (A)	2,165 1,617	2,044 1,987	4,209 1,439	- -	- 2,165
Natural Resources Management Account – s. 11, <i>Natural Resources Management Act (Financial Assistance) Act 1992</i> (A)	4,688 5,366	9,022 11,722	13,710 12,400	- -	- 4,688
National Cattle Disease Eradication Account – s. 4, <i>National Cattle Disease Eradication Account Act 1991</i> (A)	64 13,183	1 606	- 13,725	- -	65 64
Total special accounts					
2007-08 Budget estimate	69,464	374,305	387,181	-	56,588
Total special accounts 2006-07 estimate actual	77,173	388,375	396,084	-	69,464

D = departmental; A = administered

Table 2.7: Estimates of administered expenses from Appropriation Bill No. 1

	Estimated expenses 2006–07 \$'000	Budget estimate 2007–08 \$'000
Output 1: Natural resources access and management		
Defeating the Weed Menace	11,415	7,495
Great Artesian Basin Sustainability Initiative	85	-
Murray Environmental Flows	5,625	-
Murray–Darling Basin Commission	10,299	-
Murray–Darling Basin Commission – Contribution to Salinity Mitigation	1,540	-
National Action Plan for Salinity and Water Quality	12,156	6,035
National Landcare Programme – (for payment to NRM special account)	11,722	9,022
Water Resources Assessment and Research – Grants	96	-
	52,938	22,552
Output 2: Rural policy and innovation		
AAA – FarmBis	-	5,300
AAA – FarmHelp	11,000	26,956
AAA – Advancing Agricultural Industries Programme ^a	5,316	8,650
AAA – Rural Financial Counselling Service	11,323	13,778
Adelaide Showground redevelopment – contribution	35,000	-
Australian Wool Innovation	15,000	-
Drought Assistance – Country Women's Association Emergency Aid Fund	4,000	-
Drought Assistance – Professional Advice	8,600	12,200
FedLink Supplementation for RIRDC	81	83
Interim Income Support Payments	20,040	12,782
Land and Water Resources R&D Corporation	12,751	13,019
Rural Industries R&D Corporation	13,057	13,332
	136,168	106,100
Output 3: Industry development		
Assistance to the Vegetable Industry	1,020	1,640
Australian HomeGrown Campaign	1,820	890
Australian Seafood Industry Council	-	200
Fisheries Resources Research	3,137	3,121
Fishing Structural Adjustment Package	159,895	53,298
Food Processing in Regional Australia	4,181	2,654
For expenditure under the <i>Fisheries Administration Act 1991</i>	37,840	41,386
Horticulture Code of Conduct	176	528
International Organisations Contributions	1,615	1,647
National Food Industry Strategy – Centres of Excellence	2,294	-
National Food Industry Strategy – Food Innovation Grants	13,075	12,093
National Food Industry Strategy – Food Safety and Quality Initiative	250	-
New Industries Development Programme	1,738	2,530
Payment to Meat & Livestock Australia	682	-
RecFish Australia	100	100
Recreational Fishing Community Grants	3,800	8,300
Sugar Industry Reform Programme 2004	39,144	51,403
Tasmanian Community Forest Agreement	10,043	45,584
Tasmanian Pulp Mill	2,600	-
Tobacco Grower Adjustment Assistance 2006 ^d	39,310	6,590
Torres Strait Prawn Fisheries	600	700
	323,320	232,664

Continued on next page.

**Table 2.7: Estimates of administered expenses from Appropriation Bill No. 1—
continued**

	Estimated expenses 2006–07 \$'000	Budget estimate 2007–08 \$'000
Output 4: International food and agriculture service		
AAA – International Agricultural Cooperation	558	742
International Agricultural Cooperation – Live Animal Trade Programme	1,430	1,290
United Nations Food and Agriculture Organisation (FAO)	8,574	8,500
	10,562	10,532
Output 5: Product integrity, animal (including aquatic animal) and plant health		
Agricultural and Veterinary Chemicals Minor Use Programme	129	133
Australian Animal Welfare Strategy	1,042	1,232
Commonwealth contribution to the operating costs of Animal Health Australia	1,109	1,120
FedLink Supplementation for APVMA	92	94
International Organisations Contributions	145	226
National Cattle Disease Eradication – Interest on special account	600	-
National Livestock Identification System	5,000	5,000
Other Exotic Disease Preparedness Programme	545	560
Payment to CSIRO – Contribution to the operating costs of the AAHL	6,998	7,145
Securing the Future: Protecting our Industries from Biological, Chemical and Physical Risks	3,070	2,970
	18,730	18,480
Output 7: Scientific advice		
Centre of Excellence for Biosecurity Risk Analysis and Research	1,684	1,684
	1,684	1,684
Total estimated expenses from Appropriation Bill No. 1	543,402	392,012

- a. Formerly known as AAA – Industry Partnerships.
b. Previously shown as Other decisions yet to be announced.

Table 2.8: Estimates of administered expenses from Appropriation Bill No. 2

	Estimated expenses 2006–07 \$'000	Budget estimate 2007–08 \$'000
Output 1: Natural resources access and management		
Great Artesian Basin Sustainability Initiative – States	2,375	-
Living Murray Initiative	2,200	-
National Action Plan for Salinity and Water Quality	128,797	91,745
National Landcare Programme – Payments to States	25,275	26,822
	158,647	118,567
Output 2: Rural policy and innovation		
AAA – FarmBis	7,700	8,050
Exceptional Circumstances	354,366	335,502
Regional Assistance	500	259
	362,566	343,811
Output 3: Industry development		
Tasmanian Community Forest Agreement	18,000	19,000
	18,000	19,000
Output 5: Product integrity, animal (including aquatic animal) and plant health		
Citrus Canker Eradication Programme	618	730
Eradication of the Red Imported Fire Ant	5,137	7,000
Exotic Disease Preparedness Programme	295	303
Other Exotic Disease Preparedness Programme	84	84
	6,134	8,117
Total estimated expenses from Appropriation Bill No. 2	545,347	489,495

Section 3: Outcomes

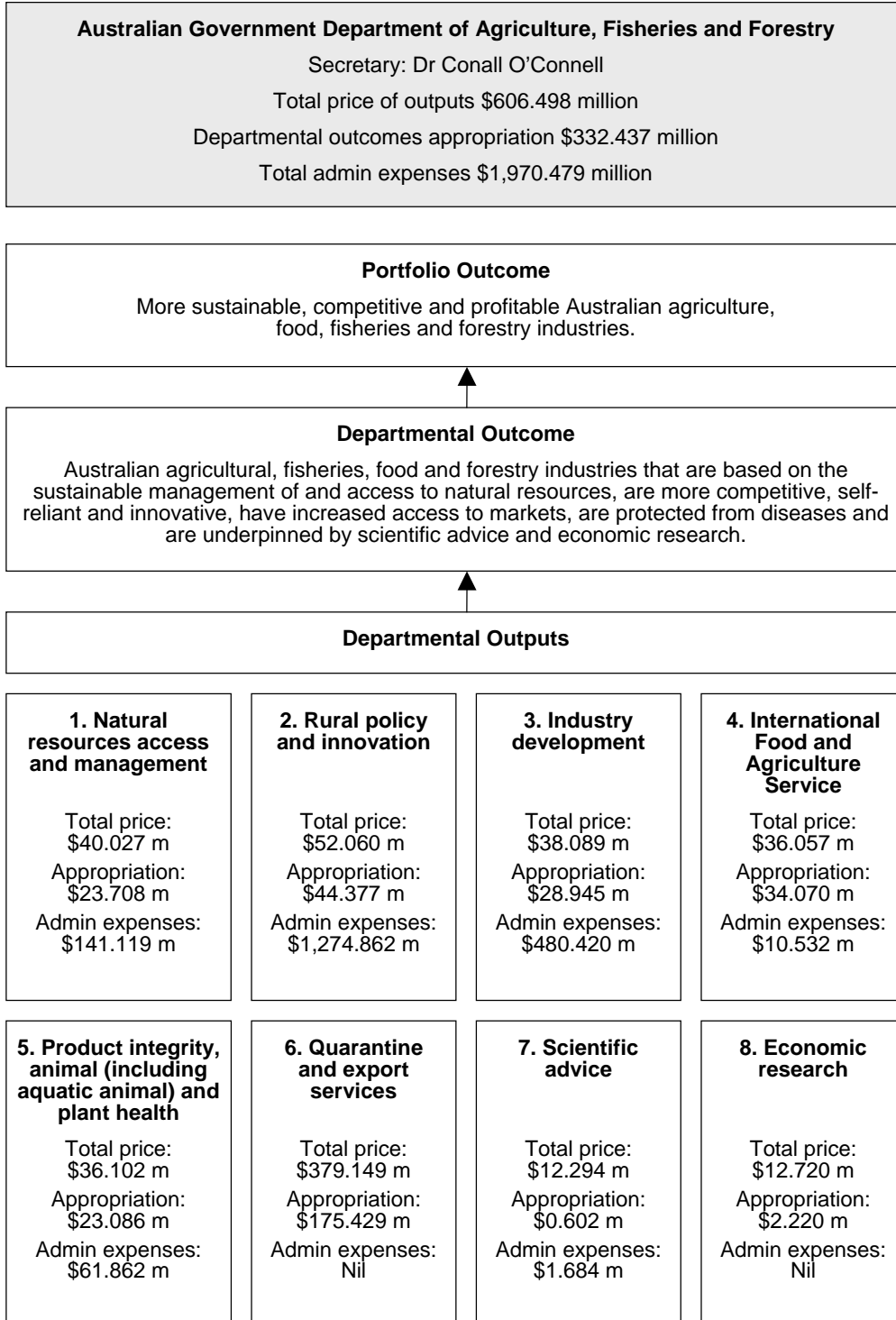
General government sector agencies are required to plan, budget and report under an outcomes structure. Such agencies produce outputs (departmental items) and also administer items on behalf of the government (administered items).

This section summarises how the resources identified in Section 2 will be used to contribute to the single outcome of the Department. Emphasis is placed on estimating the contribution to outcomes through administered items and outputs delivered by the agency. Key performance measures and performance evaluation activities are specified for each output. More detailed information on output and administered item attributes is maintained by agencies for internal management purposes.

3.1 SUMMARY OF OUTPUTS AND CONTRIBUTION TO OUTCOMES

The Department has eight outputs to contribute to the achievement of its outcome. The relationship between these outputs and Department's outcome and the allocation of resourcing for each output are summarised in Figure 1 below.

Figure 1: Contributions to outcomes



3.2 OUTCOME RESOURCES AND PERFORMANCE INFORMATION

3.2.1 Outcome 1 resourcing

Table 3.1 shows how the 2007–08 Budget appropriations translate to total resourcing for Outcome 1, including administered expenses, revenue from government (appropriation), revenue from other sources, and the total price of outputs.

Table 3.1: Total resources for Outcome 1

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000
Administered appropriations^a		
Administered Items – Appropriation Bill No. 1	543,402	392,012
Administered Items – Appropriation Bill No. 2	545,347	489,495
Administered Items – Special Appropriations	1,056,830	1,088,972
Total administered appropriations	2,145,579	1,970,479
Departmental appropriations^b		
Output Group 1 – Natural resources access and management	29,220	23,708
Output Group 2 – Rural policy and innovation	55,447	44,377
Output Group 3 – Industry development	44,139	28,945
Output Group 4 – International food and agriculture service	30,463	34,070
Output Group 5 – Product integrity, animal (including aquatic animals) and plant health	22,783	23,086
Output Group 6 – Quarantine and export services	162,092	175,429
Output Group 7 – Scientific advice	854	602
Output Group 8 – Economic Research	2,130	2,220
Total revenue from government (appropriations)	347,128	332,437
Contributing to price of departmental outputs		
Other resources available to be used^c		
Goods and services	260,302	263,111
Interest	715	720
Other	10,220	10,230
Total revenue from other sources	271,237	274,061
Total price from departmental outputs	618,365	606,498
(Total revenue from government and from other sources)		
Total estimated resourcing for Outcome 1	2,763,944	2,576,977
(Total price of outputs and administered appropriations)		
	2006–07	2007–08
Average staffing level (number)	4,214	4,362

a This part of the table reconciles with the total administered expenses shown in Tables 2.5, 2.7 and 2.8 and also with the administered expenses shown in Table 2.1. The overall total reconciles with total administered expenses shown in Figure 1.

b This part of the table reconciles with the departmental appropriations by output and total shown in Figure 1. The total also reconciles with Bill 1 departmental appropriations in Table 2.1.

c This part of the table is based on accrued figures and reconciles with the income figures in Table 5.1 (including gains). The total does not reconcile with the receipts in Table 2.1 as this is cash based and is made up of the non-appropriation cash from the sale of goods and services, interest and other as shown in Table 5.3.

3.2.2 Measures affecting Outcome 1

The Department is receiving additional funding for 2007–08 of \$50.4 million through the 2007–08 Budget for a range of measures. These measures are set out in Table 2.2. More detailed explanations of these measures can be found in Budget Paper No. 2.

Listed below are the key measures being implemented through the Budget, and an explanation of how each will contribute to the Department's outcome.

The extension of the *Agriculture Advancing Australia* package will enable the department to continue to provide flexible and effective information/advice, training and targeted support for farm businesses and households, regions and rural industries facing difficult challenges.

The extension of the National Food Industry Strategy will enable the department to continue to enhance the Australian food industry's competitiveness and performance.

The extension of National Landcare Programme from 2008–09 will enable the Department to continue the partnership between the Australian Government, farmers and the volunteer community for landcare actions to improve natural resource management at the farm, catchment and regional level.

The improved import risk analyses measure will enable the Department to contribute towards improving quarantine processes in conjunction with Biosecurity Australia.

The extension of the Red Imported Fire Ant Eradication Programme will enable the Department to work with relevant state and territory governments to continue the eradication of the red imported fire ant.

3.2.3 Contributions to achievement of Outcome 1

The Department's contribution to achieving its outcome during 2007–08 includes work to support:

- improved management and sustainability of Australia's land, fisheries and forestry resources through programmes to increase adoption of sustainable production practices and improved resource security and access
- self-reliant, flexible and innovative portfolio industries through the delivery of programmes and policies to support change and adjustment and to improve leadership, business and risk management skills and the uptake of research and innovation
- the growth of globally competitive and commercially sustainable portfolio industries by facilitating industry reform and restructuring and encouraging the adoption of innovative approaches along the value chain

DAFF Budget Statement: Outcomes

- the maintenance of existing markets and the creation of new and improved access to markets and trade opportunities for portfolio industries through participating in bilateral and multilateral negotiations, enhanced international agricultural cooperation and technical market access and maintenance
- the delivery of quarantine, export inspection, certification and food safety standards and the maintenance of Australia's favourable plant and animal health status
- the provision of scientific and economic research and advice to underpin policy and programme development and to help deal with the challenges faced by portfolio industries.

3.2.4 Key priorities for Outcome 1

The Department has allocated these contributions across its eight output groups and has identified the key priorities for each of the output groups as shown in Table 3.2.

Table 3.2: Key priorities for Outcome 1, 2007–08, by output

Key priority	Description	Performance indicators
Output 1: Natural Resources Access and Management		
<i>Output objective:</i> To advance the productive, profitable and sustainable use and management of Australia's natural resource assets—land, water, fisheries and forestry—and security of access to them		
Encouraging sustainable resource access and use	We will develop policies to position the agricultural sector to meet the challenges of achieving sustainable production.	Work in collaboration with Australian agricultural industries to address priority natural resource management issues Improve coordination of policies at each level of government and regions
Information for improved resource management	We will implement initiatives that assess and report on the condition, use and management of Australia's natural resources.	Implementation of the National Land and Water Audit's Signpost for Australian Agriculture projects Improve monitoring and evaluation processes and knowledge management support across NRM regions and nationally
Promote and facilitate greater adoption of sound natural resource management practices, particularly at the catchment or regional scale	We will implement targeted programmes that improve natural resource management practices and the management of the natural resource base.	Leverage further investment from the private sector, state and territory governments and local governments Implement programmes including: <ul style="list-style-type: none"> • the Natural Heritage Trust • the Australian Government Envirofund • the National Action Plan for Salinity and Water Quality • the National Landcare Programme • Defeating the Weed Menace Programme
Output 2: Rural Policy and Innovation		
<i>Output objective:</i> To promote a self-reliant, profitable, competitive and sustainable business environment through the development of integrated policies and programmes in the areas of skills development, support for farm families in adverse circumstances, research and development and innovation, biotechnology and rural industry leadership		
Agricultural biotechnology	We will promote the responsible use of biotechnology in Australian agriculture.	Increased awareness of the use and potential of biotechnology in agriculture through the provision to stakeholders of balanced information, including the publication of reports, to provide a basis for informed decision making Improved regulation and management of biotechnology products, in particular genetically modified crops, through supporting and participating in liaison within and between government and industry Australia's negotiation on the development of international standards and policies maintain and improve Australia's access to export markets for biotechnology and non-biotechnology products

DAFF Budget Statement: Outcomes

Key priority	Description	Performance indicators
Business management skills and capacity building	We will continue to provide business management training and assistance to help producers prepare for exceptional events and manage variable incomes.	Uptake of business management training through AAA FarmBis Number of Exceptional Circumstances Professional Advice and Planning Grants approved Uptake of Farm Management Deposits as a financial risk management tool
Exceptional Circumstances	We will assist farm families and agriculture-dependent small businesses experiencing a severe downturn in income due to rare and severe events, including severe drought.	Financial support to farm families and agriculture-dependent small businesses to manage and recover from severe events Review drought policy to continue to shift toward preparation, management and capacity to recover from drought
Agriculture Advancing Australia – Advancing Agricultural Industries	In collaboration with targeted industries, we will build industry/producer resilience, self-reliance and the capacity of women, young people and indigenous people to determine and advance their industry's future.	Uptake of development opportunities by targeted industries, women, young people and indigenous people against agreed targets
Rural Research, Development and Extension (RD&E)	We will improve the targeting, coordination and adoption of research that supports the competitiveness and sustainability of portfolio industries and ensure that the rural research and development corporations and companies meet the government's financial and accountability standards, including performance reporting.	Increase in the number of RD&E projects funded involving whole-of-industry and government collaboration and cooperation Increase in the productivity and investment returns from these projects
Supporting families through change	We will continue the implementation of AAA Farm Help and the provision of the AAA Rural Financial Counselling Service.	Support to primary producers, fishers and small rural businesses to manage the challenges of industry change and adjustment, including appropriately accessing the re-establishment grants
Output 3: Industry Development		
<i>Output objective:</i> To make Australia's agricultural, fisheries, forestry and food industries more globally competitive through sound policy advice and programme administration that enable business to perform better and respond to market signals along the value chain		
Sugar	We will finalise the implementation of the Sugar Industry Reform Programme 2004.	Review the contribution of the Sugar Industry Reform Programme 2004 to industry sustainability and reform
Wheat	We will contribute to and implement the government's consideration of the operation of Australia's wheat marketing arrangements.	Assist with the timely introduction of any legislation relating to Australia's wheat marketing arrangements
Horticulture	We will work with the horticulture industry to develop its whole of industry strategic plan and deliver seven foundation projects identified for vegetable industry reform.	Agreement to the scope and funding of projects by the Australian Vegetable Industry Development Group to address the seven foundation projects for vegetable industry reform

DAFF Budget Statement: Outcomes

Key priority	Description	Performance indicators
National Food Industry Strategy (NFIS)	With the guidance of the Australian Food Industry Council, we will work to support longer term food and beverage industry competitiveness.	Support innovation by food businesses to enhance competitiveness and new market opportunities Successful pursuit of Australian objectives in international food standard setting bodies
Food regulatory system	In collaboration with the Department of Health and Ageing, we will work to improve the food regulatory arrangements that protect public health and safety while minimising the regulatory burden on the food industry.	Support a reduction of the regulatory burden on the food industry Develop proposals for more streamlined approaches to developing food standards, ensuring that they are the minimum necessary to achieve the outcome of safe food Encourage consistent interpretation and enforcement of the food standards
Dairy	We will manage the wind-up of the Dairy Industry Adjustment Package.	Ensure that necessary arrangements are in place to terminate the Dairy Adjustment Levy and the Dairy Adjustment Authority (DAA) Arrangements in place to manage residual DAA responsibilities after its termination Ensure that relevant legislation is introduced on time
Horticulture Code of Conduct	We will support improvements in the transparency and clarity of transactions between growers and wholesalers or horticulture produce.	Improve transparency and clarity of transactions between growers and traders of horticulture produce Provide a fair and equitable dispute resolution process
Australian Grown labelling initiative	We will oversee the implementation, administration and marketing of the Australian Grown labelling initiative by Australian Made Campaign Ltd.	Enable Australian food producers and processors to better promote their produce and provide consumers with clear information on Australian food products
Review of the regional forest agreements	We will progress reviews of regional forest agreements.	Complete review in Tasmania Substantially progress reviews in Victoria, New South Wales and Western Australia
Review of national forest policies	We will commence a review of the 1992 National Forest Policy Statement and associated forest policies.	Produce a discussion paper that reviews changes since 1992 and provides direction for forest policies Establish an improved and integrated forest policy framework through collaboration with states, territories and stakeholders

DAFF Budget Statement: Outcomes

Key priority	Description	Performance indicators
Tasmanian Community Forest Agreement	We will provide grant assistance to revitalise the Tasmanian forest industries.	Industry investment in new harvesting and processing technologies to add value to forests and to protect jobs Conduct research into alternatives to the use of 1080 poison and to the clear felling of old growth forests
Forest Production Certification	We will work to improve understanding of the Australian Forest Standards internationally and for acceptance of Australian forest product certification and labelling processes in world markets.	Work in collaboration with industry, foreign governments and timber certification schemes to progress the objectives of forest certification The extent to which the Australian forest standards are recognised and endorsed internationally The acceptance by international markets of timber produced in Australia
Forest and Wood Products Australia	We will assist industry in the transfer of the functions of the former Forest and Wood Products Research and Development Corporation to the new industry service provider, Forest and Wood Products Australia.	Transfer of functions completed by 31 December 2007
Illegal Logging Policy	We will implement Australia's illegal forest policy in collaboration with industry and foreign governments.	Reduce the volume of forest products entering Australia suspected to be either illegally sourced or of suspect origin by working with industry and foreign governments Develop a system with industry to document the legality of timber products sold in the Australian marketplace
Indigenous Forestry Policy	We will continue to implement the National Indigenous Forestry Strategy.	Identify potential projects and funding sources with indigenous stakeholders Encourage skills development, employment and business opportunities for indigenous people in the industry Increase the number of indigenous people employed and engaged in business activity within the forestry industry

DAFF Budget Statement: Outcomes

Key priority	Description	Performance indicators
Illegal fishing in northern Australia	We will provide leadership and input into the development of new and innovative approaches to control illegal, unreported and unregulated (IUU) fishing in and adjacent to Australia's exclusive economic zone.	<p>Develop and coordinate the implementation of measures, including the 2006 Budget measures, in collaboration with relevant agencies</p> <p>Engage foreign governments, regional fisheries management organisations and key international bodies such as the United Nations Food and Agricultural Organization on this issue through direct bilateral and multilateral arrangements</p> <p>Develop solutions to promoting responsible fishing and combating IUU fishing in the region through successful engagement of regional countries</p> <p>Reduce the IUU fishing activity in Northern Australia</p>
Fisheries management	We will continue to improve the policy framework for managing Commonwealth fisheries in a sustainable and profitable way.	<p>Complete the implementation of the \$220M Securing our Fishing Future structural adjustment package in collaboration with the Australian Fisheries Management Authority (AFMA) as required</p> <p>Deliver assistance for affected onshore fishing businesses and fishing communities</p> <p>Implement key aspects of the Government's direction to AFMA to take action to cease over-fishing, avoid further species from becoming over-fished and manage the broader environmental impacts of fishing, including on threatened species</p> <p>Implement the outcomes of the Uhrig review on AFMA</p> <p>Continue to amend Commonwealth fisheries legislation as necessary</p>
Torres Strait fisheries	We will improve the policy framework for managing Torres Strait fisheries in a sustainable and profitable way.	<p>Implement and complete the structural adjustment programme agreed by the Protected Zone Joint Authority</p> <p>Introduce management and methods based on output controls</p> <p>Finalise management plans in key fisheries</p>

DAFF Budget Statement: Outcomes

Key priority	Description	Performance indicators
Output 4: International Food and Agriculture Service		
<i>Output objective:</i> To make Australia's agricultural, food, fisheries, and forestry industries more sustainable, competitive, and profitable by maintaining and improving market access opportunities for portfolio industries, removing distortions to international trade, facilitating technical assistance and agricultural cooperation in support of portfolio interests, mitigating external risks to our plant and animal health status, and assisting in the development of international standards for trade in portfolio products		
Trade opportunities from multilateral agreements	We will seek to ensure that Australia receives full benefit from past World Trade Organization (WTO) Agreements.	Protect Australia's interests in agriculture related dispute resolution Actively participate in the DoHA Round of negotiations Ensure that key issues for portfolio industries are given a high priority in Australia's negotiating positions
Trade opportunities from regional and bilateral agreements	We will seek to maximise market access opportunities arising from free trade agreements (FTAs).	Maximise market access opportunities under existing FTAs with New Zealand, Singapore, Thailand and the United States Negotiate new FTAs with China, United Arab Emirates (UAE), Malaysia and the Association of Southeast Asian Nations (ASEAN) Support proposed FTAs and feasibility studies
International standards	We will contribute to international standard setting activities through strategic involvement in the work of relevant international organisations.	Encourage the adoption of standards that facilitate trade in Australian products
Technical market access barriers	We will identify and target bilateral market access opportunities or threats where the Department can contribute to addressing technical barriers to trade.	Work collaboratively with stakeholders to identify and address technical barriers to trade
International agricultural cooperation	We will provide technical assistance and agricultural cooperation to key trading partners.	Support improved animal welfare outcomes in key markets receiving live animals from Australia Implement the new agricultural assistance programme with China

Key priority	Description	Performance indicators
Output 5: Product Integrity, Animal (including aquatic animal) and Plant Health		
<i>Output objective:</i> To minimise the impact of pests, diseases and contaminants on Australian agriculture, fisheries and forestry, and to contribute to the health and welfare of production animals, and the health and protection of plants		
National animal and plant health and animal welfare policy	We will strengthen Australia's national framework for animal and plant pest and disease management and improve animal welfare outcomes.	<p>Consult with state and territory governments and non-government stakeholders</p> <p>Continue to implement the Australian Animal Welfare Strategy</p> <p>Contribute to the implementation of the National Livestock Identification System</p> <p>Manage a number of national animal and plant health programmes</p> <p>Continue with reforms to agricultural and veterinary chemicals legislation and the national chemicals risk management framework</p>
Management of pest, disease and contaminant emergencies	We will ensure the effective and efficient national management of pest, disease and contaminant emergencies that impact on Australian agriculture, aquaculture and forestry with a focus on: avian influenza(AI), bovine spongiform encephalopathy (BSE), foot and mouth Disease (FMD), citrus canker, red imported fire ants, eucalyptus rust and Australian plague locusts.	<p>Refine the emergency plant pest response deed and apply the lessons learnt from the 2006 sugarcane smut outbreak</p> <p>Enhance national AI preventative and risk mitigation strategies through a coordinated and collaborative approach both within the Department and with other Australian Government agencies, the states/territories and industry</p> <p>Contribute to AI initiatives in the region through the provision of technical advice and assistance to AusAID</p> <p>Participate in relevant international fora, including APEC</p>
International animal and plant health, animal welfare and food standards	We will advance Australia's interests in international animal health and welfare, plant health and food standards fora and continue to contribute to capacity building activities within neighbouring countries to manage pests and diseases.	<p>Enhance Australia's early warning systems and preparedness for exotic pests and diseases, especially those of particular threat to Australia</p> <p>Contribute, as required, to bilateral discussions dealing with significant technical market access problems</p> <p>Provide timely and accurate advice to trading partners and international fora</p>

DAFF Budget Statement: Outcomes

Key priority	Description	Performance indicators
Output 6: Quarantine and Export Services		
<i>Output objective:</i> To reduce the risk to Australia's animal, plant and human health status and maintain market access through the delivery of quarantine and export services		
Quarantine integrity	We will support Australian quarantine integrity.	Provide appropriate border control arrangements for international passengers, cargo, mail, aircraft and other vessels entering Australia and through post-entry plant and animal quarantine arrangements
Export services and access	We will maintain the integrity of our export certification system.	Provide export inspection, auditing and verification services to the meat, horticulture, grain, fish, dairy, live animal exports and organic industries to ensure compliance with importing country requirements
Awareness of quarantine and export requirements	We will raise awareness of quarantine and export requirements.	Develop and implement communications to promote compliance with these requirements by individuals or businesses within Australia and overseas residents who may travel to or trade with Australia
Service delivery	We will develop and maintain a partnership approach with stakeholders and deliver a high level of service to industry and other external clients.	Support important elements in the international regulatory framework that governs trade between nations through our import and export inspection, certification and food safety standard activities
Quarantine controls	We will continue to implement and administer quarantine controls at Australia's borders to minimise the risk of exotic pest and disease incursions.	With the support of industry and the community, respond to potential quarantine threats to support Australia's animal, plant and human health status and protect Australia's agricultural industries
Market access	We will maintain access for Australian agricultural and food products to a large number of markets around the world.	Provide certification services
Output 7: Scientific Advice		
<i>Output objective:</i> To promote more sustainable, competitive and profitable Australian agricultural, food, fisheries and forestry industries by delivering effective, timely, policy-relevant scientific advice, assessments and tools for decision making		
Relevant, integrated advice	We work to ensure our advice is relevant, integrated with other advice and communicated effectively to support evidence-based policy development. Our advice is delivered through briefings, governmental committees, reports, conferences and workshops, and through access to national data sets.	A high level of demand by stakeholders, including through new technologies Evidence of scientific advice used in policy decisions and related public information provision Scientific advice is provided for clients to a high standard, on time as measured by client feedback

Key priority	Description	Performance indicators
Online information and interactive systems	We provide a range of biophysical and socio-economic information held by the Department and other agencies, which is prepared and analysed through electronic interactive tools to support decision-making by the portfolio and its stakeholders.	A high level of demand by stakeholders, including through new technologies Scientific advice is provided for clients to a high standard, on time as measured by client feedback
Managing risks in agricultural production	We aim to assist government and industries in managing the effects of changing conditions, including climate, by collating and analysing data on which we base our advice to assist decision makers.	Evidence of scientific advice used in policy decisions and related public information provision Scientific advice is provided for clients to a high standard, on time as measured by client feedback
Commonwealth managed fisheries	Our fisheries status reports and related advice are an essential foundation for sustainable fisheries management. We also contribute to ensuring Australia's regional fisheries interests are well represented, and there is more sustainable use internationally of migratory fish stocks.	Evidence of scientific advice used in policy decisions and related public information provision Scientific advice is provided for clients to a high standard, on time as measured by client feedback
Agricultural water management	Our advice supports national water policy initiatives in the areas of surface and groundwater resources, freshwater ecology, hydrology modelling, mapping, data management and, social analysis.	Evidence of scientific advice used in policy decisions and related public information provision Scientific advice is provided for clients to a high standard, on time as measured by client feedback
Targeted industries, technology and communities	Our integrated social and biophysical assessments of regions or industries provide key information to assist policy decisions.	Evidence of scientific advice used in policy decisions and related public information provision Scientific advice is provided for clients to a high standard, on time as measured by client feedback
Australian forests, vegetation and land resources, and pest species	Our advice supports portfolio policy initiatives on sustainable natural resource use, including land management, forestry, and agricultural production.	Evidence of scientific advice used in policy decisions and related public information provision Scientific advice is provided for clients to a high standard, on time as measured by client feedback
Output 8: Economic Research		
<i>Output objective:</i> To contribute to the long-term competitiveness of Australia's agricultural, fishing, forestry, energy and minerals industries by providing rigorous and independent economic research, analysis and forecasts		
Agricultural analysis—international trade	Our research on trade rules and other technical issues relevant to international trade informs and assists Australian negotiators in achieving beneficial outcomes during trade negotiations.	Provide timely and informed input to assist various trade negotiation processes Publish analytical reports that support the trade negotiation processes Liaise with researchers in like minded countries (including the Cairns Group and G20 countries) to harness support for Australia's position in negotiation processes

DAFF Budget Statement: Outcomes

Key priority	Description	Performance indicators
Agricultural analysis— farm performance	Our farm surveys will be used to monitor production on, and the financial performance of, Australian farm businesses in the broad acre and dairy sections and to estimate farm productivity trends.	Incorporate farm survey data into research on structural adjustment in agriculture, recovery from drought and briefings on Exceptional Circumstances applications and reviews
Climate change and adaptation	Our research on the possible interactions between regional climatic conditions, including rainfall and temperature and the availability of water resources, develops understanding of the potential impacts of climate change on medium to long-term agricultural production at national and global levels.	Assess the possible impacts of adaptation measure on agricultural production and trade across key regions Enhance understanding of the medium to long-term implications for the Australian farm sector of possible climate change
Biosecurity	We will develop and provide economic frameworks that support cost-effective biosecurity outcomes.	Provision of timely analysis to assess the potential economic impacts of agricultural costs and farm diseases on the farm sector and the broader community
Natural resource management	We will undertake research and provide information to assist in the development of efficient natural resource management policies.	Examine the impacts of water policy changes and the implications of reduced water availability on agricultural industries and the regional economies
Commodity outlook	Our short and longer term commodity outlook and analyses will result in detailed market information being made available to support well informed business and policy decisions.	Provide detailed and timely market information through a range of media to stakeholders, government and industry

3.2.5 Performance information for Outcome 1

Table 3.3 lists overall effectiveness indicators for the Outcome components.

Table 3.4 lists performance indicators for each of the Department's eight output groups, including administered items managed with the output groups.

Table 3.3: Performance information for Outcome 1, by outcome component

Effectiveness—overall achievement of Outcome		
Outcome component	Responsible output groups	Effectiveness indicators
Sustainable Management of Resources	<i>Natural Resources Access and Management</i>	<p>Increased awareness and understanding of natural resources issues.</p> <p>Adoption of sustainable practices by land/fishery/forestry managers and the general community.</p> <p>Increased opportunities to secure and access resources with certainty and on a sustainable basis.</p>
Competitive Portfolio Industries	<i>Industry Development</i>	<p>Commercially sustainable industries with improved responsiveness to market conditions as measured by:</p> <ul style="list-style-type: none"> • impediments to growth and competitiveness being reduced or removed • feedback from industry, government and community stakeholders • industry profitability and level of investment in sector. <p>Portfolio industries are responsive to evolving global markets and the adoption of new and innovative approaches along the value chain as measured by:</p> <ul style="list-style-type: none"> • BRS status reports • ABARE statistics and reports • commercialisation of new agribusiness products, technologies and services • AFMA restructured as a commission. <p>Change, adjustment strategies and programmes are developed and implemented effectively as measured by:</p> <ul style="list-style-type: none"> • timely implementation of industry reforms and structural adjustment programmes • enhanced industry competitiveness. <p>Food safety regulations built on a through chain approach which facilitate industry innovation and competitiveness as measured by:</p> <ul style="list-style-type: none"> • improved food regulatory arrangements that reduce regulatory burden, are consistent, and reflect public health, consumer and industry issues.
Self-reliant and Innovative Portfolio Industries	<i>Rural Policy and Innovation</i>	<p>Increased awareness of and participation in programmes to support change and adjustment, and to improve business, risk and resource management, uptake of research and innovation, and capacity for leadership as measured by:</p> <ul style="list-style-type: none"> • independent program reviews and audits • participant surveys • annual reports and reporting data from portfolio corporations • website data • commissioned research.

DAFF Budget Statement: Outcomes

Effectiveness—overall achievement of Outcome		
Outcome component	Responsible output groups	Effectiveness indicators
Access to Markets	<i>International Food and Agriculture Service Quarantine and Export Services</i>	Maintaining existing markets and creating new and improved trade opportunities for portfolio industries. Enhancing international agricultural cooperation to facilitate increased trading opportunities. Maintaining the integrity and delivery of inspection and certification services, standards setting, technical market maintenance and public awareness.
Managing Pest and Disease Risk	<i>Product Integrity, Animal (including aquatic animal) and Plant Health International Food and Agriculture Service Quarantine and Export Services</i>	Maintaining Australia's favourable animal and plant health status. Minimising the adverse impacts of agriculture, forest or aquaculture pests, diseases and contaminants on production and trade. Ensuring that scientific and technical advice underpins import risk analyses and the development of a national quarantine policy. Maintaining the integrity of, and continuing to deliver, inspection and certification services.
Scientific Advice	<i>Scientific Advice</i>	The degree to which scientific advice is utilised by Ministers and industry and is reflected in national policy decisions or related public information as measured by: <ul style="list-style-type: none"> • a high level of demand by stakeholders, including through new technologies • references to scientific advice in policy decisions and related public information • client feedback.
Economic Research	<i>Economic Research</i>	The extent to which ABARE research, analysis and forecasts are considered in the policy-making process as measured by: <ul style="list-style-type: none"> • the use of ABARE analysis in government-commissioned reports and studies • the number of mentions in parliament • the number of invitations to give briefings and presentations to government, business and community conferences and meetings • the number of media mentions, including on television and radio and in the press.
Policy Advice	<i>All Outputs</i>	Level of satisfaction of Ministers and the Parliamentary Secretary with the quality and timeliness of ministerial correspondence, briefs, parliamentary questions on notice, question time briefs, speeches and media releases as measured by the feedback received.

Table 3.4: Performance information for Outcome 1, by output

Performance information by output	
Output	Performance indicators
Output 1: Natural Resources Access and Management	
<i>Output objective:</i> To advance the productive, profitable and sustainable use and management of Australia's natural resource assets—land, water, fisheries and forestry—and security of access to them.	
Departmental	
High-quality policy advice on natural resources access and management	The extent to which policy advice relating to natural resource management is used in policy decisions as measured by feedback from Ministers and the Parliamentary Secretary and the extent that actions of ministerial councils and other government and industry committees take account of portfolio policies and priorities.
Effective administration of natural resources access and management programmes	The progress on programme implementation that contributes to improved natural resource management outcomes as measured by evaluation of existing programmes and the extent of establishment of new programme arrangements and leverage of additional financial and other investments from public and private organisations. The extent of engagement with stakeholders and evidence of improved stakeholder relations as measured by the degree of awareness and positive recognition and the take-up of NRM programmes. <i>Cost: \$40.027 million</i>
Administered	
Defeating the Weed Menace Programme	The extent to which the programme has improved national coordination of weed management, increased public awareness of weed issues and improved coordination and national focus of weeds research. <i>Cost: \$7.495 million</i>
National Action Plan for Salinity and Water Quality (NAP) (Bills 1 & 2)	Investment strategies address nationally agreed natural resource management (NRM) priorities to deal with identified NRM issues. All investments approved by Ministers are delivered through appropriate financial agreements and provided with funding in accordance with NAP accountability and acquittal procedures, to meet the NAP's objectives. <i>Cost: \$97.780 million</i>
National Landcare Programme—for payment to NRM special account (Bill 1)	The extent of engagement of industry and the wider community in NRM at a national scale to encourage adoption of sustainable practices. The extent of strategic direction and support received by the volunteer Landcare movement. <i>Cost: \$9.022 million</i>
National Landcare Programme—payments to states (Bill 2)	The extent of engagement of industry and the wider community in NRM at a regional scale to encourage adoption of sustainable practices. The extent of on ground actions by community and industry groups that will contribute to learning and behavioural change. <i>Cost: \$26.822 million</i>
Output 2: Rural Policy and Innovation	
<i>Output objective:</i> To promote a self-reliant, profitable, competitive and sustainable business environment through the development of integrated policies and programmes in the areas of skills development, support for farm families in adverse circumstances, research and development and innovation, biotechnology and rural industry leadership.	
Departmental	
High-quality policy advice on rural policy and innovation issues	The level of satisfaction of Ministers and the Parliamentary Secretary with the quality and timeliness of policy advice as measured by written feedback received.

DAFF Budget Statement: Outcomes

Performance information by output	
Output	Performance indicators
Effective administration of rural policy and innovation programmes	<p>The delivery of programmes and services in accordance with the relevant agreement/memorandum of understanding, programme guidelines and government prudential requirements.</p> <p>Client awareness of programmes and their purpose, as measured by client feedback data.</p> <p>Cost: \$52.060 million</p>
<p>Administered</p> <p><i>Australian Meat and Live-Stock Industry Act 1997</i> <i>Australian Wine and Brandy Corporation Act 1980</i> <i>Dairy Produce Act 1986</i> <i>Egg Industry Service Provision Act 2002</i> <i>Financial Management and Accountability Act 1997, s. 28(2)</i> <i>Horticulture Marketing and Research and Development Services Act 2000</i> <i>Plant Health Australia (Plant Industries) Funding Act 2002</i> <i>Pig Industry Act 2001</i> <i>Primary Industries and Energy Research and Development Act 1989</i> Cotton Research and Development Corporation (RDC); Fisheries RDC; Forest and Wood Products RDC; Grains RDC; Grape and Wine RDC; Rural Industries RDC; and Sugar RDC. <i>Wheat Marketing Act 1989</i> <i>Wool Services Privatisation Act 2000</i></p>	<p>The efficient and effective delivery and adoption of research and development that improves sustainability and productivity of primary industries.</p> <p>Cost: \$505.904 million</p>
Agriculture Advancing Australia—FarmBis	<p>The level of awareness of FarmBis amongst potential participants.</p> <p>Participants' level of satisfaction with the service of FarmBis staff, training providers and course content.</p> <p>The proportion of participants indicating training was relevant, met their expectations and enabled them to acquire new skills, and who have incorporated course outcomes/new skills into their business and natural resource management practices.</p> <p>Cost: \$13.350 million</p>
Agriculture Advancing Australia—FarmHelp	<p>Short term financial assistance and training provided to farmers experiencing financial difficulty.</p> <p>The extent that farm families examine their options for the future and take action to improve their future financial prospects, either on or off the farm.</p> <p>Cost: \$26.956 million</p>

Performance information by output	
Output	Performance indicators
Agriculture Advancing Australia—Advancing Agricultural Industries Programme	<p>The number of industry partnership projects initiated and the level of participation of the target client group.</p> <p>The level of participants' (industries and individuals) satisfaction with the programme approach and delivery.</p> <p>The number of people participating in initiatives under the pathways for Participation Strategy.</p> <p>Cost: \$8.650 million</p>
Agriculture Advancing Australia—Rural Financial Counselling Service	<p>The level of awareness of the programme amongst potential recipients.</p> <p>The number of clients assisted.</p> <p>The number of referrals to other services.</p> <p>The level of client satisfaction with responsiveness and mobility of enhanced service delivery arrangements.</p> <p>The number of clients making change or adjustment.</p> <p>Cost: \$13.778 million</p>
Drought Assistance – Professional Advice	<p>Short-term professional advice provided to farmers experiencing serious financial difficulty.</p> <p>Cost: \$12.200 million</p>
Exceptional Circumstances	<p>The number of long-term viable farm and agriculturally-dependent small businesses assisted by Exceptional Circumstances interest rate subsidies and relief payments.</p> <p>Cost: \$335.502 million</p>
<i>Farm Household Support Act 1992</i> (Exceptional Circumstances Relief Payment)	<p>The number of farm families and agriculturally-dependent small businesses experiencing severe financial difficulties in Exceptional Circumstances declared areas receiving welfare support.</p> <p>Cost: \$308.061 million</p>
FedLink Supplementation for Rural Industry Research and Development Corporation (RIRDC)	<p>Payment to RIRDC to allow implementation of FedLink access.</p> <p>Cost: \$0.083 million</p>
<i>Fisheries Administration Act 1991</i> – Special Appropriation	<p>The Australian Fisheries Management Authority demonstrates good stewardship of Commonwealth fisheries by compliance with the objectives of the <i>Fisheries Management Act 1991</i>.</p> <p>Cost: \$10.986 million</p>
Interim Income Support Payments	<p>Number of farm families and agriculturally dependent small businesses experiencing severe financial difficulties in prima facie areas receiving welfare support.</p> <p>Cost: \$12.782 million</p>
Land and Water Resources R&D Corporation	<p>The efficient and effective delivery and adoption of research and development that improves sustainability and productivity of primary industries.</p> <p>Cost: \$13.019 million</p>
Regional Assistance	<p>Enhanced long-term viability and sustainability of regional farming communities.</p> <p>Cost: \$0.259 million</p>
Rural Industries Research and Development Corporation – Bill 1	<p>The efficient and effective delivery and adoption of research and development that improves sustainability and productivity of primary industries.</p> <p>Cost: \$13.332 million</p>

DAFF Budget Statement: Outcomes

Performance information by output	
Output	Performance indicators
Output 3: Industry Development	
<i>Output objective:</i> To make Australia's agricultural, fisheries, forestry and food industries more globally competitive through sound policy advice and programme administration that enable business to perform better and respond to market signals along the value chain.	
Departmental	
High-quality policy advice on industry development issues	The level of satisfaction of Ministers and the Parliamentary Secretary with the quality and timeliness of policy advice as measured by feedback received.
Effective administration of industry development programmes	Timely and effective delivery of programmes in accordance with programme guidelines and Government prudential requirements as measured through the regular review of programmes. Client awareness of programmes and their purpose as measured through the regular review of programmes. The management of contractual obligations with outsourced service providers in accordance with government prudential requirements. Cost: \$38.089 million
Administered	
Assistance to the Vegetable Industry	Based on advice from the Australian Vegetable Industry Development Group (AVIDG), implement seven foundation projects aimed at improving the vegetable industry's competitiveness. Cost: \$1.640 million
Australian HomeGrown Campaign	Level of progress towards implementation of a sustainable voluntary labelling campaign for Australian-grown food. Cost: \$0.890 million
Australian Seafood Industry Council	Work with industry to develop a viable consultative body for the seafood industry. Cost: \$0.200 million
<i>Dairy Produce Act 1996</i> – Dairy Industry Restructure Package	The ongoing timely and efficient administration of the Dairy Structural Adjustment Programme/Supplementary Dairy Assistance in order to assist dairy farmers and communities adjust to the impacts of farmgate pricing deregulation. Cost: \$228.756 million
Fisheries Resources Research Fund	Targeted economic and scientific policy research contributes to the management of Commonwealth fisheries and Australia's engagement in regional forums and organisations. Cost: \$3.121 million
Fisheries Structural Adjustment Package—Fishing Communities Programme	The projects implemented within timeframe to facilitate economic and social outcomes. Cost: \$19.900 million
Fisheries Structural Adjustment Package—Onshore Business Restructure Programme	The number of fishing related businesses that receive assistance. Cost: \$26.398 million
Fisheries Structural Adjustment Package—Management Levy Subsidy	The timely payment of subsidy to the Australian Fisheries Management Authority. Cost: \$5.000 million
Fisheries Structural Adjustment Package—Science, Compliance and Data Collection	The timely payment to the Australian Fisheries Management Authority for additional science, compliance and data collection. Cost: \$2.000 million

Performance information by output	
Output	Performance indicators
Food Processing in Regional Australia	<p>The capacity of agribusinesses and food processing businesses in rural and regional Australia to add value to food produce/commodities is increased through:</p> <ul style="list-style-type: none"> the number of Food Processing in Regional Australia grant projects approved each year, and the success of these ongoing projects the dissemination of information and lessons learned from projects through a variety of media and demonstration/presentation events. <p>Cost: \$2.654 million</p>
For expenditure under the <i>Fisheries Administration Act 1991 – Bill 1</i>	<p>The Australian Fisheries Management Authority demonstrates good stewardship of Commonwealth fisheries by compliance with the objectives of the <i>Fisheries Management Act 1991</i>.</p> <p>Cost: \$41.386 million</p>
Horticultural Code of Conduct	<p>Quarterly reports on arrangements from committee.</p> <p>Cost: \$0.528 million</p>
International Organisations Contributions	<p>Membership payments made accurately and on time, consistent with Australia's obligations under international treaties.</p> <p>Work programmes which further the achievement of Australia's international fisheries, forestry, agricultural and wine trade policy objectives.</p> <p>Industry support for government involvement.</p> <p>Cost: \$1.647 million</p>
National Food Industry Strategy (NFIS)—Food Innovation Grants (FIG)	<p>Extent to which the programme leads to commercial gains from research and development and innovation throughout the food industry as measured by the percentage of FIG grants that result in new or improved food products and packaging, processing, storage and distribution technologies.</p> <p>Number of additional food businesses with increased uptake of the outcomes of research and development and innovation arising from grants and other initiatives funded by the programme.</p> <p>Extent to which the programme generates increased linkages between food businesses and Australian based research providers measured by the number of contracts created between businesses and research providers</p> <p>Cost: \$12.093 million</p>
New Industries Development Programme	<p>Australian agribusiness enterprises gain the business skills and resources required to successfully commercialise new agribusiness products, technologies and services as measured through:</p> <ul style="list-style-type: none"> a minimum of 16 pilot commercialisation projects approved and existing projects effectively monitored a minimum of 13 scholarships awarded and existing scholarships effectively monitored. <p>The effectiveness of planning educational tools and services in the area of supply chain management, business enterprise development and market analysis and planning, gathered through follow-up evaluation.</p> <p>Cost: \$2.530 million</p>
RecFish Australia	<p>RecFish Australia effectively engages with the Australian Government on issues of national significance to the recreational fishing sector.</p> <p>RecFish Australia has strong support within the recreational fishing sector and remains financially viable.</p> <p>Cost: \$0.100 million</p>
Recreational Fishing Community Grants	<p>Improve recreational fishing throughout Australia by funding projects concerning infrastructure, fishing participation, education and awareness, fish information and abundance and marine rescue activities.</p> <p>Cost: \$8.300 million</p>

DAFF Budget Statement: Outcomes

Performance information by output	
Output	Performance indicators
Sugar Industry Reform Programme 2004—Advisory Group Network	The Industry Oversight Group progresses industry reform priorities and undertakes to align regional plans with its strategic vision. The regional advisory groups facilitate a regional focus for industry operations through development and implementation of regional plans. The Industry Oversight Group and the regional advisory groups contribute to the assessment of regional and community projects. Cost: \$0.550 million
Sugar Industry Reform Programme 2004—Regional and Community Projects	An increased medium to longer term restructuring of the sugar industry through regionally based, targeted projects that stimulate necessary change. Cost: \$50.853 million
Tasmanian Community Forest Agreement—Hardwood Softwood and Country Sawmills Programmes	The number of businesses assisted and jobs maintained. The amount of new investment in forest industries. The assistance given within agreed timeframes. Cost: \$64.584 million
Tobacco Grower Adjustment Assistance 2006	Number of growers who have been assisted. Cost: \$6.590 million
Torres Strait Prawn Fisheries	Research—development and commencement of research plan to support new management arrangements. Levy relief—timely payment of funding to AFMA to off-set increased costs during development of new management arrangements. Cost: \$0.700 million
Output 4: International Food and Agriculture Service	
<i>Output objective:</i> To make Australia's agricultural, food, fisheries, and forestry industries more sustainable, competitive, and profitable by maintaining and improving market access opportunities for portfolio industries, removing distortions to international trade, facilitating technical assistance and agricultural cooperation in support of portfolio interests, mitigating external risks to our plant and animal health status, and assisting in the development of international standards for trade in portfolio products.	
Departmental	
High-quality policy and technical advice on trade policy and market access Effective participation in trade policy and market access negotiations.	The number of market access opportunities created and maintained for portfolio industries. The technical assistance and agricultural cooperation activities developed and implemented to support core portfolio interests. The effective management of the external risks and challenges to Australia's food and agriculture systems. The degree to which trade policy and market access negotiations are responsive to national priorities. Cost: \$36.057 million
Administered	
Agriculture Advancing Australia—International Agricultural Cooperation	The development of markets and bilateral trade and investment opportunities for our portfolio industries through international activities which will enhance existing and new relationships at government-to-government level as measured by the number of successful support activities delivered. Cost: \$0.742 million
International Agricultural Cooperation—Live Animal Trade Programme	Deliver better animal welfare outcomes, enhance live animal exporting countries' technical capabilities, and advance bilateral agricultural relationships as measured by the number of successful activities delivered. Cost: \$1.290 million

Performance information by output	
Output	Performance indicators
United Nations Food and Agriculture Organization (FAO)	Further achievement of Australia's national and international agricultural, fisheries, forestry and food interests and the FAO's overall objectives, through our annual contribution. Cost: \$8.500 million
Output 5: Product Integrity, Animal (including aquatic animal) and Plant Health	
<i>Output objective:</i> To minimise the impact of pests, diseases and contaminants on Australian agriculture, fisheries and forestry, and to contribute to the health and welfare of production animals, and the health and protection of plants.	
Departmental	
<p>A stronger framework and capacity for managing and responding to pest, disease and contaminant emergency incidents and continued maintenance of Australia's highly favourable pest and disease free status</p> <p>International animal health, plant health and food standards that decrease the threat of pests and diseases from countries impacting on Australian agricultural, fisheries and forestry industries and contribute to the resolution of technical market access problems and strengthening of Australia's own domestic food standards setting arrangements.</p>	<ul style="list-style-type: none"> • practical support from state and territory governments and non-government stakeholders for the implementation of animal health, plant health, animal welfare and production input risk management • the early intervention and response to emergency incidents • the continued progress in eradication campaigns • positive feedback on a national simulation exercises through formal evaluation processes • the provision of timely and accurate advice to trading partners and international forums • the degree to which Australia's representations are accepted in bilateral or multilateral negotiations • the extent to which the outcome of bilateral and multilateral negotiations match Australia's objectives • progress in developing the ability of neighbouring countries to manage their agricultural, fishery and forestry pests, diseases and contaminants <p>Cost: \$36.102 million</p>
Administered	
Agriculture and Veterinary Chemicals Minor Use Programme	Better access by the community to minor use agricultural and veterinary chemicals through reduced regulatory impediments. Cost: \$0.133 million
<i>Agricultural and Veterinary Chemicals (Administration) Act 1992</i>	Compliance with legislation in the collection and disbursement of monies, which fund the objectives of Australian Pesticides & Veterinary Medicines Authority. Cost: \$22.851 million
<i>Australian Animal Health Council (Live-stock Industries) Funding Act 1996</i>	Compliance with legislation in the collection and disbursement of monies, which fund the objectives of Animal Health Australia. Cost: \$6.325 million
Australian Animal Welfare Strategy	Increased community awareness and acceptance of the importance of sound animal welfare standards and practices. Enhanced scientific knowledge for the development of animal welfare codes and practices. New national reporting and monitoring systems for animal welfare. Cost: \$1.232 million
Citrus Canker Eradication Programme	Delivery of agreed activities as specified in the national eradication strategy to achieve eradication of this virulent bacterial disease, to mitigate its potential impact on Australia's citrus industry. Cost: \$0.730 million

DAFF Budget Statement: Outcomes

Performance information by output	
Output	Performance indicators
Commonwealth contribution to the operating costs of Animal Health Australia (AHA)	Delivery of agreed annual programme and activities outlined in the AHA strategic plan. Cost: \$1.120 million
Eradication of the Red Imported Fire Ant	Delivery of agreed baiting and surveillance activities as specified in the national eradication strategy to achieve eradication of this invasive pest, to reduce their potential impact on Australia's agricultural sector. Cost: \$7.000 million
Exotic Disease Preparedness Programme	Delivery of regular reports from state governments and from the Wildlife Disease Network as per approved contracts. Cost: \$0.303 million
FedLink Supplementation for APVMA	Payment to APVMA to allow implementation of FedLink access Cost: \$0.094 million
International Organisations Contributions	Payment of Australian Government membership to the World Organisation for Animal Health to allow Australian Government representation in this important forum. Cost: \$0.226 million
<i>National Cattle Disease Eradication Trust Account Act 1991</i>	Compliance with legislation in the collection and disbursement of monies, for the purposes of the National Cattle Disease Eradication Special Account. Cost: \$ 0.006 million
National Livestock Identification System	Establishment of a nationally integrated system for livestock traceability as a management tool to deal with animal disease emergencies and food safety issues associated with meat. Cost: \$5.000 million
<i>National Residue Survey Administration Act 1992</i>	Compliance with legislation in the collection and disbursement of monies, which fund the objectives of the National Residue Survey. Cost: \$6.083 million
Other Exotic Disease Preparedness Programme—Bill 1	Delivery of agreed activities that enhance Australia's preparedness for exotic animal diseases, including the ongoing involvement of non-government veterinarians in national emergency animal disease preparedness and surveillance activities through the Australian Veterinary Reserve. Cost: \$0.560 million
Other Exotic Disease Preparedness Programme—Bill 2	Awareness of Exotic Animal Disease (EAD) in the veterinary community through delivery of practitioner courses developed by the states and through preparation of news bulletins in the <i>Australian Veterinary Journal</i> . Cost: \$0.084 million
Payment to CSIRO—contribution to the operating costs of the Australian Animal Health Laboratory	Delivery of agreed annual programme and activities that enhance diagnostic capability for emerging animal diseases in accordance with the Memorandum of Understanding. Cost: \$7.145 million

Performance information by output	
Output	Performance indicators
Securing the Future: Protecting our Industries from Biological, Chemical and Physical Risks	<p>Completion of agreed activities to enhance Australia's animal and plant health infrastructure and capacity to respond to emergencies including:</p> <ul style="list-style-type: none"> • through critical infrastructure protection activities • improved biosecurity awareness • improved national preparedness for emergency pests and diseases • implementation of obligations under the international conventions for chemicals • enhancement of the national capacity to respond to emergency animal diseases • enhanced emergency pest response capacity and ability to define plant health status • enhancement of diagnostic capacity and national plant health surveillance capacity • mitigation of the impact of invasive species through improved early detection and rapid response to plant health invasive species. <p>Cost: \$2.970 million</p>
Output 6: Quarantine and Export Services	
<i>Output objective:</i> To reduce the risk to Australia's animal, plant and human health status and maintain market access through the delivery of quarantine and export services.	
Departmental	
Delivery of effective Australian Quarantine and Inspection Service (AQIS) quarantine services	<p>Level of quarantine intervention and quarantine risk effectiveness at the border.</p> <p>Level of awareness of AQIS quarantine services.</p>
Delivery of effective AQIS export services	<p>The number of consignments in export markets where facilitation of release of cargoes is attributed to AQIS involvement.</p> <p>The rate of rejections of export consignments.</p> <p>The level of awareness of AQIS export services.</p> <p>Cost: \$379.149 million</p>
Administered	
No administered items contribute to this output.	
Output 7: Scientific Advice	
<i>Output objective:</i> To promote more sustainable, competitive and profitable Australian agricultural, food, fisheries and forestry industries by delivering effective, timely, policy-relevant scientific advice, assessments and tools for decision-making.	
Departmental	
Scientific advice is relevant to the portfolio's policy agenda	<p>A high level of demand by stakeholders including through new technologies</p> <p>Evidence of scientific advice used in policy decisions and related public information</p> <p>High-quality scientific advice is provided for clients on time as measured by client feedback</p> <p>Cost: \$12.294 million</p>
Administered	
Centre of Excellence for Biosecurity Risk Analysis and Research	<p>The centre meets its objectives of researching and developing risk analysis tools guidelines and processes, to build on and strengthen the integrity of Australia's risk assessment capabilities.</p> <p>Cost: \$1.684 million</p>

DAFF Budget Statement: Outcomes

Performance information by output	
Output	Performance indicators
Output 8: Economic Research	
<i>Output objective:</i> To contribute to the long-term competitiveness of Australia's agricultural, fishing, forestry, energy and minerals industries by providing rigorous and independent economic research, analysis and forecasts.	
Departmental	
High-quality economic research and advice	A high level of satisfaction with the quality of Australian Bureau of Agricultural and Resource Economics (ABARE) research as evidenced in the annual client satisfaction survey results.
Timely and relevant economic research	Forecasts released to pre-arranged schedules. Policy research completed in time to feed into decision-making processes.
Effective communication and dissemination of economic advice to stakeholders	The number of normalised reports produced. The number of national, regional and international conferences hosted by ABARE. The number of website visitors. The number of print, radio and television mentions. The number of publications requested by stakeholders.
Cost: \$12.720 million	
Administered	
No administered items contribute to this output.	

3.2.6 Evaluations for Outcome 1

Table 3.5 lists evaluations planned or in progress in 2007–08

Table 3.5: Evaluations for Outcome 1

Title	Description	Start date	Finish date	Intended audience for findings
2008 Dairy Quota Review	A formal review of dairy quota arrangements will be undertaken after three years operation of the AUSFTA quota regime. The review will examine the principles underpinning the quota controls, the quota allocation process and the ongoing administration of the quotas	March 2008	June 2008	Australian Government, dairy producers, manufacturers and exporters
Evaluation of the Sugar Industry Reform Programme 2004	To evaluate the appropriateness, effectiveness and efficiency of the Sugar Industry Reform Programme 2004	November 2007	March 2008	Australian Government, Australian and state government agencies, research organisations and relevant industry stakeholders
Evaluation of Defeating the Weed Menace Programme	To conduct a review of the achievements and performance of the Defeating the Weed Menace Programme for the period 2004–05 to 2007–08	September 2007	March 2008	Australian and state and territory governments and relevant departments, the Natural Resource Management Ministerial Council, the National Weeds Advisory Group, the Australian Weeds Committee, regional bodies, natural resource management organisations, land care groups, landholders and the Australian public
Review of the Australian Centre of Excellence for Risk Analysis	To conduct a review of the Australian Centre of Excellence for Risk Analysis after two years of operation to ascertain its effectiveness in meeting objectives.	May 2008	October 2008	Australian Government ministers, senior DAFF management and key industry stakeholders.

Section 4: Other reporting requirements

4.1 PURCHASER–PROVIDER ARRANGEMENTS

The Department has the following purchaser–provider arrangements.

Department of Agriculture, Fisheries and Forestry Department of the Environment and Water Resources Natural Heritage Trust

Cross-agency overview

The Department of the Environment and Water Resources (Environment) and the Department of Agriculture, Fisheries and Forestry (DAFF) have a cross–portfolio arrangement to administer the Natural Heritage Trust (NHT). The NHT expenditure package is a \$3 billion investment which is promoting an integrated, long–term approach to the conservation and sustainable management of Australia’s land, water, native vegetation and biodiversity.

The NHT has three overarching objectives. These are:

- Biodiversity conservation—the conservation of Australia’s biodiversity through the protection and restoration of terrestrial, freshwater, estuarine and marine ecosystems and habitat for native plants and animals
- Sustainable use of natural resources—the sustainable use and management of Australia’s land, water and marine resources to maintain and improve the productivity and profitability of resource based industries
- Community capacity building and institutional change—support for individuals, landholders, industry and communities with skills, knowledge, information and institutional frameworks to promote biodiversity conservation and sustainable resource use and management.

The Australian Government has previously provided over \$1.3 billion to extend the Natural Heritage Trust (NHT Phase 2) for six years from 2002–03 to 2007–08. The Budget allows for expenditure of \$342.5 million from the Trust in 2007–08.

Phase 3 of the Trust (NHT3) will commence in 2008–09, incorporating salinity and water quality objectives of the National Action Plan for Salinity and Water Quality. NHT3 will be managed jointly with Environment.

Responsibility

The Minister for the Environment and Water Resources and the Minister for Agriculture, Fisheries and Forestry jointly determine policy and major funding allocations from within the NHT.

Environment and DAFF have established a cross-portfolio unit, the Australian Government Natural Resource Management Team, to jointly implement the NHT.

Control arrangements

Environment and DAFF are jointly responsible for the administration of the NHT, through the joint Australian Government Natural Resource Management Team.

Resourcing

The NHT's financial resources are included in the agency report of the Environment and Water Resources portfolio. Administered expenses for the NHT in 2007-08 are \$342.5 million. Environment will provide DAFF (through Section 31 of the *Financial Management and Accountability Act 1997*) \$7.8 million in 2007-08 to fund the administration costs incurred in implementing the NHT.

Performance against outcomes of purchased outputs

Quantity	<p>The number of investment strategies that are prepared, evaluated and for which funding is agreed and specified in financial agreements.</p> <p>The number of individuals/community groups supported through Australian Government Envirofund grants.</p>
Quality	<p>Investment strategies address nationally agreed Natural Resource Management (NRM) priorities to address identified NRM issues.</p>
Efficiency	<p>All investments approved by Ministers in 2007-08 are delivered through appropriate financial agreements and provided with funding in accordance with NHT accountability and acquittal procedures, to meet the NHT's objectives.</p> <p>Monitoring and evaluation arrangements are in place for each level of the NHT and reports show progress against targets.</p>

Department of Agriculture, Fisheries and Forestry Department of the Environment and Water Resources National Action Plan for Salinity and Water Quality

Cross-agency overview

Environment and DAFF have a cross-portfolio arrangement in respect of the administration of the National Action Plan for Salinity and Water Quality. The National Action Plan is a \$1.4 billion programme of the Australian Government and the state and territory governments. Over eight years, it will continue to fund the development of integrated regional/catchment natural resource management plans and implementation of targeted high-priority actions to address salinity, particularly dryland salinity, and deteriorating water quality in priority regions across Australia.

Funding for the National Action Plan ceases in 2007-08. From 2008-09 the salinity and water quality objectives of the National Action Plan for Salinity and Water Quality will

DAFF Budget Statement: Other reporting requirements

be incorporated into Phase 3 of the Natural Heritage Trust (NHT3). NHT3 will be managed jointly with Environment.

The goal of the National Action Plan is to motivate and enable regional communities to use coordinated and targeted action to:

- prevent, stabilise and reverse trends in salinity, particularly dryland salinity, affecting the sustainability of production, conservation of biological diversity and the viability of our infrastructure
- improve water quality and secure reliable allocations for human uses, industry and the environment.

Responsibility

The Minister for the Environment and Water Resources and the Minister for Agriculture, Fisheries and Forestry jointly determine policy and major funding allocations from within the National Action Plan.

Environment and DAFF have established a cross-portfolio unit, the Australian Government Natural Resource Management Team, to jointly implement the National Action Plan.

Control arrangements

DAFF is responsible for the financial management of the National Action Plan. Environment and DAFF are jointly responsible for the administration of the National Action Plan, through the joint Australian Government Natural Resource Management Team.

Resourcing

Total funding for the National Action Plan in 2007–08 is \$99.7 million which will be appropriated directly to DAFF. DAFF will provide Environment (through Section 31 of the *Financial Management and Accountability Act 1997*) \$0.5 million in 2007–08 to fund administration costs incurred in implementing the National Action Plan.

Performance against outcomes and outputs

Quantity	The number of investment strategies that are prepared, evaluated and for which funding is agreed and specified in financial agreements.
Quality	Investment strategies address nationally agreed NRM priorities to address identified NRM issues.
Efficiency	All investments approved by Ministers in 2007–08 are delivered through appropriate financial agreements and provided with funding in accordance with National Action Plan accountability and acquittal procedures, to meet the plan’s objectives. Monitoring and evaluation strategies are in place for each level of the National Action Plan and reports show progress against targets.

Department of Agriculture, Fisheries and Forestry Centrelink

Cross-agency overview

The Department of Agriculture, Fisheries and Forestry has a purchaser-provider arrangement with Centrelink relating to the delivery of AAA–Farm Help, drought-related programmes and the Sugar Industry Reform Programme 2004.

Responsibility

The Rural Policy and Innovation Division is responsible for the AAA–Farm Help and drought-related programmes and the Food and Agriculture Division is responsible for the Sugar Industry Reform Programme 2004.

Control arrangements

A business partnership agreement between the Department and Centrelink outlines the services to be delivered. Centrelink is located within the Finance and Administration Portfolio. It has a Board with executive powers that is accountable to the Minister for Human Services. It operates under the *Commonwealth Services Delivery Agency Act 1997* and is subject to the *Financial Management and Accountability Act 1997*.

Resourcing

The purchase of services from Centrelink for the delivery of these programmes is:

- AAA–Farm Help – \$4.6 million
- Drought-related programmes – \$3.8 million
- Sugar Industry Reform Programme 2004 – \$0.02 million

Performance against Outcomes of purchased Outputs

The performance information on AAA–Farm Help and Drought-related programmes can be found under Output 2, Rural Policy and Innovation. The performance information for the Sugar Industry Reform Programme 2004 can be found under Output 3, Industry Development.

Department of Agriculture, Fisheries and Forestry Department of Industry, Tourism and Resources

Under *Backing Australia's Ability 2*, funding is provided to the Department of Industry, Tourism and Resources (DITR) for Biotechnology Australia and two of its partner agencies to support continuation of the National Biotechnology Strategy (NBS). The Biotechnology Australia component of the funding will maintain its role in coordinating and managing the NBS and implementing its Public Awareness Programme. Through Memorandums of Understandings (MOUs) with DITR, the Department of Agriculture, Fisheries and Forestry will receive funding to continue its work on supply chain management and marketing issues and the Department of the Environment and Water Resources will receive funding to assist implementation of a

nationally consistent approach on access and use of genetic resources and undertake further studies on environmental risks.

**Department of Agriculture, Fisheries and Forestry
Australian Agency for International Development (AusAID)**

Cross-agency overview

The Department has a purchaser-provider arrangement with AusAID to manage the agency's Sanitary and Phytosanitary Capacity Building Program (SPSCBP).

Responsibility

AusAID pays the Department to manage the SPSCBP for the delivery of an assistance programme set out in the programme design document.

Control arrangements

Performance indicators are listed against each of the services provided in the record of understanding.

Resourcing

All resource implications are detailed in the record of understanding. Management of the programme is fully costed, including salaries, salary on-costs, travel and other overheads.

Performance against outcomes of purchased outputs

Performance measures are outlined in the record of understanding.

**Department of Agriculture, Fisheries and Forestry
National Measurement Institute**

Cross-agency overview

The National Residue Survey (NRS) engages the National Measurement Institute (NMI) through a competitive tender process to provide analytical testing services. Services provided are in accordance with a memorandum of understanding (MoU) for each programme for which NMI is the successful tenderer.

Responsibility

All reporting responsibilities relative to NMI are detailed in the relevant MoU. NRS reporting requirements are primarily through the annual financial report and the annual results report. Additional reporting is provided to individual industries on an ad hoc basis, following requests from the industries and on an annual financial year basis.

Control arrangements

All accountability issues are covered by the individual testing MoUs.

Resourcing

All resourcing implications are spelt out in detail in the MoU. This is a fee-for-service arrangement.

Performance against outcomes of purchased outputs

All performance information against outcomes and outputs is contained in the NRS component of Section 3.2.5 of this document.

**Department of Agriculture, Fisheries and Forestry
Department of Industry, Tourism and Resources**

Cross-agency overview

The Department provides the Department of Industry, Tourism and Resources (DITR) with minerals, energy and climate change related economic research, forecasts and statistical services.

Responsibility

Funds are appropriated to DITR, and DITR pays funds to the Australian Bureau of Agricultural and Resource Economics (ABARE) based on a schedule included in the ABARE/DITR Research Agreement.

Control arrangements

A research agreement has been signed between ABARE and DITR outlining the costs and defining the services to be provided to DITR by ABARE. A liaison protocol to monitor the progress of the research agreement on a quarterly basis is included in the agreement.

Resourcing

DITR arranges payments to ABARE based on projects negotiated in the research agreement.

Performance against outcomes of purchased Outputs

Performance outcomes are detailed against each project in the research agreement.

4.2 COST RECOVERY ARRANGEMENTS

Australian Quarantine and Inspection Service

AQIS has submitted five cost recovery impact statements (CRISs) to the Department of Finance and Administration for amendments to fees to take effect in the 2007-08 financial year. Each CRIS has addressed the four stages stated in the guidelines – initial policy review, design and implementation of fees and charges, ongoing monitoring and periodic review.

Live Animal Exports Programme

This proposal involved the amendment of the fees for the delivery of certification, inspection and audit services for the Live Animal Exports Programme. To effect the fee changes, amendments were required to the Export Control (Fees) Orders 2001.

The programme's primary function is to issue export permits and health certificates for exports of live animals and animal reproductive material, consistent with Australian legislative responsibilities and importing country requirements. The programme's services include:

- inspecting live animals and animal reproductive material for export and assessing documentation to verify that Australian legislative requirements and importing country requirements have been met
- providing certifying compliance with importing country requirements
- registering and auditing of premises for the assembly, isolation and quarantine of animals intended for export
- accrediting AQIS-approved veterinarians
- issuing livestock export licences
- providing audit services to ensure compliance with the Australia's legislative requirements.

Detailed analysis of export activity, revenue and expenditure was undertaken by the programme and cost modelling was undertaken to establish fees that would recover the costs specific to delivering services for each commodity.

The programme's fees and charges are structured on a fee-for-service basis under the following categories:

- document processing and administration (hourly base fee)
- animal inspection (hourly base fee)
- auditing (hourly base fee)
- dispensation processing (hourly base fee)

- registration of premises (hourly base fee)
- livestock by sea (per head fee)
- outport fee (fee per visit)
- travel (kilometre base fee)
- on-board veterinarians (daily fee).

AQIS consulted widely with industry, and a working group was established in December 2005 to review fee arrangements for the programme. The working group supported the proposed fees, which came into effect in September 2006.

Fish Exports Programme

The primary function of the Fish Exports Programme is to deliver audit, inspection and certification services for the export from Australia of fish and fish products, eggs and egg products, and products which are not traditionally prescribed but which become prescribed on request for certification by the exporter.

Services provided by the programme consist of:

- inspection of fish and fish products and eggs and egg products at export-registered establishments
- audit and inspection of export-registered establishments preparing such products for export to assess the hygiene of food preparation and storage areas and their compliance with importing country requirements
- inspection of product to ensure compliance with importing country requirements for the issuance of export certification.

This proposal involved the amendment of the current fees for the delivery of audit, inspection and certification services for the Fish Exports Programme. To effect the fee changes, amendments were required to the *Export Control (Fees) Orders 2001*. The amendments came into effect on 15 December 2006.

Fees and charges for providing the services are structured to:

- reflect the actual cost of providing the particular service
- minimise administrative and compliance costs, particularly by reducing the number of unique fees and charges
- ensure that individuals or firms using a particular service are those charged for that service
- encourage the most efficient use of resources by the programme's clients.

DAFF Budget Statement: Other reporting requirements

The four categories of fees, corresponding with the programme's service delivery elements, were reviewed and amended as follows:

- establishment registration charges – for the recovery of administrative costs
- fee-for-service fees – for the recovery of inspection costs
- export documentation fees – for the recovery of documentation costs
- overtime fees – for the recovery of services provided outside of normal duty.

AQIS consulted the Seafood Export Consultative Committee about the proposed increase in fees and obtained endorsement and support for the increase.

Horticulture Exports Programme

This proposal involved amending the fees for the delivery of certification, inspection and audit services for the Horticulture Export Programme. Fee increases were required due to under-recovery with the current fees. To effect the fee changes, amendments were required to the *Export Control (Fees) Orders 2001*.

The Horticulture Export Programme's primary function is to issue export permits and plant health certificates for horticulture produce consistent with Australian legislative responsibilities and importing country requirements. The programme services include:

- inspecting fresh fruit, fresh vegetables, dried fruit, nursery stock, cut flowers and other horticulture products for export and assessing documentation to verify that Australian legislative requirements and importing country requirements have been met
- providing certifying compliance with importing country requirements
- registering and auditing of premises for the assembly, inspection and certification of horticulture products for export
- issuing horticulture export permits
- providing audit services to ensure compliance with Australia's legislative requirements.

The programme aims to strictly align fees charged with the cost of service provision. Fee streams highlighted as being out of alignment and requiring amendment were:

- manual documentation – increase required
- electronically issued certification – increase required
- fee for service (in field and audits) – increase required
- travel charge – slight decrease required
- volume rate – standardised to one category, an increase or slight decrease depending on type of export market and regulatory activity.

Consultation has been undertaken through the Horticulture Exports Consultative Committee throughout all stages of the review process. The committee appreciated the importance of the long-term financial stability of the programme and acknowledged that increased costs need to be met by industry.

Post-Entry Plant Quarantine Programme

This proposal involved the amendment of the current fees structure for the Post-Entry Plant Quarantine (PEPQ) Programme. The CRIS highlighted the rationale for the amendments to these fees and demonstrates their compliance with the government's cost recovery policy. To effect the fee changes, amendments will be required to the Quarantine Service Fees Determinations 2005.

The importation of new plant varieties and propagative material poses a high risk of introducing exotic pests and diseases into Australia. The PEPQ programme, by providing plant containment facilities and disease screening, is the primary system to ensure that imported plant material is free of pests and diseases of quarantine concern. The programme operates and maintains the Australian Government's plant quarantine stations at Eastern Creek (Sydney) and Knoxfield (Melbourne).

PEPQ Programme services consist of:

- the provision of routine care and maintenance of plants
- the diagnostic analysis of high-risk plant material
- time spent completing horticultural activities (e.g. repotting of plants, hand pollination, grafting, budding, etc) and the visual inspection of plants for disease symptoms.

The programme's fees and charges are structured on a fee-for-service basis under the following categories:

- care and maintenance based on space (square metre) occupied
- diagnostic testing (set cost per test)
- fee for service (time-based).

The fee rates for care and maintenance and diagnostic testing have been increased, but the fee-for-service charge for programme services remains unchanged.

Regular consultation with the plant import industry on cost recovery and other matters occurs through the Post Entry Plant Industry Consultative Committee. This consultation provides a process for monitoring fees charged on an ongoing basis and provides information on the changing dynamics of the industry that may need consideration in the review of fees and charging structures. Industry members of the committee accepted the need for the proposed increases to ensure that the PEPQ Programme remains financially viable.

Meat Export Programme

The primary function of the Meat Export Programme is to deliver audit, inspection and certification services with respect to the export of meat and meat products from Australia.

This function is achieved through:

- inspections of meat and meat products at export-registered establishments
- regular auditing of export-registered establishments undertaking the preparation of meat and meat products for export to assess the hygiene of food preparation and storage areas and their compliance with importing country requirements
- inspection services to ensure product compliance with importing country requirements for the issuance of export certification.

The purpose of the CRIS was to seek amendment to fee-for-service and overtime rates to ensure that the programme was able to more accurately align fees with the cost of providing the service to effectively recover its costs. To effect these changes, amendments were required to the *Export Control (Fees) Orders 2001*. These amendments came into effect on 9 August 2006.

Increases were made to the following fee-for-service items:

- meat inspection fee for service
- veterinary inspection fee for service
- area technical manager audits
- meat inspector and veterinary officer overtime and shift loading
- export documentation.

The revised rates are closely aligned with the cost of providing these services. After significant consultation with all major stakeholders, they endorsed the approach before the revised fees were introduced.

National Residue Survey

Since 1993 the National Residue Survey has operated under full cost recovery arrangements for the funding of residue testing programmes undertaken on behalf of participating industries. Most industry programmes are funded by statutory levies. Funds are collected by the Levies Revenue Service of the Department and are paid into the NRS Account, a Special Account under section 21 of the *Financial Management and Accountability Act 1997* and administered by the *National Residue Survey Administration Act 1992*.

NRS reviews the cost of each participating industry's programme each year. By arrangement with each industry, NRS attempts to maintain a buffer in each industry's

equalisation account of between 20 per cent and 80 per cent of the annual cost of the programme in any year. NRS consults the representative peak industry bodies about the cost of the forward year's programme in relation to each industry's existing equalisation account and anticipated levy revenue. Any need to consider a change in the levy is discussed in the context of those consultations.

All NRS cost recovery arrangements are subject to the following legislative requirements:

- *National Residue Survey Administration Act 1992*
- *Financial Management and Accountability Act 1997*
- *National Residue Survey (Customs) Levy Act 1998*
- *National Residue Survey (Excise) Levy Act 1998*
- Primary Industries Levies and Charges (National Residue Survey Levies) Regulations 1998.

Kangaroo Residue Monitoring Programme

Since January 2001, the National Residue Survey (NRS) Kangaroo Residue Monitoring Programme has been funded by a 0.5 cent levy at slaughter, a designated component of the 7.0 cents per carcass slaughter levy collected under the Primary Industry (Excise) Levies Act 1999. The kangaroo NRS levy has increased from 0.5 cents per kangaroo at slaughter to 3.0 cents from 1 October 2006. Kangaroo producers pay the levy as a carcass slaughter levy. There will be no change in the overall levy rate of 7.0 cents per carcass slaughter, as there is a corresponding decrease in the R&D component of the levy from 6.5 cents per carcass to 4.0 cents per carcass.

A proposal to increase the kangaroo levy was put to Kangaroo Industry Association of Australia (KIAA) members during July 2006. All nine members approved the proposal.

NRS consulted closely with the KIAA and the Levies Revenue Service to ensure that the government's general principles applying to levy changes were met.

The amendment was also referred to the Office of Regulation Review for advice on the need for a regulation impact statement to support the new cost recovery level. None was required.

Cattle Residue Monitoring Programme

Since February 2003, the NRS Cattle Residue Monitoring programme has been funded by a 12 cent levy per transaction, a designated component of the overall \$5.00 cattle transaction levy collected under the *Primary Industry (Excise) Levies Act 1999*. The cattle NRS levy has increased from 12.0 cents per cattle transaction to 29 cents per cattle transaction from 1 January 2007. Cattle producers pay the levy as a transaction levy. The additional 17 cents levy has been redirected from a component of the overall \$5.00

DAFF Budget Statement: Other reporting requirements

cattle transaction levy which was due to sunset on 31 December 2006. Therefore, there has been no increase in the overall levy.

The increase in the NRS cattle transaction levy has been implemented in accordance with the Commonwealth's cost recovery policy and guidelines.

A proposal to increase the cattle NRS levy was put to the Cattle Council of Australia and the Australian Lot Feeders' Association (ALFA) in November 2005.

The Cattle Council and ALFA consulted the cattle industry directly and through a media campaign using rural radio and newspapers. With the Department, the two organisations worked to ensure that the government's general principles applying to levy changes were met. In early 2006, the organisations obtained member approval for the retention and redirection of the 17 cents to the NRS.

On 9 August 2006, the Cattle Council and ALFA appeared before the Government Backbench Policy Committee on Agriculture, Fisheries, Forestry and Conservation, and subsequently sought policy approval, which was granted on 30 September 2006.

The amendment to the cattle NRS levy rate was also referred to the Office of Regulation Review for advice on the need for a regulation impact statement to support the new cost recovery level. None was required.

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE

Table 4.1: Australian Government indigenous expenditure

Outcome	Appropriations				Other	Total	Cross reference
	Bill	Bill	Special	Total			
	No. 1	No. 2	Approp	Approp			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
	(A)	(B)	(C)	(D)	(E)	(F)=(D)+(E)	(G)
More sustainable, competitive and profitable Australian agriculture, food, fisheries and forestry industries							
Department of Agriculture, Fisheries and Forestry Portfolio							
Administered 2007–08	50	150	-	200	-	200	
<i>Administered 2006–07</i>	<i>100</i>	<i>150</i>	<i>-</i>	<i>250</i>	<i>-</i>	<i>250</i>	
Departmental 2007–08	540	-	-	540	-	540	
<i>Departmental 2006–07</i>	<i>418</i>	<i>-</i>	<i>-</i>	<i>418</i>	<i>-</i>	<i>418</i>	
Total Outcome 2007–08	590	150	-	740	-	740	
<i>Total Outcome 2006–07</i>	<i>518</i>	<i>150</i>	<i>-</i>	<i>668</i>	<i>-</i>	<i>668</i>	
Total AGIE 2007–08	590	150	-	740	-	740	
<i>Total AGIE 2006–07</i>	<i>518</i>	<i>150</i>	<i>-</i>	<i>668</i>	<i>-</i>	<i>668</i>	

Section 5: Budgeted financial statements

The budgeted financial statements for the Australian Government Department of Agriculture, Fisheries and Forestry are presented in this section. These comments relate to any changes since the publication of the 2006–07 Portfolio Additional Estimates Statements (PAES).

5.1 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Departmental financial statements

Budgeted departmental income statement

This statement shows the expected financial result for the department and details expenses and revenues. The Department is budgeting for a small surplus in 2007–08 of \$0.7 million. The estimated operating deficit for 2006–07 is \$25 million. This deficit recognises the operational costs of moving the Department to new accommodation in Canberra later in 2007.

Total budgeted operating revenue for 2007–08 is \$606.2 million and is made up of \$332.4 million in government appropriations and \$273.8 million in revenue from other sources. This is a decrease in estimated revenues for 2006–07 of \$11.9 million and includes increases relating to new measures detailed in Table 2.2; decrease of government revenue following transfer to the Department of Environment and Water Resources (DEWR) of responsibility for a number of water programmes; and decrease in government revenue for lapsing programmes.

Total budgeted operating expense for 2007–08 is \$605.8 million, a reduction of \$37.6 million from estimated expense for 2006–07. This includes decreased employee and supplier expenses reflecting a net reduction in delivery of new and lapsed programmes, and excludes expenses relating to the 2006–07 recognition of one-off operational costs associated with the move to new accommodation.

Budgeted departmental balance sheet

This statement shows the financial position of the department and details its assets and liabilities. Total equity for the Department is budgeted to increase by \$1.4 million in 2007–08, made up of a decrease in assets of \$9.9 million and a decrease in liabilities of \$11.3 million. The decrease in assets includes a reduction of \$43.0 million in trade and other receivables, comprising mostly of funds drawn down to fund both capital and operational costs of the move to new accommodation in Canberra, and an increase of \$31.3 million in land and buildings, reflecting the capital costs of the move.

The decrease in liabilities includes a reduction in other provisions of \$13.3 million, representing payment of operational costs of the move provided for in 2006–07.

Budgeted departmental statement of cash flows

This statement provides information on estimates of the extent and nature of cash flows by categorising the expected cash flows against operating, investing and financing activities.

Departmental statement of changes in equity — summary of movement

This statement shows the budgeted movement of equity during the year.

Departmental capital budget statement

This statement shows all planned capital expenditure, whether funded through capital appropriations or from internal sources. The Department is budgeting total capital of \$42.1 million, which is a \$26.9 million increase from the previous year. This increase is attributable to the capital cost of the moving the Department to new accommodation in Canberra.

Departmental property, plant, equipment and intangibles — summary of movement

This statement shows the budgeted acquisitions and disposals of non-financial assets during the budget year.

Schedule of administered activity

Schedule of budgeted income and expenses administered on behalf of government

This schedule identifies the main revenues and expenses administered by DAFF on behalf of the Australian Government. The overall decrease in expenses of \$180 million from the PAES is largely due to the \$240 million reduction in grants following the transfer of water programmes to DEWR. This is partly offset by the increase in Exceptional Circumstances drought payments.

Schedule of budgeted assets and liabilities administered on behalf of government

This schedule shows the assets and liabilities administered by DAFF on behalf of the Australian Government. The reduction of \$458 million in total assets is due to the transfer of the equity holdings in the Murray–Darling Basin Commission and two loans to DEWR, and the privatisation of the Forest and Wood Products Research and Development Corporation.

Schedule of budgeted administered cash flows

This schedule shows cash flows administered on behalf of the Australian Government.

5.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 5.1: Budgeted departmental income statement (for the period ended 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
INCOME					
Revenue					
Revenues from government	347,128	332,437	319,904	263,513	253,658
Goods and services	260,302	263,111	267,275	277,392	288,567
Fees and fines	-	-	-	-	-
Interest	715	720	720	720	720
Dividends	-	-	-	-	-
Rents	-	-	-	-	-
Royalties	-	-	-	-	-
Other	9,930	9,930	10,930	10,930	10,930
Total revenue	618,075	606,198	598,829	552,555	553,875
Gains					
Foreign exchange gains	-	-	-	-	-
Reversals of previous asset write-downs	-	-	-	-	-
Sale of assets	-	-	-	-	-
Other	290	300	300	300	300
Total gains	290	300	300	300	300
Total income	618,365	606,498	599,129	552,855	554,175
EXPENSE					
Employees	369,031	367,773	367,794	358,971	354,856
Suppliers	227,299	217,911	210,525	173,068	178,724
Grants	10,839	9,006	8,999	9,000	9,000
Depreciation and amortisation	10,742	10,854	10,852	10,852	10,847
Finance costs	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-
Losses from sale of assets	-	-	-	-	-
Foreign exchange losses	-	-	-	-	-
Other	25,454	206	211	216	-
Total expenses	643,365	605,750	598,381	552,107	553,427
Share of operating results of associates and joint ventures accounted for using the equity method	-	-	-	-	-

Table 5.1: Budgeted departmental income statement (for the period ended 30 June)—continued

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
Surplus (Deficit) before income tax	(25,000)	748	748	748	748
Income tax expense	-	-	-	-	-
Surplus/(Deficit)	(25,000)	748	748	748	748
Minority interest in surplus (deficit)	-	-	-	-	-
Surplus (deficit) attributable to the Australian Government	(25,000)	748	748	748	748

Table 5.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
ASSETS					
Financial assets					
Cash and equivalents	10,797	11,464	11,469	11,474	12,207
Trade and other receivables	148,829	105,862	97,851	100,599	95,151
Investments accounted for under the equity method	-	-	-	-	-
Investments	12,400	12,994	12,994	12,994	12,994
Other investments	-	-	-	-	-
Tax assets	-	-	-	-	-
Other	7,522	8,080	8,080	8,080	8,080
Total financial assets	179,548	138,400	130,394	133,147	128,432
Non-financial assets					
Land and buildings	27,950	59,201	57,201	55,201	53,201
Infrastructure, plant and equipment	12,334	12,329	12,324	12,319	12,334
Investment properties	-	-	-	-	-
Inventories	1,835	1,835	1,835	1,835	1,835
Intangibles	13,563	13,563	13,563	13,563	13,563
Biological assets	-	-	-	-	-
Other	3,575	3,575	3,575	3,575	3,575
Total non-financial assets	59,257	90,503	88,498	86,493	84,508
Assets held for sale	-	-	-	-	-
Total assets	238,805	228,903	218,892	219,640	212,940
LIABILITIES					
Interest bearing liabilities					
Loans	-	-	-	-	-
Leases	8,478	8,478	8,478	8,478	8,478
Deposits	-	-	-	-	-
Other	-	-	-	-	-
Total interest bearing liabilities	8,478	8,478	8,478	8,478	8,478
Provisions					
Employees	99,085	101,442	104,331	104,331	104,331
Other	37,594	24,294	10,994	10,994	10,994
Total provisions	136,679	125,736	115,325	115,325	115,325
Payables					
Suppliers	19,478	19,508	19,160	19,160	19,160
Grants	-	-	-	-	-
Dividends	-	-	-	-	-
Other	52,069	51,670	51,670	51,670	51,670
Total payables	71,547	71,178	70,830	70,830	70,830
Liabilities included in disposal groups held for sale	-	-	-	-	-
Total liabilities	216,704	205,392	194,633	194,633	194,633
Net assets	22,101	23,511	24,259	25,007	18,307

Table 5.2: Budgeted departmental balance sheet (as at 30 June)—continued

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
EQUITY^a					
Parent entity interest					
Contributed equity	15,763	16,425	16,425	16,425	16,425
Reserves	8,156	8,156	8,156	8,156	8,156
Retained surpluses or accumulated deficits	(1,818)	(1,070)	(322)	426	(6,274)
Total parent entity interest	22,101	23,511	24,259	25,007	18,307
Minority interest					
Contributed equity	-	-	-	-	-
Reserves	-	-	-	-	-
Retained surpluses or accumulated deficits	-	-	-	-	-
Total minority interest	-	-	-	-	-
Total equity	22,101	23,511	24,259	25,007	18,307
Current assets	184,958	143,810	135,804	138,557	133,842
Non-current assets	53,847	85,093	83,088	81,083	79,098
Current liabilities	117,619	103,950	90,302	90,302	90,302
Non-current liabilities	99,085	101,442	104,331	104,331	104,331

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

Table 5.3: Budgeted departmental statement of cash flows (for the period ended 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	259,896	263,779	267,198	277,392	288,567
Appropriations	333,705	370,402	327,992	260,765	251,658
Interest	715	720	720	720	720
GST input tax credits	-	-	-	-	-
Dividends	-	-	-	-	-
Other	14,210	13,667	10,930	10,930	10,930
Total cash received	608,526	648,568	606,840	549,807	551,875
Cash used					
Employees	363,377	366,231	365,725	359,782	354,871
Suppliers	227,137	216,741	209,753	171,957	178,424
Grants	10,839	9,006	8,999	9,000	9,000
GST payments to suppliers	-	-	-	-	-
Borrowing costs	-	-	-	-	-
Other	(7,146)	13,891	13,511	216	-
Income taxes paid	-	-	-	-	-
Total cash used	594,207	605,869	597,988	540,955	542,295
Net cash from or (used by) operating activities	14,319	42,699	8,852	8,852	9,580
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	-	-	-	-	-
Proceeds from sales of financial instruments	-	-	-	-	-
Investments	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment	15,215	42,100	8,847	8,847	8,847
Purchase of financial instruments	-	-	-	-	-
Investments	-	-	-	-	-
Other	500	594	-	-	-
Total cash used	15,715	42,694	8,847	8,847	8,847
Net cash from or (used by) investing activities	(15,715)	(42,694)	(8,847)	(8,847)	(8,847)

Table 5.3: Budgeted departmental statement of cash flows (for the period ended 30 June)—continued

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
FINANCING ACTIVITIES					
Cash received					
Appropriations – contributed equity	2,032	662	-	-	-
Proceeds from issuing financial instruments	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	2,032	662	-	-	-
Cash used					
Repayments of debt	-	-	-	-	-
Dividends paid	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from or (used by) financing activities	2,032	662	-	-	-
Net increase or (decrease) in cash held	636	667	5	5	733
Cash at the beginning of the reporting period	10,161	10,797	11,464	11,469	11,474
Effect of exchange rate movements on cash at the beginning of reporting period	-	-	-	-	-
Cash at the end of the reporting period	10,797	11,464	11,469	11,474	12,207

Table 5.4: Departmental statement of changes in equity — summary of movement (Budget year 2007–08)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2007					
Balance carried forward from previous period	(1,818)	8,156	-	15,763	22,101
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	(1,818)	8,156	-	15,763	22,101
Income and expense					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	-	-	-	-	-
Sub-total income and expense	-	-	-	-	-
Surplus (deficit) for the period	748	-	-	-	748
Total income and expenses recognised directly in equity	748	-	-	-	748
Transactions with owners					
<i>Distribution to owners</i>					
Returns on capital					
Dividends	-	-	-	-	-
Returns of capital					
Restructuring	-	-	-	-	-
Other	-	-	-	-	-
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	662	662
Other:					
Restructuring	-	-	-	-	-
Sub-total transactions with owners	-	-	-	662	662
Transfers between equity components	-	-	-	-	-
Estimated closing balance as at 30 June 2008	(1,070)	8,156	-	16,425	23,511

Table 5.5: Departmental capital budget statement

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
CAPITAL APPROPRIATIONS					
Previous years' outputs appropriation	2,032	662	-	-	-
Total loans	-	-	-	-	-
Total capital appropriations	2,032	662	-	-	-
Represented by:					
Purchase of non-financial assets	-	-	-	-	-
Other	2,032	662	-	-	-
Total represented by	2,032	662	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally by departmental resources	15,215	42,100	8,847	8,847	8,847
Total	15,215	42,100	8,847	8,847	8,847

Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2007–08)

	Land	Investment property	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2007									
Gross book value	1,290	-	39,377	-	26,831	-	36,823	-	104,321
Accumulated depreciation	6	-	12,711	-	14,497	-	23,260	-	50,474
Opening net book value	1,284	-	26,666	-	12,334	-	13,563	-	53,847
Additions:									
by purchase	-	-	36,451	-	2,149	-	3,500	-	42,100
by finance lease	-	-	-	-	-	-	-	-	-
internally developed	-	-	-	-	-	-	-	-	-
from acquisitions of entities or operations (including restructuring)	-	-	-	-	-	-	-	-	-
Revaluations and impairment through equity	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	-	5,200	-	2,154	-	3,500	-	10,854
Impairments recognised in operating result	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-	-
Disposals:									
from disposal of entities or operations (including restructuring)	-	-	-	-	-	-	-	-	-
other disposals	-	-	-	-	-	-	-	-	-
As at 30 June 2008									
Gross book value	1,290	-	75,828	-	28,980	-	40,323	-	146,421
Accumulated depreciation	6	-	17,911	-	16,651	-	26,760	-	61,328
Estimated closing net book value	1,284	-	57,917	-	12,329	-	13,563	-	85,093

Table 5.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Taxation					
Income tax	-	-	-	-	-
Indirect tax	-	-	-	-	-
Other taxes, fees and fines	599,774	588,641	599,210	400,957	368,775
Total taxation	599,774	588,641	599,210	400,957	368,775
Non-taxation					
Goods and services	-	-	-	-	-
Fees and fines	-	-	-	-	-
Interest	1,671	887	817	740	653
Dividends	-	-	-	-	-
Other sources of non-taxation revenues	554	511	461	343	343
Rents	-	-	-	-	-
Royalties	-	-	-	-	-
Total non-taxation	2,225	1,398	1,278	1,083	996
Total revenues administered on behalf of government	601,999	590,039	600,488	402,040	369,771
Gains					
Foreign exchange	-	-	-	-	-
Sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Reversal of previous asset writedowns	-	-	-	-	-
Total gains administered on behalf of government	-	-	-	-	-
Total income administered on behalf of government	601,999	590,039	600,488	402,040	369,771
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Grants	1,756,851	1,577,253	1,012,283	757,420	721,536
Subsidies	-	-	-	-	-
Personal benefits	366,392	363,639	62,392	19,502	17,931
Employees	-	-	-	-	-
Suppliers	20,274	26,715	24,167	23,669	23,570
Depreciation and amortisation	-	-	-	-	-
Write-down and impairment of assets	-	-	-	-	-
Finance costs	-	-	-	-	-
Other	2,062	2,872	971	971	971
Asset sales	-	-	-	-	-
Foreign exchange	-	-	-	-	-
Total expenses administered on behalf of government	2,145,579	1,970,479	1,099,813	801,562	764,008

Table 5.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	-	-	-	-	-
Receivables	129,724	126,544	125,105	123,521	128,573
Taxation receivables	-	-	-	-	-
Investments	170,549	164,227	164,227	164,227	164,227
Investments accounted for under the equity method	-	-	-	-	-
Other financial assets	47,629	47,209	47,209	47,209	47,209
Total financial assets	347,902	337,980	336,541	334,957	340,009
Non-financial assets					
Land and buildings	-	-	-	-	-
Infrastructure, plant and equipment	-	-	-	-	-
Investment properties	-	-	-	-	-
Inventories	-	-	-	-	-
Intangibles	-	-	-	-	-
Biological assets	-	-	-	-	-
Other	20,637	20,637	20,637	20,637	20,637
Total non-financial assets	20,637	20,637	20,637	20,637	20,637
Total assets administered on behalf of government	368,539	358,617	357,178	355,594	360,646
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Interest bearing liabilities					
Australian Government securities	-	-	-	-	-
Loans	6,174	6,174	6,174	6,174	6,174
Leases	-	-	-	-	-
Deposits	-	-	-	-	-
Other	-	-	-	-	-
Total interest bearing liabilities	6,174	6,174	6,174	6,174	6,174
Provisions					
Employees	-	-	-	-	-
Taxation refunds provided	-	-	-	-	-
Australian currency on issue	-	-	-	-	-
Other provisions	-	-	-	-	-
Total provisions	-	-	-	-	-

Table 5.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)—continued

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
Payables					
Suppliers	63	63	63	63	63
Subsidies	-	-	-	-	-
Personal benefits payable	3,067	3,067	3,067	3,067	3,067
Grants	81,906	79,614	79,614	79,614	79,614
Other payables	3	3	3	3	3
Total payables	85,039	82,747	82,747	82,747	82,747
Liabilities included in disposal groups held for sale	-	-	-	-	-
Total liabilities administered on behalf of government	91,213	88,921	88,921	88,921	88,921

Table 5.9: Schedule of budgeted administered cash flows (for the period ended 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
OPERATING ACTIVITIES					
Cash received					
Taxes	599,790	588,221	599,210	400,957	368,775
Fees	-	-	-	-	-
Sales of goods and rendering of services	-	-	-	-	-
Interest	1,840	1,307	817	740	653
Dividends	-	-	-	-	-
Net GST received	-	-	-	-	-
Other	554	511	461	343	343
Total cash received	602,184	590,039	600,488	402,040	369,771
Cash used					
Borrowing costs	-	-	-	-	-
Employees	-	-	-	-	-
Grant payments	1,739,410	1,575,445	1,012,283	757,420	721,536
Subsidies paid	-	-	-	-	-
Personal benefits	363,815	363,639	62,392	19,502	17,931
Suppliers	20,992	27,431	24,883	25,693	23,570
Net GST paid	-	-	-	-	-
Other	2,062	2,872	971	971	971
Total cash used	2,126,279	1,969,387	1,100,529	803,586	764,008
Net cash from or (used by) operating activities	(1,524,095)	(1,379,348)	(500,041)	(401,546)	(394,237)
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment and intangibles	-	-	-	-	-
Proceeds from sales of investments	-	-	-	-	-
Repayments of advances	-	-	-	-	-
Transfers from other entities	-	-	-	-	-
Investments	-	-	-	-	-
Other	3,130	3,332	2,155	3,608	2,063
Total cash received	3,130	3,332	2,155	3,608	2,063

Table 5.9: Schedule of budgeted administered cash flows (for the period ended 30 June)—continued

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
Cash used					
Purchase of property, plant and equipment and intangibles	-	-	-	-	-
Advances and loans made	-	-	-	-	-
Transfers to other entities	-	-	-	-	-
Investments	7,881	-	-	-	-
Other	-	-	-	-	-
Total cash used	7,881	-	-	-	-
Net cash from or (used by) investing activities	(4,751)	3,332	2,155	3,608	2,063
FINANCING ACTIVITIES					
Cash received					
Proceeds from borrowing	-	-	-	-	-
Cash from Official Public Account	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Net repayment of borrowings	-	-	-	-	-
Dividends paid	-	-	-	-	-
Cash to Official Public Account	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from or (used by) financing activities	-	-	-	-	-
Net increase or (decrease) in cash held	(1,528,846)	(1,376,016)	(497,886)	(397,938)	(392,174)
Cash at beginning of reporting period	-	(7,853)	(7,853)	(7,853)	(7,853)
Cash from Official Public Account for:					
– appropriations	2,124,216	1,967,363	1,099,813	801,562	761,945
– special accounts	-	-	-	-	-
Transfers from other entities (Finance – Whole of Government)	-	-	-	-	-
Cash to Official Public Account for:					
– appropriations	603,223	591,347	601,927	403,624	369,771
– special accounts	-	-	-	-	-
Transfers to other entities (Finance – Whole of Government)	-	-	-	-	-
Effect of exchange rate movements on cash at beginning of reporting period	-	-	-	-	-
Cash at end of reporting period	(7,853)	(7,853)	(7,853)	(7,853)	(7,853)

AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY

Section 1: Overview	89
1.1 Summary of agency contributions to outcomes.....	90
Section 2: Resources for 2007–08.....	91
2.1 Appropriations and other resources.....	91
2.2 Budget measures, 2007–08.....	92
2.3 Other resource information	92
Section 3: Outcomes	93
3.1 Summary of outputs and contribution to outcome	93
3.2 Outcome performance information	95
Section 4: Other reporting requirements.....	99
4.1 Purchaser–provider arrangements	99
4.2 Cost recovery arrangements.....	99
4.3 Australian Government indigenous expenditure.....	100
Section 5: Budgeted financial statements.....	101
5.1 Analysis of budgeted financial statements.....	101
5.2 Budgeted financial statements tables	102

AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY

Section 1: Overview

The Australian Fisheries Management Authority (AFMA) was established under the *Fisheries Administration Act 1991* to manage the resources of Australia's Commonwealth fisheries on behalf of the Australian community and key stakeholders using the provisions of the *Fisheries Management Act 1991*.

Legislative objectives require AFMA to pursue the implementation of efficient and cost-effective fisheries management consistent with the principles of ecologically sustainable development. AFMA is to have regard to the impact of fishing on non-target species and the long-term sustainability of the marine environment.

In support of the objectives, AFMA's work concentrates on the provision of fisheries management arrangements, compliance and licensing services and developing appropriate management policies and regulations. Together, these activities help AFMA pursue its Outcome of:

Ecologically sustainable and economically efficient Commonwealth fisheries

When developing and implementing fisheries management arrangements, AFMA works in partnership with key stakeholders, who include commercial fishing operators and associations, researchers, environment/conservation organisations and, where appropriate, others who have an interest in how Australia's Commonwealth fisheries are managed—such as recreational/charter fishing and indigenous interests. AFMA's main method of engagement with stakeholder groups is through management advisory committees that have been established in each major Commonwealth fishery. These committees play a vital role in helping AFMA to undertake its legislative functions and effectively pursue its objectives. They are the key advisory body and link between AFMA and those with an interest in the management of the fisheries.

These partnership arrangements are of key importance as the AFMA Board pursues greater co-management of fisheries by providing AFMA's stakeholders with a greater role and responsibility for managing fisheries to ensure their sustainability.

In managing Commonwealth fisheries, AFMA is also required to pursue the government's targets in relation to the recovery of costs. In line with these requirements, Commonwealth fisheries are managed, in accordance with government policy, on a full cost recovery basis. The commercial fishing industry pays for costs directly attributed to and recoverable from the fishing industry while the government pays for activities that may benefit the broader community.

Key policy issues

In November 2005, the government released the *Securing our Fishing Future* initiative, a \$220 million adjustment package to help secure Commonwealth fish stocks and a profitable future for the fishing industry. The initiative involves three major elements, including a \$149 million fishing licence buyback scheme and \$70 million complementary assistance package, changes to Commonwealth fisheries management, and proposed marine parks for the south-east region.

In support of this package, the Minister for Fisheries, Forestry and Conservation has provided AFMA with a Direction under section 91 of the *Fisheries Administration Act 1991* that places various obligations on AFMA. These policy requirements will be reflected in fisheries management decisions.

On 18 October 2006, the Australian Government announced that AFMA will be replaced by a commission of the same name on 1 July 2008.

AFMA is therefore formally in a transition period. While the government has minimised the impact of this change on the fishing industry by continuing AFMA's functions and consultation mechanisms essentially unchanged, the governance arrangements of the proposed commission are different from those of AFMA in its current form and will require significant planning and preparation to facilitate the transition to a commission.

1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOMES

The products and services delivered by AFMA (outputs, products and services) that contribute to achievement of its outcomes are summarised in Table 1.1.

Table 1.1: Contribution to outcomes

Outcome	Output groups
Ecologically sustainable and economically efficient Commonwealth fisheries	Output Group 1.1: Fisheries Policy and Planning Output Group 1.2: Fisheries Administration

Section 2: Resources for 2007–08

2.1 APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows AFMA’s total resources from all origins for 2007–08, including appropriations.

The total appropriation for AFMA in the 2007–08 Budget is \$61.429 million.

Table 2.1: Total resources, 2007–08

Source	Total resources \$'000
Funds from industry sources	
– Industry levies and license fees	10,986
Funds from Australian Government	
– Levy subsidy	5,000
– Other Commonwealth contributions	43,385
Funds from other sources	
– Interest	1,153
– Other revenue	905
Total resources	61,429

Notes:

The Australian Fisheries Management Authority does not receive direct departmental or administered appropriations from the government.

Funds from the Australian Government includes a levy subsidy of \$5 million in 2007–08; part of the government’s *Securing our Fishing Future* package.

Table 2.2 provides details of other resources available to be used by AFMA. These resources are approved for use and are included in Table 2.1.

AFMA receives revenue from the following sources:

- the commercial fishing industry, which pays levies and fees for costs directly attributed to fishing activity in accordance with AFMA’s cost recovery impact statement (CRIS)
- the Australian Government for public good elements of management arrangements and the cost of administration of government programs.

Table 2.2: Other resources available to be used

Source	Estimated resources 2006-07 \$'000	Budget estimate 2007-08 \$'000
Interest	1,165	1,153
Other	887	905
Total resources	2,052	2,058
	2006-07	2007-08
Average staffing level (number)^a	203	200

a Excludes part-time Board and Committee members

2.2 BUDGET MEASURES, 2007-08

The AFMA is not affected by any 2007-08 Budget measure.

2.3 OTHER RESOURCE INFORMATION

The AFMA has no administered funds, special appropriations or special accounts.

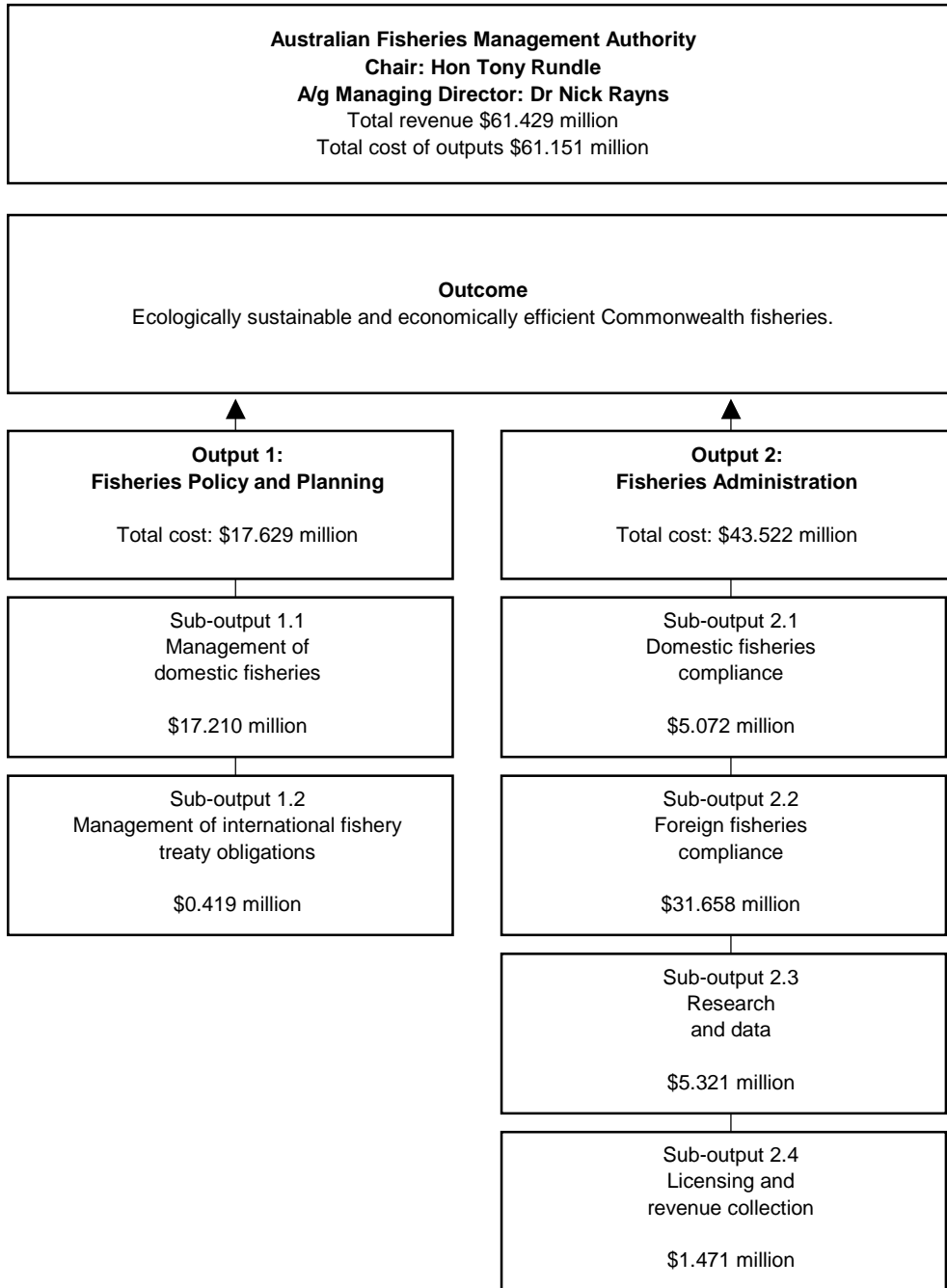
Section 3: Outcomes

This section summarises how the resources identified in Section 2 will be used to contribute to the outcome of AFMA. Key performance measures and performance evaluation activities are specified for each output. More detailed information on output attributes is maintained by agencies for internal management purposes.

3.1 SUMMARY OF OUTPUTS AND CONTRIBUTION TO OUTCOME

The relationship between activities of AFMA and the outcome is summarised in Figure 1.

Figure 1: Contributions to outcome



Note: Total cost is shown rather than total price because the agency is primarily funded through industry levies rather than on the basis of the price of its outputs.

3.2 OUTCOME PERFORMANCE INFORMATION

AFMA's outputs of *Fisheries Policy and Planning* and *Fisheries Administration* reflect the government's commitment to pursuing ecologically sustainable and economically efficient Commonwealth fisheries. This is in accordance with AFMA's legislative objectives and is developed in partnership with the fishing industry, government agencies and others with an interest in sustainable fisheries management.

Table 3.2 lists the performance information that AFMA will use to assess the level of achievement of its outcome during 2007-08. The table provides information on the strategies chosen to deliver the outcome and shows the links between outputs and the outcome. It also measures the efficiency of outputs in contributing to the outcome, including targets for performance as applicable and appropriate. Achievement of planned performance will be reported in AFMA's 2007-08 Annual Report.

3.2.1 Contributions to achievement of Outcome

AFMA's costs of managing domestic commercial fisheries are recovered through levies and fees charged to the commercial fishing industry. Most charges are recovered through levies, which are set annually under the *Fishing Levy Act 1991* based on the costs of managing each fishery. Levies vary depending on the annual budget for each fishery, which in turn depends on the relevant management arrangements and activities to be undertaken. Where practicable, costs are allocated directly to the different outputs.

The government pays for overheads that relate to general policy development and meeting parliamentary requirements including environmental policy development. Overheads are grouped into three pools and allocated on the basis of either each output's share of total direct staff time or share of total direct costs.

The relationship between activities of AFMA and the outcome is summarised in Figure 1. There have been no significant changes to the structure of AFMA's outcome or outputs from the 2006-07 PB Statements. The title of Sub-output 2.3 'Data collection' has been broadened to 'Research and Data' to encompass research and data management in addition to data collection activities.

3.2.2 Performance information for Outcome 1

Performance information for individual outputs and output groups relating to AFMA are summarised in Table 3.1.

Table 3.1: Performance information for Outcome

Success in achieving AFMA’s outcome of *ecologically sustainable and economically efficient Commonwealth fisheries* in the long term will be indicated through the following:

Effectiveness—overall achievement of Outcome	
Outcome component	Effectiveness indicators
Ecological sustainability and maximising net economic returns	<ul style="list-style-type: none"> • Fewer fish species/stocks are assessed as being subject to overfishing. • Fewer fish species/stocks are assessed as being overfished. • Increasing number of species to which harvest strategies have been applied • Decreasing number of threatened, endangered and protected (TEP) species being caught. • Reduction of discarding of targeted species. • Reduction in the quantity of bycatch.
Performance information by output	
Output	Performance information
Output 1: Fisheries Policy and Planning	
Sub-output 1.1: Management of domestic fisheries	<p><i>Quality:</i></p> <ul style="list-style-type: none"> • Management plans are consistent with AFMA's legislative objectives. • Management Advisory Committee and Resource Assessment Group processes are effective. <p><i>Quantity:</i></p> <ul style="list-style-type: none"> • Fewer fish species/stocks are assessed as being subject to overfishing. • Fewer fish species/stocks are assessed as being <i>overfished</i>. • Number of species to which harvest strategies have been applied • The number of threatened, endangered and protected (TEP) species being caught is reduced. • Reduction of discarding of targeted species. • Reduction in the quantity of bycatch. <p><i>Price:</i> Sub-output cost \$17.210 million</p>
Sub-output 1.2: Management of international fishery treaty obligations	<p><i>Quality:</i></p> <ul style="list-style-type: none"> • Consistency between the Australian Government's position on fisheries management in international forums and AFMA's domestic fisheries management arrangements. <p><i>Quantity:</i></p> <ul style="list-style-type: none"> • Timely and accurate provision of information, data and operational support to the Australian Government. • Domestic fisheries management complies with Australia's international obligations. <p><i>Price:</i> Sub-output cost \$0.419 million</p>

Output 2: Fisheries Administration	
Output 2.1: Domestic fisheries compliance	<p><i>Quality:</i></p> <ul style="list-style-type: none"> • Key risks to Commonwealth fisheries are identified in an annual compliance plan and appropriate responses planned. • Improved accountability of AFMA's compliance program to industry through concise, informative reporting to management advisory committees (MACs) at the end of each financial year. • Investigations are conducted in a timely manner and quality briefs are accepted by the CDPP where charges are recommended. <p><i>Quantity:</i></p> <ul style="list-style-type: none"> • Tasks identified as key priorities in compliance plan are delivered. <p><i>Price:</i> Sub-output cost \$5.072 million</p>
Output 2.2: Foreign fisheries compliance	<p><i>Quality:</i></p> <ul style="list-style-type: none"> • Cooperation and alignment with national civil surveillance and enforcement programs • Timely analysis of changing fisheries threats and incorporation in national surveillance priorities. • Timely advice on legislative framework that meets operational requirements. <p><i>Quantity:</i></p> <ul style="list-style-type: none"> • Compliance programs are in place for all high-risk areas. • Reduced illegal and unreported catch. <p><i>Price:</i> Sub-output cost \$31.658 million</p>
Output 2.3: Research and data	<p><i>Quality:</i></p> <ul style="list-style-type: none"> • Logbooks returned on time and completed correctly. • Observer reports returned on time and completed correctly. • Available data is being utilised in fisheries management and other decisions. • Research projects meet contracted milestones and price. • Research and resource assessments are aligned to management needs. <p><i>Quantity:</i></p> <ul style="list-style-type: none"> • Increased proportion of logbooks completed correctly. • Increased proportion of observer reports completed correctly. • All databases are up-to-date. • All research funds allocated and cost recovery policy applied. <p><i>Price:</i> Sub-output cost \$5.321 million</p>
Output 2.4: Licensing and revenue collection	<p><i>Quality:</i></p> <ul style="list-style-type: none"> • All transactions accurately processed. • Licensing data correctly reflects entitlements. • Licensing processes and transactions meet government policy requirements. <p><i>Quantity:</i></p> <ul style="list-style-type: none"> • All licensing and revenue collection transactions are completed within 7 working days of receipt of an application. • All amendments to fishing concessions are actioned in response to fisheries management initiatives within required timeframes. • All debts recovered. <p><i>Price:</i> Sub-output cost \$1.471 million</p>

3.2.3 Evaluations for Outcome

Major reviews or evaluations that are currently planned for 2007–08 include:

- reviews of 'due diligence' to identify and mitigate key corporate legal risk areas
- commencing a review of managing Commonwealth fisheries using output controls in the form of individual transferable quotas
- a cost-benefit analysis to determine whether boat permits and/or boat Statutory Fishing Rights are an impediment to autonomous adjustment or are otherwise a barrier to efficient fisheries management.

In addition, AFMA will undertake ongoing minor internal reviews and evaluations to continually improve its performance.

Section 4: Other reporting requirements

4.1 PURCHASER–PROVIDER ARRANGEMENTS

AFMA does not have any purchaser–provider arrangements.

4.2 COST RECOVERY ARRANGEMENTS

Description of arrangements

AFMA's costs of managing domestic commercial fisheries are recovered in accordance with AFMA's Cost Recovery Impact Statement (CRIS) dated February 2004. Most recoverable costs are recovered through levies, which are set annually under the *Fishing Levy Act 1991* and are based on the costs of managing the fisheries. Levies vary for each fishery from year to year dependant on the relevant management arrangements and activities to be undertaken during the year. Fees are charged under the *Fisheries Management Regulations 1992* or under the *Fisheries Administration Act 1991*. Costs are recovered as follows:

Licensing:	fully recovered
Domestic compliance:	surveillance costs are fully recovered
Broader marine research including meetings of resource assessment groups:	25% cost recovered
Fisheries management research and verified data collection program:	80% cost recovered
All other domestic fisheries management costs:	fully recovered except for participation in Regional Fisheries Management Organisations, joint authorities managed under state law and Offshore Constitutional Settlement negotiations with state governments.

AFMA adjusts levies by fishery on an annual basis for any under- or over-recovery of costs in the previous year.

The government pays for overheads that relate to general policy development and meeting parliamentary requirements including environmental policy development. Other overheads are apportioned across all AFMA's direct costs.

AFMA Budget Statement: Other reporting requirements

Compliance with the cost recovery policy

The CRIS complies with the Australian Government's cost recovery policy and guidelines.

Consultation

The CRIS was developed following consultation with stakeholders. Annual fisheries budgets are set following consultation with the relevant management advisory committees.

Review

Current cost recovery arrangements came into effect on 1 July 2004 and will be fully reviewed no later than 30 June 2009.

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE

AFMA does not have any Australian Government indigenous expenditure.

Section 5: Budgeted financial statements

5.1 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

The budgeted income statement indicates that most of AFMA's funding is received from the government. AFMA receives most of its funding (except for interest and miscellaneous revenue) from a Commonwealth contribution paid through the Department of Agriculture, Fisheries and Forestry. While AFMA recovers its domestic fishery management costs directly through levies, these funds are initially credited to Consolidated Revenue and an equivalent amount returned to AFMA as part of the government funding.

The amount charged for levies will be reduced by \$15 million over three years (2006–07 to 2008–09) as a result of the government's *Securing our Fishing Future* package. This is reflected in AFMA's estimates, as it is offset by a levy subsidy provided through the package.

Estimated income reduces by around \$8.8 million in 2009–10 primarily due to the lapsing of funding for the construction of boat destruction facilities provided in 2007–08 and 2008–09 and the lapsing of funding for improved science, data and compliance also provided under the *Securing our Fishing Future* package.

The budgeted balance sheet indicates that AFMA will be able to meet its expected liabilities as they fall due and maintain its strong financial standing.

On 1 July 2008, AFMA will transition from a statutory authority under the *Commonwealth Authorities and Companies Act 1997* to a commission under the *Financial Management and Accountability Act 1997*. The estimates for 2008–09 and forward years assume that there will be no material changes to AFMA's budgeted financial statements as a result of the transition.

5.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 5.1: Budgeted departmental income statement (for the period ended 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
INCOME					
Revenue					
Revenues from government	54,611	59,371	62,766	53,963	54,853
Interest	1,165	1,153	1,177	1,179	1,179
Other	887	905	419	425	425
Total income	56,663	61,429	64,362	55,567	56,457
EXPENSE					
Employees	18,222	18,264	18,468	18,739	18,795
Suppliers	37,977	42,436	45,428	36,331	37,165
Depreciation and amortisation	442	451	458	465	465
Total expenses	56,641	61,151	64,354	55,535	56,425
Surplus (deficit) attributable to the Australian Government	22	278	8	32	32

Table 5.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
ASSETS					
Financial assets					
Cash and equivalents	2,614	3,063	3,115	3,281	3,281
Trade and other receivables	1,270	1,299	1,321	1,343	1,343
Investments	19,000	19,000	19,000	19,000	19,000
Total financial assets	22,884	23,362	23,436	23,624	23,624
Non-financial assets					
Land and buildings	5,615	5,485	5,355	5,225	5,225
Infrastructure, plant and equipment	918	1,048	1,178	1,308	1,308
Other	96	98	99	100	100
Total non-financial assets	6,629	6,631	6,632	6,633	6,633
Total assets	29,513	29,993	30,068	30,257	30,257
LIABILITIES					
Provisions					
Employees	3,816	3,884	3,849	3,902	3,902
Payables					
Suppliers	7,130	7,264	7,366	7,470	7,470
Total liabilities	10,946	11,148	11,215	11,372	11,372
Net assets	18,567	18,845	18,853	18,885	18,885
EQUITY^a					
Parent entity interest					
Contributed equity	9,216	9,216	9,216	9,216	9,216
Reserves	1,418	1,418	1,418	1,418	1,418
Retained surpluses or accumulated deficits	7,933	8,211	8,219	8,251	8,251
Total equity	18,567	18,845	18,853	18,885	18,885
Current assets	22,980	23,460	23,535	23,724	23,724
Non-current assets	6,533	6,533	6,533	6,533	6,533
Current liabilities	8,847	9,012	9,098	9,226	9,226
Non-current liabilities	2,099	2,136	2,117	2,146	2,146

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

Table 5.3: Budgeted departmental statement of cash flows (for the period ended 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	54,608	59,371	62,765	53,963	54,853
Interest	1,165	1,153	1,177	1,179	1,179
Other	850	874	396	402	393
Total cash received	56,623	61,398	64,338	55,544	56,425
Cash used					
Employees	16,900	18,196	18,503	18,686	18,795
Suppliers	37,811	42,302	45,325	36,227	37,165
Total cash used	54,711	60,498	63,828	54,913	55,960
Net cash from or (used by) operating activities	1,912	900	510	631	465
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	2,142	451	458	465	465
Net cash from or (used by) investing activities	(2,142)	(451)	(458)	(465)	(465)
FINANCING ACTIVITIES					
Net cash from or (used by) financing activities	-	-	-	-	-
Net increase or (decrease) in cash held	(230)	449	52	166	-
Cash at the beginning of the reporting period	2,844	2,614	3,063	3,115	3,281
Cash at the end of the reporting period	2,614	3,063	3,115	3,281	3,281

Table 5.4: Departmental statement of changes in equity — summary of movement (Budget year 2007–08)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2007					
Balance carried forward from previous period	7,933	1,418	-	9,216	18,567
Surplus (deficit) for the period	278	-	-	-	278
Total income and expenses recognised directly in equity	8,211	1,418	-	9,216	18,845
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	-	-
Other:					
Sub-total transactions with owners	-	-	-	-	-
Transfers between equity components	-	-	-	-	-
Estimated closing balance as at 30 June 2008	8,211	1,418	-	9,216	18,845

Table 5.5: Departmental capital budget statement

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	-	-	-	-
Total loans	-	-	-	-	-
Total capital appropriations	-	-	-	-	-
Represented by:					
Purchase of non-financial assets	2,142	451	458	465	465
Total represented by	2,142	451	458	465	465
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally by departmental resources	2,142	451	458	465	465
Total	2,142	451	458	465	465

Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2007–08)

	Land	Buildings	Other infrastructure plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2007				
Gross book value	789	5,053	978	6,820
Accumulated depreciation	-	(227)	(60)	(287)
Opening net book value	789	4,826	918	6,533
Additions:				
by purchase	-	200	251	451
Depreciation/amortisation expense	-	(330)	(121)	(451)
Disposals:				
other disposals	-	-	-	-
As at 30 June 2008				
Gross book value	789	5,253	1,229	7,271
Accumulated depreciation	-	(557)	(181)	(738)
Estimated closing net book value	789	4,696	1,048	6,533

AUSTRALIAN PESTICIDES AND VETERINARY MEDICINES AUTHORITY

Section 1: Overview	111
1.1 Summary of agency contributions to outcomes.....	111
Section 2: Resources for 2007–08.....	112
2.1 Appropriations and other resources.....	112
2.2 Budget measures, 2007–08.....	112
2.3 Other resource information	113
Section 3: Outcomes	114
3.1 Summary of outputs and contribution to outcome	114
3.2 Outcome performance information	116
Section 4: Other reporting requirements.....	119
4.1 Purchaser–provider arrangements	119
4.2 Cost recovery arrangements.....	120
4.3 Australian Government indigenous expenditure.....	120
Section 5: Budgeted financial statements.....	121
5.1 Analysis of budgeted financial statements.....	121
5.2 Budgeted financial statements tables	123

AUSTRALIAN PESTICIDES AND VETERINARY MEDICINES AUTHORITY

Section 1: Overview

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

In addition to establishing the APVMA, the Administration Act confers powers to administer the National Registration Scheme.

The Code Act makes provision for the APVMA to:

- evaluate, approve and control the supply of active constituents for proposed or existing agricultural or veterinary chemical products
- evaluate, register and control the manufacture and supply of agricultural and veterinary chemical products.

The legislation also presents criteria that are at the core of decision making whenever the Authority approves active constituents, registers products or reviews existing chemicals.

1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOMES

The products and services delivered by the APVMA (outputs, products and services) that contribute to achievement of its outcome are summarised in Table 1.1.

Table 1.1: Contribution to outcomes

Outcome	Output group
<p>Outcome</p> <p>Given the need to use pesticides and veterinary medicines for pest and disease control, the work of the APVMA protects the health and safety of people, animals and the environment. In respect of food and fibre production, APVMA activities support Australian agricultural and livestock industries.</p>	<p>Efficient and effective systems of regulation of pesticides and veterinary medicines up to, and including, the point of retail sale.</p>

Section 2: Resources for 2007–08

2.1 APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows the APVMA's total resources from all origins for 2007–08, including appropriations.

The total appropriation for the APVMA in the 2007–08 Budget is \$0.227 million.

Table 2.1: Total resources, 2007–08

Source	Total resources \$'000
Funds from industry sources	
– Levies; renewal fees; application, permit and licence fees; certificates of export	22,793
Funds from Australian Government	
– Minor Use Appropriation	133
– Fedlink Supplement	94
Funds from other sources	
– Interest	630
– Other	32
Total resources	23,682

Table 2.2 provides details of other resources available to be used by the Authority. These resources are approved for use and are included in Table 2.1.

Table 2.2: Other resources available to be used

Source	Estimated resources 2006–07 \$'000	Budget estimate 2007–08 \$'000
Interest	600	630
Other	115	32
Total resources	715	662
	2006–07	2007–08
Average staffing level (number)	134	136

2.2 BUDGET MEASURES, 2007–08

The APVMA is not affected by any 2007–08 Budget measure.

2.3 OTHER RESOURCE INFORMATION

At the time of writing the APVMA has no administered funds, special appropriations or special accounts. However, the corporate governance arrangements are likely to change as a result of the Review of Corporate Governance of Statutory Agencies and Office Holders (the Uhrig review) in 2007–08.

Section 3: Outcomes

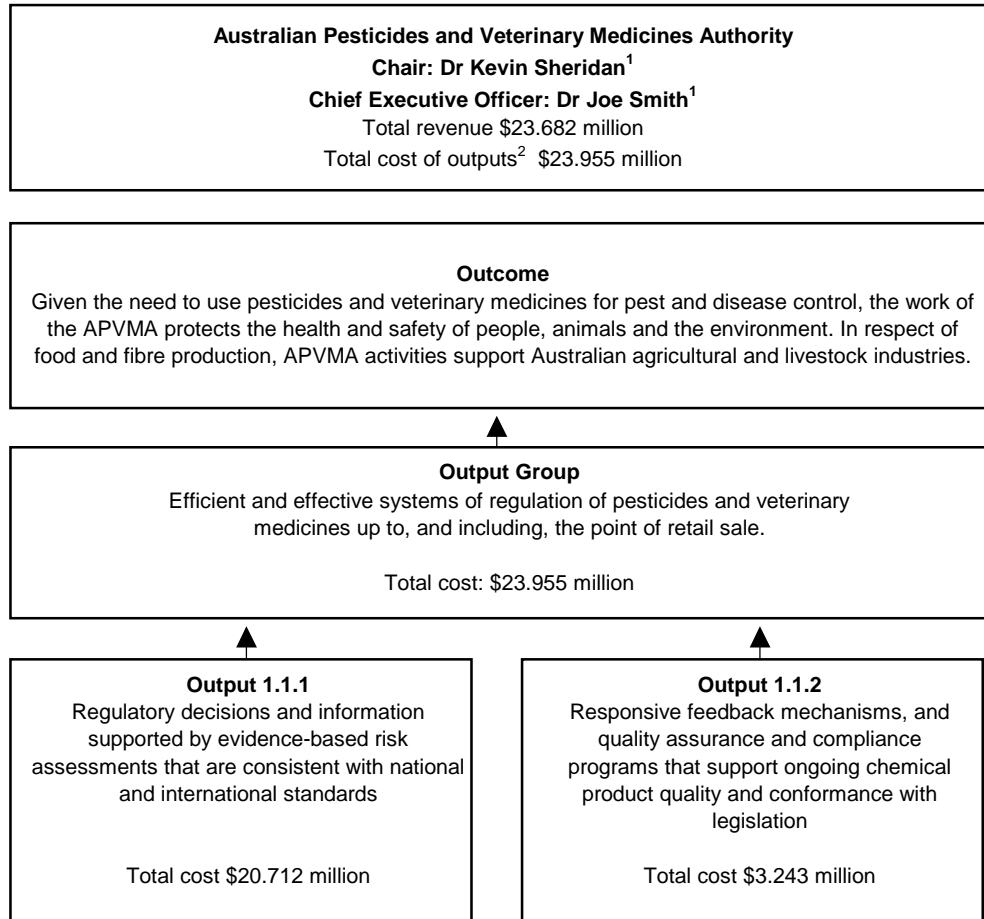
This section summarises how the resources identified in Section 2 will be used to contribute to the outcome of the APVMA. Key performance measures and performance evaluation activities are specified for each output. More detailed information on output attributes is maintained by agencies for internal management purposes.

3.1 SUMMARY OF OUTPUTS AND CONTRIBUTION TO OUTCOME

There has been no change to the APVMA's outcome since the Authority's last Portfolio Budget Statement. However, the output has been revised to better reflect the Authority's key outputs as outlined in detail in the Authority's Operational Plan.

The relationship between activities of the APVMA and the single outcome is summarised in Figure 1.

Figure 1: Contributions to outcomes



- 1 This represents the APVMA's current structure. Changes to governance are currently being pursued, with adoption intended from 1 July 2007 to implement the new governance framework.
- 2 Total cost is shown rather than total price because the agency is primarily funded through industry fees and levies rather than funded on the basis of the price of their outputs.

3.2 OUTCOME PERFORMANCE INFORMATION

3.2.1 Contributions to achievement of Outcome

Through the development of a world-class registration scheme for pesticides and veterinary medicines, the APVMA protects the health and safety of people, animals and the environment and supports Australian primary industry.

The APVMA has developed a performance framework that links its legislative objectives to an outcome–outputs model. This framework involves a detailed planning and reporting process incorporating the Portfolio Budget Statement, Corporate Plan, Annual Operational Plan and Annual Report.

3.2.2 Performance information for the Outcome

Performance information for individual outputs and output groups relating to the APVMA are summarised in Table 3.1.

Table 3.1: Performance information for Outcome

Effectiveness—overall achievement of Outcome	
Outcome	Performance indicators
Protection of the health and safety of people, animals and the environment and support of Australia's primary industries.	<p>A range of surveys and monitoring for chemical residues, air and water quality, worker safety and public health, undertaken by other Commonwealth and state agencies, gives confidence that the National Registration Scheme is effective and contributes to the productivity of Australia's primary industries.</p> <p>Through its state/territory partners in the National Registration Scheme and its own activities, the APVMA receives feedback on surveys and monitoring activities and this helps assess the overall effectiveness of regulatory activities.</p>
Performance information by output	
Output	Performance indicators
Output 1.1.1: Regulatory decisions and information	
<p>Timeframe performance and evaluation standards maintained</p> <p>Appropriate regulation provided to meet minor and emergency use needs and to encourage reduced-risk chemicals</p> <p>Increased use of contemporary science and international collaboration in risk assessments</p> <p>A more harmonised and integrated approach to agvet chemical regulation and risk management throughout Australia through policies that have APVMA input</p>	<p>Regulatory decisions made within statutory timeframes. Appropriate standards of scientific evaluation maintained.</p> <p>Reduction in the regulatory process burden consistent with the risk posed by introducing reforms to decrease process. Existing chemicals reviewed in a timely manner on the basis of risk.</p> <p>Efficiencies gained and international consistency strengthened through increased international collaboration.</p> <p>National regulatory policy framework informed by relevant APVMA input.</p> <p>Price: \$20.712 million</p>
Output 1.1.2: Responsive feedback mechanisms	
<p>Effective management of emerging regulatory issues</p> <p>Effective industry compliance with legislation</p>	<p>Regulation of new technologies developed and adopted as needed. Improved adverse experience feedback received. Enhanced stakeholder consultation and feedback mechanics.</p> <p>Industry compliance with legislation strengthened. Improved stakeholder awareness of, and confidence in, APVMA regulatory actions.</p> <p>Price: \$3.243 million</p>

3.2.3 Evaluations for Outcome

The Authority uses a balanced scorecard methodology in its strategic planning and performance monitoring processes to facilitate ongoing evaluation of programme delivery.

The adverse experience reporting programmes for pesticide and veterinary medicine products also provide ongoing feedback on the effectiveness of the registration processes.

APVMA Budget Statement: Outcomes

An Australian National Audit Office (ANAO) Performance Audit of the APVMA was completed during 2006-07. The Authority is working to implement all six recommendations of the ANAO to further improve the effectiveness of delivery of its regulatory functions.

The report acknowledges various initiatives that the APVMA has introduced in recent years to improve the effectiveness of its operations. However the report provides valuable recommendations for further improvements.

Agreeing to all of the recommendations, the APVMA will:

- strengthen existing conflict of interest provisions for external service providers and consultative committees
- improve recording, monitoring and reporting of registration timeframes
- periodically identify, and inform industry, of types of defects in registration applications
- review arrangements for seeking scientific advice from other Australian government agencies
- further improve auditing processes for the Manufacturing Licensing Scheme
- review the Chemical Review Programme to assess the adequacy of the current approach and increase communications of progress of reviews.

Section 4: Other reporting requirements

4.1 PURCHASER–PROVIDER ARRANGEMENTS

Agencies may need to provide resources to other general government sector bodies, for example in payment for services rendered or as part of cross-agency initiatives. Consequently, the sum of amounts in agency resourcing tables in Budget Paper No. 4, and in the resourcing tables in this document, will not equal total resourcing at the whole-of-government level (as reproduced in Budget Paper No. 1).

This section summarises significant transactions between government sector agencies that are not consolidated or reported at the whole-of-government level.

Cross-agency overview

The Authority has purchaser–provider relationships with the Department of the Environment and Water Resources and the Office of Chemical Safety, Department of Health and Ageing, for the provision of scientific assessment services.

The services are provided in accordance with service level agreements (SLAs) between each agency and the APVMA.

The Department of the Environment and Water Resources provides recommendations on the environmental impacts of new and existing agvet chemical products and/or active constituents, and provides advice and participates in meetings relating to environmental matters.

The Office of Chemical Safety is part of the Health and Ageing portfolio. The office makes recommendations on toxicological and occupational health and safety impacts of new and existing agvet chemical products and/or active constituents. It also advises on and participates in meetings relating to toxicology and occupational health and safety.

Responsibility

The responsibilities of all parties are detailed in each SLA.

Control arrangements

The SLAs outline the costs and define the services the Authority can expect from the agencies. A quarterly meeting is held with each agency to monitor the progress of the SLA.

Resourcing

The Authority makes payments to the agencies based on a fee-for-service arrangement, which is outlined in the SLA schedules.

Performance against outcomes of purchased outputs

The SLA performance outcomes and outputs for the services provided to the Authority are outlined in the schedules that form part of the SLA.

4.2 COST RECOVERY ARRANGEMENTS

During 2007–08, a review of the Authority’s cost recovery framework will be conducted as part of the scheduled review of the Agriculture, Fisheries and Forestry portfolio as outlined in the government’s cost recovery policy.

Costs are recovered via a range of fees and charges, including levies on agvet chemical sales, annual fees and application fees.

All fees and charges collected by the Authority will be reviewed.

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE

The APVMA has no indigenous expenditure.

Section 5: Budgeted financial statements

5.1 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Income statement

In 2007–08, the total revenue for the APVMA is budgeted to be \$23.7 million, a decrease of \$1.8 million compared to the estimated actual for 2006–07. This decrease is predominantly due to the levy rate reduction outlined in the previous year's Portfolio Budget Statement, which will affect the Authority's levy income from 1 July 2007, as well as reduced agvet chemical sales as a result of the continuing drought.

Total expenditure in 2007–08 is budgeted to increase by \$1.1 million to \$24.0 million. This increase compared to estimated actual 2006–07 is mainly due to:

- estimated salary increases in accordance with the Authority's new collective agreement due to be renegotiated during the period
- a number of new initiatives.

As the Authority's income is not fixed, but varies from year to year according to agvet chemical sales and application rates, periodic adjustments to the levy rates are required.

The Board of the Authority monitors both income and equity and recommends adjustments to the levy rate as appropriate.

The budgeted decrease in revenue and increase in expenses will result in a loss for the 2007–08 financial year. Similarly, losses are budgeted for each of the three out-years. These losses will be funded from equity and will result in lowering the Authority's equity level closer to its targeted reserve level.

Balance sheet

The APVMA's budgeted total asset position of \$18.7 million at 30 June 2008 is steady compared to the estimated actual balance at 30 June 2007. The most significant variation between these years is the decrease in cash balance and increase in receivables. These movements are due to the expected establishment of a special account and subsequent cash movements following the Authority's anticipated transition to an FMA Act agency.

Total liabilities at 30 June 2008 are budgeted to increase slightly from the 2006–07 estimated balance of \$9.9 million. This increase is primarily due to higher employee provisions.

APVMA Budget Statement: Budgeted financial statements

As indicated above, the APVMA's revenue can vary significantly from year to year according to fluctuations in agvet chemical sales. For this reason, the Authority maintains a financial reserve (which forms part of its equity) that allows revenue fluctuations to be managed. Without the financial reserve, the Authority would risk periods in which its liabilities would exceed its assets (negative equity).

The financial reserve provides a responsible and prudent form of protection against fluctuations in sales and variations in revenue.

The financial reserve is currently set at \$4.5 million, which represents approximately three months operating expenses. The levy rate is adjusted periodically to ensure that the Authority's equity remains at appropriate levels.

5.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 5.1: Budgeted departmental income statement (for the period ended 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
INCOME					
Revenue					
Revenues from government	24,777	23,020	23,378	23,817	24,623
Interest	600	630	640	650	650
Other	115	32	24	25	25
Total income	25,492	23,682	24,042	24,492	25,298
EXPENSE					
Employees	12,975	14,424	14,856	15,321	15,886
Suppliers	9,315	8,885	9,220	9,617	9,801
Depreciation and amortisation	546	646	544	551	511
Total expenses	22,836	23,955	24,620	25,489	26,198
Surplus (deficit) attributable to the Australian Government	2,656	(273)	(578)	(997)	(900)

Table 5.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
ASSETS					
Financial assets					
Cash and equivalents	14,835	500	500	500	500
Trade and other receivables	494	15,028	15,032	14,593	14,457
Other	64	-	-	-	-
Total financial assets	15,393	15,528	15,532	15,093	14,957
Non-financial assets					
Infrastructure, plant and equipment	2,609	2,488	2,368	2,250	2,008
Intangibles	557	563	559	546	573
Other	200	200	200	200	200
Total non-financial assets	3,366	3,251	3,127	2,996	2,781
Total assets	18,759	18,779	18,659	18,089	17,738
LIABILITIES					
Provisions					
Employees	3,966	4,278	4,603	4,943	5,283
Other	400	400	400	400	400
Total provisions	4,366	4,678	5,003	5,343	5,683
Payables					
Suppliers	2,284	2,367	2,462	2,549	2,620
Other	3,241	3,139	3,177	3,177	3,315
Total payables	5,525	5,506	5,639	5,726	5,935
Total liabilities	9,891	10,184	10,642	11,069	11,618
Net assets	8,868	8,595	8,017	7,020	6,120
EQUITY^a					
Parent entity interest					
Contributed equity	-	-	-	-	-
Reserves	30	30	30	30	30
Retained surpluses or accumulated deficits	8,838	8,565	7,987	6,990	6,090
Total equity	8,868	8,595	8,017	7,020	6,120
Current assets	15,273	15,437	15,469	15,057	14,949
Non-current assets	3,486	3,342	3,190	3,032	2,789
Current liabilities	7,014	7,241	7,591	7,901	8,333
Non-current liabilities	2,877	2,943	3,051	3,168	3,285

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

Table 5.3: Budgeted departmental statement of cash flows (for the period ended 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	25,512	22,676	23,480	24,324	25,089
Interest	590	704	640	650	650
Other	115	80	24	25	25
Total cash received	26,217	23,460	24,144	24,999	25,764
Cash used					
Employees	12,337	13,452	13,985	14,535	15,084
Suppliers	11,376	9,355	9,739	10,044	10,260
Total cash used	23,713	22,807	23,724	24,579	25,344
Net cash from or (used by) operating activities	2,504	653	420	420	420
INVESTING ACTIVITIES					
Cash received					
Investments	6,028	-	-	-	-
Total cash received	6,028	-	-	-	-
Cash used					
Purchase of financial instruments	2,100	420	420	420	420
Other	-	14,568	-	-	-
Total cash used	2,100	14,988	420	420	420
Net cash from or (used by) investing activities	3,928	(14,988)	(420)	(420)	(420)
Net increase or (decrease) in cash held	6,432	(14,335)	-	-	-
Cash at the beginning of the reporting period	8,403	14,835	500	500	500
Cash at the end of the reporting period	14,835	500	500	500	500

Table 5.4: Departmental statement of changes in equity — summary of movement (Budget year 2007–08)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2007					
Balance carried forward from previous period	8,838	30	-	-	8,868
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	8,838	30	-	-	8,868
Income and expense					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	-	-	-	-	-
Sub-total income and expense	-	-	-	-	-
Surplus (deficit) for the period	(273)	-	-	-	(273)
Total income and expenses recognised directly in equity	(273)	-	-	-	(273)
Transactions with owners					
<i>Distribution to owners</i>					
Returns on capital					
Dividends	-	-	-	-	-
Returns of capital					
Restructuring	-	-	-	-	-
Other	-	-	-	-	-
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	-	-
Other:					
Restructuring	-	-	-	-	-
Sub-total transactions with owners	-	-	-	-	-
Transfers between equity components	-	-	-	-	-
Estimated closing balance as at 30 June 2008	8,565	30	-	-	8,595

Table 5.5: Departmental capital budget statement

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	-	-	-	-
Total loans	-	-	-	-	-
Total capital appropriations	-	-	-	-	-
Represented by:					
Purchase of non-financial assets	-	-	-	-	-
Other	-	-	-	-	-
Total represented by	-	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally by departmental resources	2,100	420	420	420	420
Total	2,100	420	420	420	420

Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2007–08)

	Other infrastructure plant and equipment \$'000	Purchased computer software \$'000	Internally developed computer software \$'000	Total \$'000
As at 1 July 2007				
Gross book value	3,763	1,248	871	5,882
Accumulated depreciation	(1,154)	(1,053)	(509)	(2,716)
Opening net book value	2,609	195	362	3,166
Additions:				
by purchase	250	-	70	320
internally developed	-	100	-	100
Depreciation/amortisation expense	(371)	(54)	(110)	(535)
Other movements	-	-	-	-
Disposals:				
from disposal of entities or operations (including restructuring)	-	-	-	-
other disposals	-	-	-	-
As at 30 June 2008				
Gross book value	4,013	1,348	941	6,302
Accumulated depreciation	(1,525)	(1,107)	(619)	(3,251)
Estimated closing net book value	2,488	241	322	3,051

AUSTRALIAN WINE AND BRANDY CORPORATION

Section 1: Overview	131
1.1 Summary of agency contributions to outcomes.....	134
Section 2: Resources for 2007–08.....	135
2.1 Appropriations and other resources.....	135
2.2 Budget measures, 2007–08.....	136
2.3 Other resource information	136
Section 3: Outcomes	137
3.1 Summary of outputs and contribution to Outcome	137
3.2 Outcome performance information	138
Section 4: Other reporting requirements.....	140
4.1 Purchaser–provider arrangements	140
4.2 Cost recovery arrangements.....	140
4.3 Australian Government indigenous expenditure.....	141
Section 5: Budgeted financial statements.....	142
5.1 Analysis of budgeted financial statements.....	142
5.2 Budgeted financial statements tables	144
5.3 Notes to the financial statements.....	153

AUSTRALIAN WINE AND BRANDY CORPORATION

Section 1: Overview

The Australian Wine and Brandy Corporation (the Corporation) is a statutory body established in 1981 to provide strategic support to the Australian wine sector. Its Outcome is:

To enhance the operating environment for the benefit of the Australian wine industry.

Enabling legislation

The Corporation was established under the *Australian Wine and Brandy Corporation Act 1980* (the Act) with responsibility for regulating and developing markets for Australian wine and brandy, and providing wine sector information and analysis.

Objectives

The Corporation was established to achieve the following objectives:

- to promote and control the export of grape products from Australia
- to promote and control the sale and distribution, after export, of Australian grape products
- to promote trade and commerce in grape products among the states, between states and territories and within the territories
- to improve the production of grape products, and encourage the consumption of grape products, in the territories
- to enable Australia to fulfil its obligations under prescribed wine-trading agreements
- for the purpose of achieving any of the objects set out in the preceding paragraphs:
 - to determine the boundaries of the various regions and localities in Australia in which wine is produced
 - to give identifying names to those regions and localities
 - to determine the varieties of grapes that may be used in the manufacture of wine in Australia
- to advance the objects of the Act by helping to ensure the truth, and the reputation for truthfulness, of statements made on wine labels, or made for commercial purposes in other ways, about the vintage, variety or geographical indication of wine manufactured in Australia

AWBC Budget Statement: Overview

- to regulate the sale, export and import of wine:
 - for the purpose of enabling Australia to fulfil its obligations under prescribed wine-trading agreements
 - for certain other purposes for which the Parliament has power to make laws.

Functions of the Corporation

The Corporation's functions relate to defined grape products that comprise Australian wine, brandy, grape spirit and products derived in whole or in part from grapes that have been declared by the Australian Wine and Brandy Corporation Regulations 1981 (Regulations) to be grape products for the purposes of the Act.

The functions of the Corporation are:

- to promote and control the export of grape products from Australia
- to encourage and promote the consumption and sale of grape products both in Australia and overseas
- to improve the production of grape products in Australia
- to conduct, arrange for, and assist in, research relating to the marketing of grape products
- such other functions in connection with grape products as are conferred on the Corporation by the Act or the Regulations.

Powers of the Corporation

The Act gives the Corporation the power to do all things necessary to be done in connection with the performance of its functions.

Statement on governance

A Corporate Governance Statement sets out the elements and processes that ensure that the Corporation operates effectively and efficiently in fulfilling its functions. The Corporate Governance Statement is part of an overarching governance framework supported by detailed policy statements.

Board responsibility

The members of the Corporation (the Board) are responsible to the Minister for Agriculture, Fisheries and Forestry (the Minister), and through the Minister to Parliament, for the operations of the Corporation. The Board has responsibility for the overall strategic direction of the Corporation and directs its functions and the achievement of its objectives by a process of policy decisions.

Board composition

The Corporation comprises eight members – a chairperson, a government member and six other members. The Minister appoints the members; with the six ‘other members’ being appointed from persons nominated by a wine industry nominated selection committee on the basis of expertise in winemaking, grape growing, marketing, finance, administration or business management.

All Members hold non-executive positions and their terms of appointment expire on 30 April 2008, except for the Chairman, whose term expires on 30 June 2009, and the government member, who holds office at the pleasure of the Minister.

Management

Responsibility for the day-to-day conduct of the business is delegated to the Chief Executive, who ensures that the Board’s decisions are translated into actions by the management team. The management team reports to the Chief Executive who in turn is accountable to the Board.

The management team is selected by the Chief Executive, in consultation with the Chair of the Corporation if appropriate, on the basis of experience and expertise.

Our stakeholders and clients

The Corporation’s primary stakeholder is the Australian Government. Other principal stakeholders are wine and brandy producers, who pay the Wine Grapes Levy, and exporters, who pay the Wine Export Charge. The Corporation draws the bulk of its revenue from these levy payers and they have the right to vote at the Corporation’s annual general meetings.

Other stakeholders include:

- the national, state and regional wine and brandy producer associations
- wine grape growers and their national, state and regional associations.

The clients that use the Corporation’s services include:

- wine and brandy exporters – export promotional material, assistance in overseas markets, export licences, export documentation and approvals, information
- wine and brandy producers – label integrity assistance, domestic promotional material, information
- grape growers and their regional associations – geographical indication registration, information
- wine sector suppliers and consultants – information
- wine research organisations – information
- academics, students, lawyers, financial institutions, businesses and the public – information.

Client Service Charter

The Corporation provides services to the wine sector and wine sector information to the public. The Corporation is committed to providing these services with a client focus whilst conscious of the need to maintain the integrity and reputation of Australian wine by enforcing regulations.

The Corporation aims to provide an efficient, prompt, helpful service to clients while respecting confidentiality and upholding the law in an impartial and consistent manner.

1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOMES

The products and services delivered by the Corporation (outputs, products and services) that contribute to achievement of its outcome are summarised in Table 1.1.

Table 1.1: Contribution to Outcome

Outcome	Output groups
Outcome	
To enhance the operating environment for the benefit of the Australian wine industry.	1. Market Development 2. Knowledge Development 3. Compliance 4. Trade

Section 2: Resources for 2007–08

2.1 APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows the Corporation's total resources from all origins for 2007–08, including appropriations.

The total appropriation for the Corporation in the 2007–08 Budget is \$Nil.

Table 2.1: Total resources, 2007–08

Source	Total resources \$'000
Funds from industry sources	
– Levies	6,230
– User pay promotions	2,805
– Program memberships	2,952
Funds from Australian Government	
– Appropriations	-
– Other	-
Funds from other sources	
– Goods and services	7,346
– Interest	150
Total resources	19,483

Table 2.2 provides details of other resources available to be used by the Corporation. These resources are approved for use and are included in Table 2.1.

Table 2.2: Other resources available to be used

Source	Estimated resources 2006–07 \$'000	Budget estimate 2007–08 \$'000
Interest	150	150
Royalties	-	-
Sale of goods and services	6,816	7,346
Other	-	-
Total resources	6,966	7,496
	2006–07	2007–08
Average staffing level (number)	63	63

2.2 BUDGET MEASURES, 2007–08

The Corporation is not affected by any 2007–08 Budget measure.

2.3 OTHER RESOURCE INFORMATION

The Corporation has no administered funds, special appropriations or special accounts.

Section 3: Outcomes

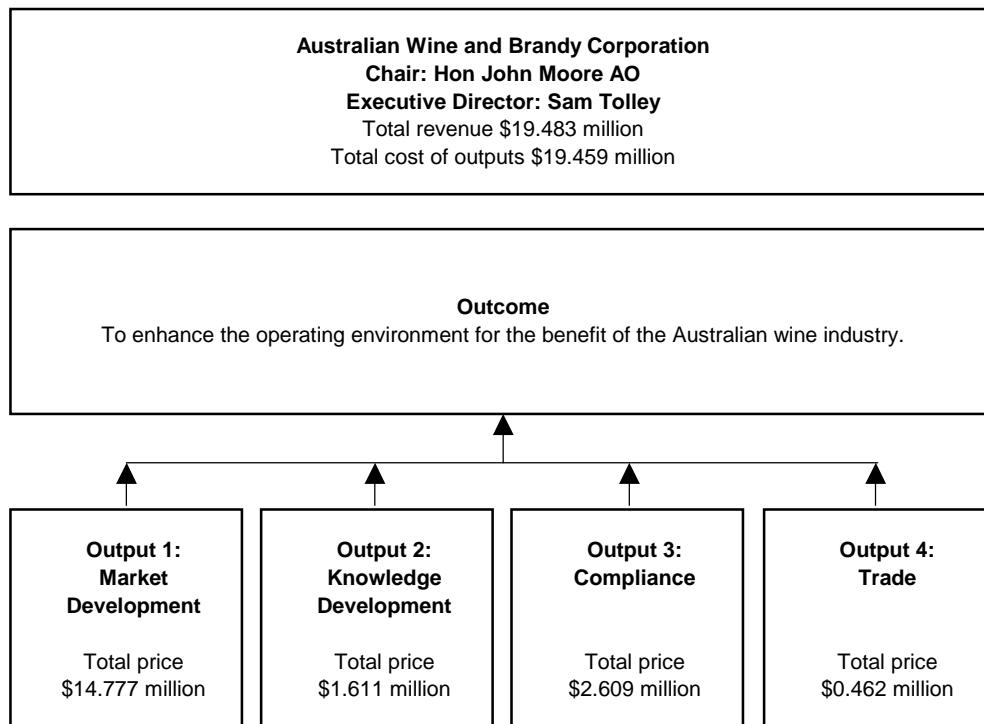
This section summarises how the resources identified in Section 2 will be used to contribute to the Outcome of the Corporation. Key performance measures and performance evaluation activities are specified for each output. More detailed information on output attributes is maintained by agencies for internal management purposes.

3.1 SUMMARY OF OUTPUTS AND CONTRIBUTION TO OUTCOME

The relationship between activities of the Corporation and the Outcome is summarised in Figure 1.

There have been no changes to the number, wording or structure of the outcome or outputs from the 2006–07 Portfolio Budget Statements.

Figure 1: Contributions to Outcome



3.2 OUTCOME PERFORMANCE INFORMATION

3.2.1 Contributions to achievement of Outcome

The Corporation's role is to enhance the operating environment for the benefit of the Australian wine industry by providing the leading role in:

- market development
- knowledge development
- compliance
- trade.

The services provided to the Australian wine sector are designed to increase and sustain the demand for Australian wine.

Market Development—Growing the Markets

Through its offices in Australia, the UK, continental Europe, Japan, the USA and Canada, the Corporation works with Australian wine exporters and importers to develop and expand the global market for Australian wine.

Knowledge Development—Better Decision Making

The Corporation's analysis and extensive and accurate database of information is readily available to help stakeholders make effective decisions.

Compliance—Maintaining the Reputation

To preserve Australian wine's international reputation for quality and integrity, the Corporation licenses exporters, issues permits for Australian wine and brandy exports, runs a label integrity program to prevent false or misleading labelling and, through the Geographical Indications Committee, defines the wine grape producing regions of Australia.

Trade—Better Market Access

The Corporation works to increase Australian wine exports by assisting the sector with market access issues.

3.2.2 Performance information for Outcome 1

Performance information for individual outputs and output groups relating to the Corporation are summarised in Table 3.1.

Table 3.1: Performance information for Outcome

Performance information by output	
Output	Performance indicator
Output 1: Market Development	
Creation of a market environment that enhances the global demand for Australian wine.	<ul style="list-style-type: none"> enhanced demand for Australian wine in line with projected export sales target of \$4 billion by 2010 <i>Price: \$14.777 million</i>
Output 2: Knowledge Development	
Support the Australian wine sector's competitiveness through the collection, interpretation and dissemination of global wine sector intelligence.	<ul style="list-style-type: none"> the Corporation to be respected by wine industry decision-makers as the pre-eminent provider of wine sector information and analysis <i>Price: \$1.611 million</i>
Output 3: Compliance	
Protection and enhancement of the quality and integrity of Australian wine.	<ul style="list-style-type: none"> the absence of incidents reflecting adversely on the reputation of Australian wine <i>Price: \$2.609 million</i>
Output 4: Trade	
Enhancement of access to international markets for Australian wine.	<ul style="list-style-type: none"> an appreciable reduction in trade impediments in overseas markets and the successful negotiation of new bilateral and multilateral agreements impacting Australian wine sales <i>Price: \$0.462 million</i>

3.2.3 Evaluations for Outcome

No evaluations of major reviews of the Corporation's Outcome are planned to be undertaken or completed in 2007-08.

Section 4: Other reporting requirements

4.1 PURCHASER–PROVIDER ARRANGEMENTS

Agencies may need to provide resources to other general government sector bodies, for example in payment for services rendered or as part of cross-agency initiatives. Consequently, the sum of amounts in agency resourcing tables in Budget Paper No. 4, and in the resourcing tables in this document, will not equal total resourcing at the whole-of-government level (as reproduced in Budget Paper No. 1).

The Corporation has no purchaser–provider arrangements.

4.2 COST RECOVERY ARRANGEMENTS

The Corporation has the following cost recovery arrangements in place.

Market Development

- Annual wine marketing programs are developed in a number of key export markets and exporters may participate in the programs by paying annual program membership fees.
- Marketing and promotional events are organised in key export markets and exporters may participate by contributing to the cost of the event.
- A range of Australian wines are made accessible to overseas diplomatic missions and other government agencies under the Australian Wine Overseas program.
- Suppliers to the wine sector can contribute to the costs of marketing Australian wine in overseas markets by contributing to the Wine Australia Export Partnership sponsorship program.

Knowledge Development

- A range of wine sector information, statistical data and analysis is produced and made available for sale to the wine sector and other interested parties.

Compliance

- Fees are charged for:
 - the issue and renewal of Licenses to Export Grape Products

AWBC Budget Statement: Other reporting requirements

- the evaluation of wines for export approval
- the issue of export permits and
- the issue of European Union import permits.

The Corporation is not producing a cost recovery impact statement in 2007-08.

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE

The Corporation has no indigenous expenditure.

Section 5: Budgeted financial statements

5.1 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

The 2007–08 budget and forward estimates have been prepared to ensure the Corporation has sufficient financial resources to enable it to perform its functions and exercise its powers for the purpose of achieving the objectives specified in the Act.

Total estimated revenue for 2007–08 is \$19.483 million. This is a small increase on the previous year, reflecting the difficulties being experienced in the wine sector.

Thirty-two per cent of this revenue comes from levies on grape products used in the manufacture of wine (Wine Grape levy) and on the value of wine exported (Wine Export Charge). Revenue from these levies, which are collected by the Levies Revenue Service of the Australian Government Department of Agriculture, Fisheries and Forestry, is expected to increase by only 3 per cent from the 2006–07 level because of an anticipated decline in the size of the 2007 vintage and the declining average value of Australian wine exports. The volume of wine exports is expected to increase by 10 per cent to 905 million litres in 2007–08.

Other major sources of revenue are regulatory fees, program memberships, promotional user-pay events, Export Partnership sponsorships and Australian Wine Overseas (AWO) scheme sales. In 2007–08, revenue from these sources is expected to increase by \$796,000 on the 2006–07 year. The calculation of revenue from these sources is based on export projections from regulatory fees, promotional program activity for program memberships and promotional user-pay events and sales projections for the AWO scheme.

The Corporation expects to receive \$100,000 from the Export Market Development Grant in 2007–08. Funds from this source have reduced in recent years and this trend is expected to continue.

Total expenditure is estimated to be \$19.459 million, a 5 per cent increase over the previous year.

Employee-related expenditure accounts for approximately 37 per cent of all expenditure and has increased by \$339,000 on the 2006–07 year. Average staffing level is to remain unchanged at 63.

Supplier-related expenditure relates to promotional activities, operational costs, accommodation, information technology and other fees and charges. Supplier-related expenditure is expected to increase by \$630,000 on the 2006–07 year. The increase

AWBC Budget Statement: Budgeted financial statements

largely reflects the budgeted increase in promotional activities. Promotional expenditure is directly related to the amount of promotional revenue received.

Capital expenditure is funded internally and levels of expenditure are determined following reviews of the Corporation's infrastructure requirements. The redevelopment of the Wine Export Approval application will be completed and implemented during the year.

5.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 5.1: Budgeted departmental income statement (for the period ended 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
INCOME					
Revenue					
Revenues from government	-	-	-	-	-
Goods and services	6,816	7,346	7,754	8,007	8,007
Fees and fines	-	-	-	-	-
Interest	150	150	150	150	150
Dividends	-	-	-	-	-
Rents	-	-	-	-	-
Royalties	-	-	-	-	-
Other	11,488	11,987	12,550	13,099	13,099
Total revenue	18,454	19,483	20,454	21,256	21,256
Gains					
Foreign exchange gains	-	-	-	-	-
Reversals of previous asset write-downs	-	-	-	-	-
Sale of assets	-	-	-	-	-
Other	-	-	-	-	-
Total gains	-	-	-	-	-
Total income	18,454	19,483	20,454	21,256	21,256
EXPENSE					
Employees	6,876	7,215	7,570	7,943	7,943
Suppliers	11,138	11,768	12,357	12,787	12,787
Grants	-	-	-	-	-
Depreciation and amortisation	436	476	516	516	516
Finance costs	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-
Losses from sale of assets	-	-	-	-	-
Foreign exchange losses	-	-	-	-	-
Other	-	-	-	-	-
Total expenses	18,450	19,459	20,443	21,246	21,246
Share of operating results of associates and joint ventures accounted for using the equity method	-	-	-	-	-

Table 5.1: Budgeted departmental income statement (for the period ended 30 June)—continued

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
Surplus (Deficit) before income tax	4	24	11	10	10
Income tax expense	-	-	-	-	-
Surplus/(Deficit)	4	24	11	10	10
Minority interest in surplus (deficit)	-	-	-	-	-
Surplus (deficit) attributable to the Australian Government	4	24	11	10	10

Table 5.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
ASSETS					
Financial assets					
Cash and equivalents	2,092	2,126	2,249	2,325	2,335
Trade and other receivables	2,598	2,498	2,499	2,546	2,546
Investments accounted for under the equity method	-	-	-	-	-
Investments	-	-	-	-	-
Other investments	-	-	-	-	-
Tax assets	-	-	-	-	-
Other	-	-	-	-	-
Total financial assets	4,690	4,624	4,748	4,871	4,881
Non-financial assets					
Land and buildings	365	305	245	185	185
Infrastructure, plant and equipment	723	779	678	577	577
Investment properties	-	-	-	-	-
Inventories	6	6	6	6	6
Intangibles	239	239	239	239	239
Biological assets	-	-	-	-	-
Other	232	232	232	232	232
Total non-financial assets	1,565	1,561	1,400	1,239	1,239
Assets held for sale	-	-	-	-	-
Total assets	6,255	6,185	6,148	6,110	6,120
LIABILITIES					
Interest bearing liabilities					
Loans	-	-	-	-	-
Leases	-	-	-	-	-
Deposits	-	-	-	-	-
Other	-	-	-	-	-
Total interest bearing liabilities	-	-	-	-	-
Provisions					
Employees	690	690	690	690	690
Other	-	-	-	-	-
Total provisions	690	690	690	690	690
Payables					
Suppliers	1,922	1,828	1,780	1,732	1,732
Grants	-	-	-	-	-
Dividends	-	-	-	-	-
Other	128	128	128	128	128
Total payables	2,050	1,956	1,908	1,860	1,860
Liabilities included in disposal groups held for sale	-	-	-	-	-
Total liabilities	2,740	2,646	2,598	2,550	2,550
Net assets	3,515	3,539	3,550	3,560	3,570

Table 5.2: Budgeted departmental balance sheet (as at 30 June)—continued

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
EQUITY^a					
Parent entity interest					
Contributed equity	-	-	-	-	-
Reserves	145	145	145	145	145
Retained surpluses or accumulated deficits	3,370	3,394	3,405	3,415	3,425
Total parent entity interest	3,515	3,539	3,550	3,560	3,570
Minority interest					
Contributed equity	-	-	-	-	-
Reserves	-	-	-	-	-
Retained surpluses or accumulated deficits	-	-	-	-	-
Total minority interest	-	-	-	-	-
Total equity	3,515	3,539	3,550	3,560	3,570
Current assets	4,928	4,862	4,986	5,109	5,119
Non-current assets	1,327	1,323	1,162	1,001	1,001
Current liabilities	2,462	2,364	2,312	2,260	2,260
Non-current liabilities	278	282	286	290	290

a Note: 'Equity' is the residual interest in assets after deduction of liabilities.

Table 5.3: Budgeted departmental statement of cash flows (for the period ended 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	7,094	6,969	7,407	7,810	8,007
Appropriations	-	-	-	-	-
Interest	150	150	150	150	150
Dividends	-	-	-	-	-
Other	10,033	10,668	10,756	10,896	10,794
Total cash received	17,277	17,787	18,313	18,856	18,951
Cash used					
Employees	(6,876)	(7,215)	(7,570)	(7,943)	(7,943)
Suppliers	(9,953)	(10,066)	(10,265)	(10,482)	(10,482)
Grants	-	-	-	-	-
Borrowing costs	-	-	-	-	-
Other	-	-	-	-	-
Income taxes paid	-	-	-	-	-
Total cash used	(16,829)	(17,281)	(17,835)	(18,425)	(18,425)
Net cash from or (used by) operating activities	448	506	478	431	526
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	-	-	-	-	-
Proceeds from sales of financial instruments	-	-	-	-	-
Investments	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment	(608)	(472)	(355)	(355)	(516)
Purchase of financial instruments	-	-	-	-	-
Investments	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	(608)	(472)	(355)	(355)	(516)
Net cash from or (used by) investing activities	(608)	(472)	(355)	(355)	(516)

Table 5.3: Budgeted departmental statement of cash flows (for the period ended 30 June)—continued

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
FINANCING ACTIVITIES					
Cash received					
Appropriations – contributed equity	-	-	-	-	-
Proceeds from issuing financial instruments	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Repayments of debt	-	-	-	-	-
Dividends paid	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from or (used by) financing activities	-	-	-	-	-
Net increase or (decrease) in cash held	(160)	34	123	76	10
Cash at the beginning of the reporting period	2,252	2,092	2,126	2,249	2,325
Effect of exchange rate movements on cash at the beginning of reporting period	-	-	-	-	-
Cash at the end of the reporting period	2,092	2,126	2,249	2,325	2,335

Table 5.4: Departmental statement of changes in equity — summary of movement (Budget year 2007–08)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2007					
Balance carried forward from previous period	3,370	145	-	-	3,515
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	3,370	145	-	-	3,515
Income and expense					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	-	-	-	-	-
Sub-total income and expense	-	-	-	-	-
Surplus (deficit) for the period	24	-	-	-	24
Total income and expenses recognised directly in equity	24	-	-	-	24
Transactions with owners					
<i>Distribution to owners</i>					
Returns on capital					
Dividends	-	-	-	-	-
Returns of capital					
Restructuring	-	-	-	-	-
Other	-	-	-	-	-
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	-	-
Other:					
Restructuring	-	-	-	-	-
Sub-total transactions with owners	-	-	-	-	-
Transfers between equity components	-	-	-	-	-
Estimated closing balance as at 30 June 2008	3,394	145	-	-	3,539

Table 5.5: Departmental capital budget statement

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	-	-	-	-
Total loans	-	-	-	-	-
Total capital appropriations	-	-	-	-	-
Represented by:					
Purchase of non-financial assets	-	-	-	-	-
Other	-	-	-	-	-
Total represented by	-	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally by departmental resources	608	472	355	355	516
Total	608	472	355	355	516

Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2007–08)

	Land	Investment property	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2007									
Gross book value	-	-	575	-	1,432	-	1,233	-	3,240
Accumulated depreciation	-	-	(210)	-	(709)	-	(994)	-	(1,913)
Opening net book value	-	-	365	-	723	-	239	-	1,327
Additions:									
by purchase	-	-	-	-	397	-	-	-	397
by finance lease	-	-	-	-	-	-	-	-	-
internally developed	-	-	-	-	-	-	75	-	75
from acquisitions of entities or operations (including restructuring)	-	-	-	-	-	-	-	-	-
Revaluations and impairment through equity	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	-	(60)	-	(341)	-	(75)	-	(476)
Impairments recognised in operating result	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-	-
Disposals:									
from disposal of entities or operations (including restructuring)	-	-	-	-	-	-	-	-	-
other disposals	-	-	-	-	-	-	-	-	-
As at 30 June 2008									
Gross book value	-	-	575	-	1,829	-	1,308	-	3,712
Accumulated depreciation	-	-	(270)	-	(1,050)	-	(1,069)	-	(2,389)
Estimated closing net book value	-	-	305	-	779	-	239	-	1,323

5.3 NOTES TO THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with:

- Finance Minister's Orders (being the *Financial Management and Accountability Orders* (Financial Statements for reporting periods ending on or after 1 July 2005))
- Australian Accounting Standards issued by the Australian Accounting Standards Board that apply for the reporting period; and
- interpretations issued by the AASB and UIG that apply for the reporting period.

The Income Statement, Balance Sheet and Statement of Change in Equity have been prepared on an accrual basis and are in accordance with historical cost conventions, except for certain assets and liabilities which are at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

BIOSECURITY AUSTRALIA

Section 1: Overview	157
1.1 Summary of agency contributions to outcomes.....	158
Section 2: Resources for 2007–08.....	159
2.1 Appropriations and other resources.....	159
2.2 2007–08 Budget measures.....	161
2.3 Other resources available to be used	162
Section 3: Outcomes	163
3.1 Summary of outcomes and contribution to outcomes	163
3.2 Outcome resources and performance information	164
Section 4: Other reporting requirements.....	166
4.1 Purchaser–provider arrangements	166
4.2 Cost recovery arrangements.....	166
4.3 Australian Government indigenous expenditure.....	166
Section 5: Budgeted financial statements.....	167
5.1 Analysis of budgeted financial statements.....	167
5.2 Budgeted financial statements tables	168

BIOSECURITY AUSTRALIA

Section 1: Overview

Biosecurity Australia (BA) was established on 1 December 2004 as a prescribed agency under the *Financial Management and Accountability Act 1997* to further boost the independence of its operations and ensure appropriate financial autonomy.

Biosecurity Australia's Outcome is:

To provide science based quarantine assessments and policy advice that protects Australia's favourable pest and disease status and enhances Australia's access to international animal and plant related markets.

BA's science-based quarantine assessments and scientific/technical advice are based on the principles set by the government in its response to the 1997 report, *Australian quarantine: a shared responsibility* (the Nairn report).

In order to achieve its Outcome, BA aims to:

- contribute to biosecurity policy decisions through the provision of scientific and technical advice
- open, improve and maintain Australia's market access to international animal and plant-related markets through the provision of scientific and technical advice
- develop and review biosecurity policies and procedures that are consistent with expressed Australian Government policy
- have strategic involvement with international standard setting organisations including the Office International des Epizooties (OIE), the bodies established under the International Plant Protection Convention (IPPC) and the Codex Alimentarius Commission (Codex)

BA's quarantine assessments and policy advice are generally provided to the Director of Animal and Plant Quarantine and the Australian Quarantine and Inspection Service (AQIS).

1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOMES

The products and services delivered by Biosecurity Australia (outputs and administered policies, products and services) which contribute to the achievement BA's Outcome are summarised in Table 1.1.

Table 1.1: Contribution to Outcome

Outcome	Output
Outcome	
To provide science based quarantine assessments and policy advice that protects Australia's favourable pest and disease status and enhances Australia's access to international animal and plant related markets.	Provide science-based quarantine assessments and policy advice

Section 2: Resources for 2007–08

2.1 APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows the total resources from all origins for 2007–08, including appropriations. The table summarises how resources will be applied by Outcome, administered and departmental classification.

The total appropriation for Biosecurity Australia in the 2007–08 Budget is \$21.222 million.

Table 2.1: Appropriations and other resources 2007–08 ('000)

Agriculture, Fisheries and Forestry Portfolio Agency Resourcing—2007–08					
Biosecurity Australia	Departmental				Total
	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2 \$'000	Special Appropriation \$'000	Receipts (a) \$'000	
Outcome					\$'000
To provide science based quarantine assessments and policy advice that protects Australia's favourable pest and disease status and enhances Australia's access to international animal and plant related markets.	21,222	-	-	-	21,222
TOTAL	21,222	-	-	-	21,222

(a) Departmental and administered receipts from other sources (i.e. other than appropriation amounts) that are available to be used.

Notes:

1. Under the appropriation structure, Bill No. 2 includes Specific Purpose Payments (SPPs), new administered expenses within new agency Outcomes (NAOs), administered capital and departmental capital via departmental injections and loans. 'New administered expenses within new outcomes' does not include revisions to existing outcomes (for example, following restructuring of outcomes) or revisions to outcomes following an AAO change where new administered items are not involved.
2. Refer to Budgeted Income Statement for application of agency revenue.

2.2 2007–08 BUDGET MEASURES

Budget measures relating to Biosecurity Australia as explained in Budget Paper No. 2 are summarised in Table 2.2. The table also identifies the relevant outcomes, administered items and outputs associated with each measure.

Table 2.2: Biosecurity Australia measures

Measure	Output groups affected	Appropriations budget			Appropriations forward estimate			Appropriations forward estimate			Appropriations forward estimate		
		2007–08			2008–09			2009–10			2010–11		
		\$'000			\$'000			\$'000			\$'000		
		Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
Expenses measure													
Import Risk Analysis – improving quarantine processes	1	-	2,631	2,631	-	2,721	2,721	-	2,776	2,776	-	2,834	2,834
Total expense measures		-	2,631	2,631	-	2,721	2,721	-	2,776	2,776	-	2,834	2,834

2.3 OTHER RESOURCES AVAILABLE TO BE USED

Table 2.3 provides details of resources obtained by BA for provision of goods or services. These resources are approved for use by BA and are included in Table 2.1.

Table 2.3: Other resources available to be used

	Estimated receipts 2006–07 \$'000	Budget estimate 2007–08 \$'000
Departmental resources		
Miscellaneous receipts	525	112
Total departmental other resources available to be used	525	112

Note: This table represents own source receipts available for spending on departmental purposes.

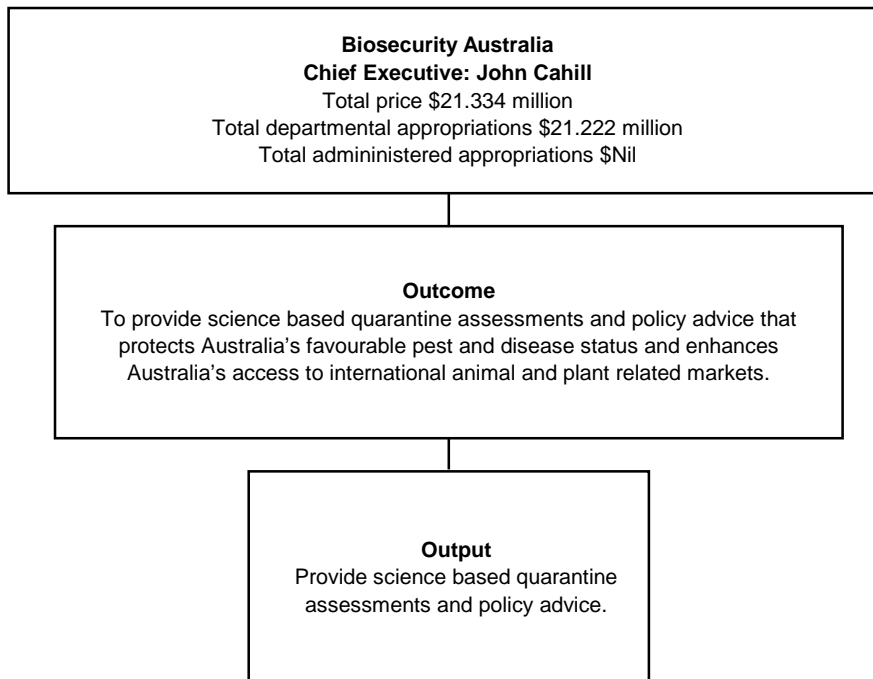
Section 3: Outcomes

This section summarises how the resources identified in Section 2 will be used to contribute to the single Outcome of Biosecurity Australia. Emphasis is placed on estimating the contribution to outcomes through administered items and outputs delivered by the agency. Key performance measures and performance evaluation activities are specified for each output. More detailed information on output and administered item attributes is maintained by agencies for internal management purposes.

3.1 SUMMARY OF OUTCOMES AND CONTRIBUTION TO OUTCOMES

The relationship between activities of Biosecurity Australia and the Outcome is summarised in Figure 1.

Figure 1: Contributions to Outcome



3.2 OUTCOME RESOURCES AND PERFORMANCE INFORMATION

3.2.1 Outcome 1 resourcing

Table 3.1 shows how the 2007–08 Budget appropriations translate to total resourcing for Outcome 1, including administered expenses, revenue from government (appropriation), revenue from other sources, and the total price of outputs.

Table 3.1: Total resources for Outcome 1

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000
Departmental appropriations		
Output 1 – Provide science based quarantine assessments and policy advice	18,574	21,222
Total revenue from government (appropriations)	18,574	21,222
Contributing to price of departmental outputs		
Revenue from other sources		
Other	525	112
Total revenue from other sources	525	112
Total estimated resourcing for Outcomes (Total price of outputs and administered appropriations)	19,099	21,334
	2006–07	2007–08
Average staffing level (number)	121	132

3.2.2 Measures affecting Outcome 1

The above figure included \$2.631 million of new government funding for a budget measure on supporting an improved import risk analysis process.

3.2.3 Performance information for Outcome 1

Performance information for administered items, individual outputs and output groups relating to Biosecurity Australia are summarised in Table 3.2.

Table 3.2: Performance information for Outcome 1

Performance information for output	
Output	Performance information
Output 1	
Provide science based quarantine assessments and policy advice	<i>Quality:</i> <ul style="list-style-type: none"> • import risk assessments satisfactorily progressed • stakeholder views as reflected through surveys and other feedback
	<i>Quantity:</i> <ul style="list-style-type: none"> • number of risk assessments and AQIS referrals completed • number of technical market access issues progressed
	<i>Price:</i> \$21.2 million

3.2.5 Evaluations for Outcome 1

Further to the conditions of establishment of Biosecurity Australia as a prescribed agency, a review will be undertaken in the latter part of the 2007–08 financial year.

Section 4: Other reporting requirements

4.1 PURCHASER–PROVIDER ARRANGEMENTS

Agencies may need to provide resources to other general government sector bodies, for example in payment for services rendered or as part of cross-agency initiatives. Consequently, the sum of amounts in agency resourcing tables in Budget Paper No. 4, and in the resourcing tables in this document, will not equal total resourcing at the whole-of-government level (as reproduced in Budget Paper No. 1).

This section summarises significant transactions between general government sector agencies that are not consolidated or reported at the whole-of-government level.

4.1.1 Cross-agency overview

The Australian Government Department of Agriculture, Fisheries and Forestry provides management services to BA under a letter of agreement between the Secretary of the Department and the Chief Executive.

Responsibility

The provision of management services includes financial and accounting services, human resources, information technology, rental of premises and other office services.

Control arrangements

The provision of services is jointly managed between the chief finance officers of the two agencies and in accordance with BA's internal control framework, including its Chief Executive Instructions.

Resourcing

The cost of management services is agreed through the department's cost allocation methodology as part of its internal budget process.

Performance against outcomes of purchased outputs

The cost of management services forms a component of the overall cost of BA's Outcome.

4.2 COST RECOVERY ARRANGEMENTS

Biosecurity Australia does not have any cost recovery arrangements in place.

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE

Biosecurity Australia has no Australian Government indigenous expenditure.

Section 5: Budgeted financial statements

5.1 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Biosecurity Australia is primarily funded through government appropriation and the agency expects to fully expend its budget for each financial year. The increase in funding for 2007-08 reflects additional funding through the 'Supporting an improved impact risk analysis process' measure.

Biosecurity Australia's expenditure in the intervening years is expected to remain stable so that cost increases such as pay rises will be met through improvements in productivity.

The budgeted balance sheet indicates the BA will have sufficient resources to meet its known liabilities as they fall due. The budgeted amount for receivables primarily reflects funds held on behalf of BA in the Official Public Account which is available to BA if needed under the government's 'just in time' cash drawdown arrangements.

5.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 5.1: Budgeted departmental income statement (for the period ended 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
INCOME					
Revenue					
Revenues from government	18,574	21,222	21,260	21,838	20,582
Other	525	112	112	112	112
Total income	19,099	21,334	21,372	21,950	20,694
EXPENSE					
Employees	11,696	12,797	12,538	12,980	12,296
Suppliers	7,230	8,465	8,799	8,940	8,373
Depreciation and amortisation	173	72	35	30	25
Total expenses	19,099	21,334	21,372	21,950	20,694
Surplus (deficit) attributable to the Australian Government	-	-	-	-	-

Table 5.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
ASSETS					
Financial assets					
Cash and equivalents	137	136	136	23	136
Trade and other receivables	6,330	7,019	7,667	7,183	10,546
Total financial assets	6,467	7,155	7,803	7,206	10,682
Non-financial assets					
Land and buildings	43	8	8	8	8
Infrastructure, plant and equipment	213	213	213	218	316
Intangibles	2	-	-	-	-
Total non-financial assets	258	221	221	226	324
Total assets	6,725	7,376	8,024	7,432	11,006
LIABILITIES					
Provisions					
Employees	2,952	3,183	3,378	2,677	4,545
Total provisions	2,952	3,183	3,378	2,677	4,545
Payables					
Suppliers	1,874	1,809	1,777	1,401	1,693
Total payables	1,874	1,809	1,777	1,401	1,693
Total liabilities	4,826	4,992	5,155	4,078	6,238
Net assets	1,899	2,384	2,869	3,354	4,768
EQUITY^a					
Parent entity interest					
Contributed equity	250	250	250	250	500
Reserves	(12)	(25)	(38)	(51)	(50)
Retained surpluses or accumulated deficits	1,661	2,159	2,657	3,155	4,318
Total equity	1,899	2,384	2,869	3,354	4,768
Current assets	6,467	7,155	7,803	7,206	10,682
Non-current assets	258	221	221	226	324
Current liabilities	2,993	3,015	3,057	2,416	3,416
Non-current liabilities	1,833	1,977	2,098	1,662	2,822

Table 5.3: Budgeted departmental statement of cash flows (for the period ended 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	18,574	21,222	21,260	21,838	20,582
Other	214	205	240	320	2,458
Total cash received	18,788	21,427	21,500	22,158	23,040
Cash used					
Employees	11,455	13,028	12,733	12,950	14,164
Suppliers	7,323	8,400	8,767	9,316	8,665
Cash used - Other	-	-	-	-	-
Total cash used	18,778	21,428	21,500	22,266	22,829
Net cash from or (used by) operating activities	10	(1)	-	(108)	211
INVESTING ACTIVITIES					
Cash received					
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment	-	-	-	(5)	(98)
Total cash used	-	-	-	(5)	(98)
Net cash from or (used by) investing activities	-	-	-	(5)	(98)
FINANCING ACTIVITIES					
Net cash from or (used by) financing activities					
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	127	137	136	136	23
Cash at the end of the reporting period	137	136	136	23	136

Table 5.4: Departmental statement of changes in equity — summary of movement (Budget year 2007–08)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2007					
Balance carried forward from previous period	1,661	(12)	-	250	1,899
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	1,661	(12)	-	250	1,899
Income and expense					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	-	-	-	-	-
Sub-total income and expense	-	-	-	-	-
Surplus (deficit) for the period	-	-	-	-	-
Total income and expenses recognised directly in equity	-	-	-	-	-
Transactions with owners					
<i>Distribution to owners</i>					
Sub-total transactions with owners	-	-	-	-	-
Transfers between equity components	498	(13)	-	-	485
Estimated closing balance as at 30 June 2008	2,159	(25)	-	250	2,384

Table 5.5: Departmental capital budget statement

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally by departmental resources	-	-	-	5	98
Total	-	-	-	5	98

Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2007–08)

	Land	Buildings	Other infrastructure plant and equipment	Computer software	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2007					
Gross book value	-	262	336	5	603
Accumulated depreciation	-	(227)	(80)	(3)	(310)
Opening net book value	-	35	256	2	293
Additions:					
by purchase	-	-	-	-	-
Depreciation/amortisation expense	-	(27)	(43)	(2)	(72)
	-	-	-	-	-
As at 30 June 2008					
Gross book value	-	262	336	5	603
Accumulated depreciation	-	(254)	(123)	(5)	(382)
Estimated closing net book value	-	8	213	-	221

COTTON RESEARCH AND DEVELOPMENT CORPORATION

Section 1: Overview	177
1.1 Summary of agency contributions to outcomes.....	179
Section 2: Resources for 2007–08.....	180
2.1 Appropriations and other resources.....	180
2.2 Budget measures, 2007–08.....	181
2.3 Other resource information	181
Section 3: Outcomes	182
3.1 Summary of outputs and contribution to outcome	182
3.2 Outcome performance information	183
Section 4: Other reporting requirements.....	186
4.1 Purchaser–provider arrangements	186
4.2 Cost recovery arrangements.....	187
4.3 Australian Government indigenous expenditure.....	187
Section 5: Budgeted financial statements.....	188
5.1 Analysis of budgeted financial statements.....	188
5.2 Budgeted financial statements tables	189

COTTON RESEARCH AND DEVELOPMENT CORPORATION

Section 1: Overview

The Cotton Research and Development Corporation (CRDC) began operations on 1 October 1990 by way of a regulation made under section 8 of the *Primary Industries and Energy Research and Development Act 1989*. The CRDC is also subject to the *Commonwealth Authorities and Companies (CAC) Act 1997*.

The CRDC invests in a coordinated research and development programme that aims to increase the triple bottom line (economic, environmental and social) benefits which the cotton industry bestows to participants in the cotton industry as well as to the regional communities that serve and co-exist with the cotton industry, and then to the broader Australian economy. The CRDC also facilitates the dissemination, adoption and commercialisation of research and development (R&D) while ensuring substantial spill over of its activities benefit the larger Australian community.

The CRDC is accountable to the Australian people through the Australian Government and also to the cotton industry through its legislated representative industry organisation, the Australian Cotton Growers Research Association (ACGRA).

These stakeholders set broad research and development objectives, which the CRDC addresses through adherence to a five-year strategic R&D plan. This plan is a public document which the CRDC reviews on an annual basis. An Annual Operating Plan is derived from this continual review and serves to guide the CRDC on how its annual activities contribute to the Strategic Plan.

The CRDC is strongly committed to observing the need to keep all levels of government informed about the activities of the CRDC while identifying and communicating the factors that may affect its Outcome. Regular meetings take place between Australian Government personnel and the Board and staff of the CRDC. Regular written briefings are provided to Australian Government Ministers. The CRDC's directors and staff have frequent informal and formal meetings with members of ACGRA, and representatives regularly attend ACGRA formal meetings to ensure they are fully briefed on industry perspectives and priorities.

The Australian cotton industry is the second largest exporter of raw cotton in the world, while the export value to the Australian economy is normally in excess of \$1.0 billion. The industry in Australia provides substantial opportunities for economic growth for the nation through the 880 small-medium enterprises growing cotton and the estimated 10,000 people who work in businesses directly dependent on cotton

CRDC Budget Statement: Overview

production. The cotton production and pre-export segments of its distribution chain are largely decentralised. The industry has relatively intensive and consistent labour requirements to serve production, processing, transport and warehousing. This means the cotton industry at large has a significant and positive impact on the communities in and near the growing regions. The cotton industry is widely regarded as an employer of choice and, as such, attracts and nurtures a skills and capacity base that is of significance to rural and regional communities.

The key focus of the CRDC is to ensure a long-term future for the industry through a comprehensive triple bottom line approach to research, development and extension. To achieve its Outcome, the CRDC invests in a wide range of research projects covering all aspects of the production cycle, from field to fabric. The CRDC has introduced a two-stage process for its annual competitive funding round for research, development and extension projects.

Stage One of this process involves applicants submitting a Preliminary Research Proposal (PRP). If applicants are successful in the first round they are invited to submit a Full Research Proposal (FRP).

The industry's research advisory organisation, ACGRA, is an active body comprising all sectors of the industry, and CRDC relies on its advice to form investment decisions at both stages of the investment advice process.

The CRDC's Board also assesses and commissions research when gaps in the research programme are identified.

The availability of funds for investment in research is advertised in appropriate print media outlets, on the CRDC website and directly to existing and potential research partners such as the Commonwealth Scientific and Industrial Research Organisation (CSIRO), state government departments, universities, cooperative research centres (CRCs) and other research and development corporations. The CRDC is a core partner in the Cotton Catchment Communities Cooperative Research Centre which commenced operations in October 2005. The CRDC has agreed to provide Cotton CRC with research and development activity valued up to \$4 million dollars per annum. Investment by CRDC in R&D attracts further in-kind support and thus leverages the CRDC funds beyond the value of its initial investment.

1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOMES

The products and services delivered by the CRDC (outputs, products and services) that contribute to achievement of its Outcome are summarised in Table 1.1.

Table 1.1: Contribution to Outcome

Outcome	Output groups
Outcome	
A more sustainable, profitable and competitive cotton industry, providing increased environmental, economic and social benefits to regional communities and the nation.	Output 1: Economic Output 2: Environmental Output 3: Social

Section 2: Resources for 2007–08

2.1 APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows the CRDC's total resources from all origins for 2007–08.

Table 2.1: Total resources, 2007–08

Source	Total resources \$'000
Funds from industry sources	
– Levies	2,194
Funds from Australian Government	
– Matching government contributions	3,109
Funds from other sources	1,997
Total resources	7,300

Note: The Cotton Research and Development Corporation does not receive a direct departmental or administered appropriation from the government.

Table 2.2 provides details of other resources available to be used by the CRDC. These resources are approved for use and are included in Table 2.1.

The CRDC is jointly funded by an industry levy of \$2.25 per bale (227 kilograms ex-gin) and a matching contribution from the Australian Government, provided up to a maximum of 0.5 per cent of the gross value of production, or up to 50 per cent of expenditure, or not exceeding the contribution from grower levies. The estimated 2006–07 cotton crop size of 1.0 million bales will significantly decrease bale levy receipts for both 2006–07 and 2007–08, and current low cotton prices and a forecast crop size of 1.0 million bales for 2007–08 will continue to constrain both industry levy and Australian Government contributions. The government's general matching of industry contributions is expected to be limited to 0.5 per cent of the cotton industry's three year average Gross Value of Production (GVP). The setting and collection of the industry levy is enabled by the *Cotton Levy Act 1982* and the *Primary Industries Levies and Charges Collections Act 1991*.

Table 2.2: Other resources available to be used

Source	Estimated resources 2006–07 \$'000	Budget estimate 2007–08 \$'000
Interest	925	900
Royalties	950	762
Sale of goods and services	-	-
Other	363	335
Total resources	2,238	1,997
	2006–07	2007–08
Average staffing level (number)	11	12

2.2 BUDGET MEASURES, 2007–08

The CRDC is not affected by any 2007–08 Budget measure.

2.3 OTHER RESOURCE INFORMATION

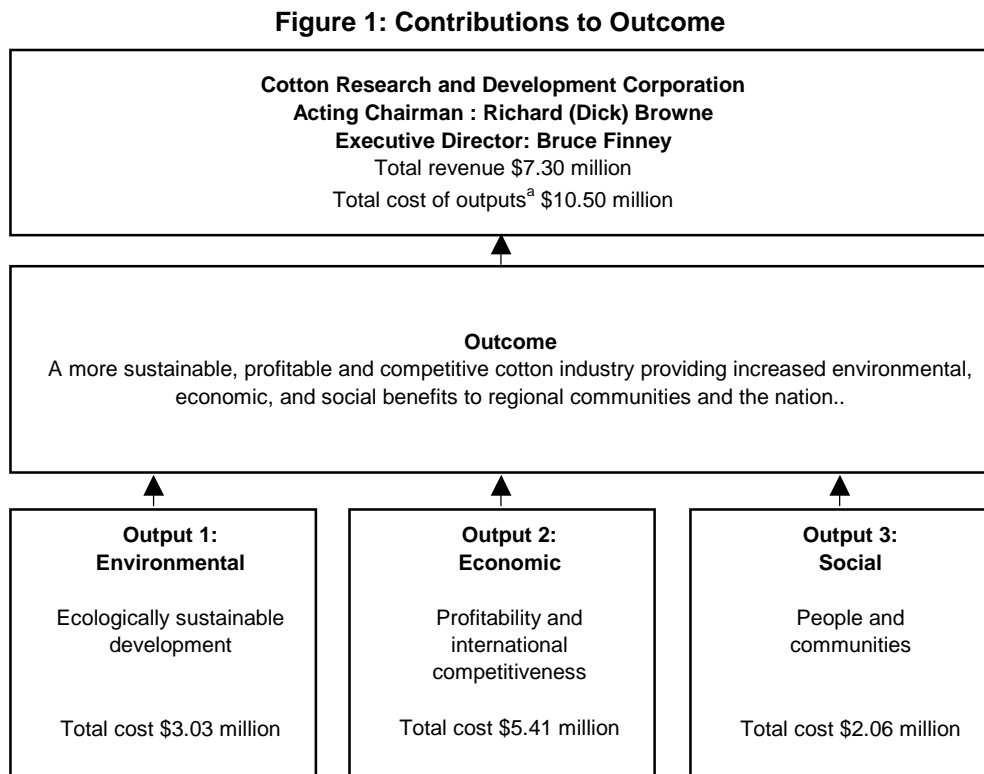
The CRDC has no administered funds, special appropriations or special accounts.

Section 3: Outcomes

This section summarises how the resources identified in Section 2 will be used to contribute to the Outcome of the CRDC. Key performance measures and performance evaluation activities are specified for each output. More detailed information on output attributes is maintained by agencies for internal management purposes.

3.1 SUMMARY OF OUTPUTS AND CONTRIBUTION TO OUTCOME

The relationship between activities of the CRDC and the Outcome is summarised in Figure 1.



a Total cost is shown rather than total price because the Corporation is primarily funded through industry levies rather than on the basis of the price of their outputs. It should be noted that the CRDC will use its accumulated reserves to fund the difference between total revenue and the total costs of outputs.

3.2 OUTCOME PERFORMANCE INFORMATION

3.2.1 Contributions to achievement of Outcome

The CRDC invests in research and development projects that are strategically consistent with both Australian Government and industry priorities and which contribute to the achievement of the Outcome, which is to achieve a more sustainable, profitable and competitive cotton industry that also provides benefits to regional communities and the nation.

3.2.2 Performance information for Outcome

The CRDC's objectives, targets to meet those objectives and tools for measuring achievement of the targets are shown in Table 3.1. In most cases the targets extend to the end of the CRDC's current strategic plan, which finishes in 2008. In each case, improvements are expected in 2007-08 as a proportionate part of the target.

Table 3.1: Performance information for Outcome

Effectiveness—overall achievement of Outcome	
A more sustainable, profitable and competitive cotton industry providing increased environmental, economic, and social benefits to regional communities and the nation.	
Outcome component	Effectiveness indicators
Environmental	
Ecologically Sustainable Development	<ul style="list-style-type: none"> continued improvement in resource and environmental management
Economic	
International Competitiveness	<ul style="list-style-type: none"> greater reductions in the cost of production compared with international competitors, with improved product quality
Social	
Creation and filling of jobs within the industry and cotton communities, specifically in research, management and supporting industries	<ul style="list-style-type: none"> viable regional communities enjoying the flow-on benefits of improved resource and environmental management
Performance information by output	
Output	Performance indicators
Output 1: Environmental	
Industry-wide adoption of improved integrated pest management systems	<ul style="list-style-type: none"> 50% reduction in 2004 quantities of insecticide use — measured by Cotton Consultants Australia (CCA) Annual Market Audit 20% reduction in 2004 quantities of residual herbicide use — measured by CCA Annual Market Audit continued decline in riverine contamination by herbicides used only by cotton growers — measured by Queensland Department of Natural Resources and Mines and New South Wales Department of Natural Resources water quality monitoring programme data

CRDC Budget Statement: Outcomes

Performance information by output	
Output	Performance indicators
Increased adoption of Best Management Practices (BMP) that meets legal requirements, industry benchmarks and catchment scale targets	<ul style="list-style-type: none"> continuing improvements in cotton production audited against BMP Minimum Certification Standards — measured by Cotton Australia Best Management Practices Audit Office Databank information
Improved water use efficiency (WUE)	<ul style="list-style-type: none"> 20% improvement in farm WUE on farms below the 2004 median — measured by Cotton CRC projects benchmarking water use efficiency on farms in New South Wales and Queensland
Output 2: Economic	
Improved yield, through improved management and breeding of higher-yielding, disease and insect tolerant cotton varieties	<ul style="list-style-type: none"> 10% improvement in cotton yield per hectare — measured by CSIRO Cotton Breeding Trial benchmark data
Improved cotton fibre quality that meets market and spinner needs	<ul style="list-style-type: none"> evidence of continuing improvements in defined parameters measured in mill benchmark surveys — measured by CSIRO TFT Cotton Mill Benchmark surveys
Increased profitability, with better whole farm management and innovative precision agricultural systems	<ul style="list-style-type: none"> evidence that prices for Australian cotton remain equal to or above those for competitive cotton growths, measured in 2005 and 2007 — measured by Cotton Outlook 'A Index' quotations evidence that profit margins are improving over time — measured by BOYCE/CRDC Cotton Comparative Analysis reports
Output 3: Social	
Improved skills and qualifications of people at all levels of the industry	<ul style="list-style-type: none"> at least 15 new post graduate students working in areas of high priority future need — measured by CRDC records at least 10 new post-doctoral positions working in areas of high current need — measured by CRDC records 80% of cotton growers having attended a relevant training course in OH&S, IPM or Water Management by 2008 — measured by Cotton Training Co-ordinator's records; Farmsafe Australia records; and CRDC Project Reports
Healthy and resilient communities in cotton producing regions	<ul style="list-style-type: none"> reduction in the cotton industry's environmental footprint (e.g., reduced pesticide use, improved water use efficiency, reduced greenhouse gas production) — measured by Cotton Consultants Australia (CCA) Annual Market Audit (of pesticide use); Cotton Australia BMP Audit Office Databank; CRDC project benchmarking cotton industry greenhouse gas production; Cotton Catchment Communities CRC (Cotton CRC) sub-programme information on nitrogen use (the principal producer of agricultural greenhouse gases) contribution to career opportunities in cotton producing regions — measured by Cotton CRC Programme 3 information at least a 10% reduction in cotton farm-related injuries — measured by Australian Agriculture Centre for Health and Safety data improved industry economic viability — measured by BOYCE/CRDC Cotton Comparative Analysis reports
Adoption of research outcomes that are leading to improved management practices	<ul style="list-style-type: none"> adoption evaluations conducted each year by members of the National Cotton Extension Team — measured by Extension Team Evaluation reports

Note: The Cotton Research and Development Corporation funds a comprehensive and integrated research and development programme, with research sub-programmes, and even individual projects, contributing to the achievement of more than one output. The price for each output is on a pro-rata basis and includes an allocation for corporate management and support costs.

3.2.3 Evaluations for Outcome

During 2007-08, CRDC will seek to implement recommendations from the Review of Disease R&D, which was conducted in 2006-07.

During 2007-08, CRDC is committed to working through the Research and Development Corporations Council of Chairs secretariat to develop and implement a standard framework for benefit-cost analysis for the evaluation and reporting of projects and programme outcomes.

Section 4: Other reporting requirements

4.1 PURCHASER–PROVIDER ARRANGEMENTS

The CRDC contracts R&D services from research providers across a number of Commonwealth, state, university and industry agencies. It also brokers and manages a range of collaborative programmes and joint projects. As part of its risk management framework the CRDC appoints reputable R&D service providers to deliver contractually specified outputs. Since each of these arrangements does not singularly impact upon the CRDC in meeting its Outcome, the details of each arrangement are not specified in the contract.

Responsibility

All compliance and reporting responsibilities are detailed in legally binding agreements between the CRDC and research providers.

Control arrangements

Research agreements entered into between the CRDC and R&D providers detail the purchaser–provider arrangements, including the services and outputs to be delivered and the agreed price. The CRDC has probity and accountability requirements for selection of R&D service providers.

Resourcing

All resourcing implications are detailed in research agreements, including agreed service charges.

Performance against outcomes of purchased outputs

These arrangements contribute to the CRDC producing its outputs and achieving its outcomes.

4.2 COST RECOVERY ARRANGEMENTS

The CRDC has no cost recovery arrangements. The CRDC's stakeholders are the recipients of the CRDC's outputs. As they contribute financially to the CRDC via industry levies and government contributions, publications are made available free of charge to them in both electronic and hard copy format. This is also the case for personnel involved in the CRDC's extension and education activities. To facilitate knowledge and adoption of research findings, publications can also be downloaded freely from the CRDC's website.

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE

The CRDC has no Australian Government indigenous expenditure.

Section 5: Budgeted financial statements

5.1 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

The CRDC has forecast an operating deficit of \$3.2 million for 2007–08, which will be funded from existing cash reserves.

The operating deficit reflects revenue of \$7.30 million (2006–07 estimated actual: \$10.39 million) with 73 per cent being derived from industry levies and Commonwealth government contributions. The amount of levy and government contributions is heavily reliant upon crop production which is estimated to be only one million bales for the 2007–08 crop. Continuing low international cotton prices will also have a negative impact on the Gross Value of Production (GVP). The CRDC expects that this will activate the PIERD Act 0.5 per cent of GVP legislative trigger, thus also limiting the Australian Government contribution.

As levels of income are still well below the pre-drought average the CRDC's capacity to invest in R&D in recent years has had to be reduced. 2007–08 forecast expenditure is \$10.5 million down from the 2006–07 estimated actual of \$12.36 million. This level of expenditure will continue to be closely monitored to ensure that it remains appropriate.

In summary, budget deficits for the upcoming years will be funded by reserves held by the CRDC to buffer the impact of droughts, lower prices and other exceptional circumstances.

5.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 5.1: Budgeted departmental income statement (for the period ended 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
INCOME					
Revenue					
Revenues from government	8,152	5,303	5,920	7,778	8,445
Interest	925	900	660	605	605
Rents	15	15	15	15	15
Royalties	950	762	871	654	435
Other	348	320	420	420	420
Total revenue	10,390	7,300	7,886	9,472	9,920
Total income	10,390	7,300	7,886	9,472	9,920
EXPENSE					
Employees	1,277	1,386	1,442	1,499	1,559
Suppliers	319	295	303	313	322
Grants	10,727	8,756	8,332	8,221	8,175
Depreciation and amortisation	37	62	60	53	48
Total expenses	12,360	10,499	10,137	10,086	10,104
Surplus (Deficit) before income tax	-	-	-	-	-
Income tax expense	-	-	-	-	-
Surplus (deficit) attributable to the Australian Government	(1,970)	(3,199)	(2,251)	(614)	(184)

Table 5.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
ASSETS					
Financial assets					
Cash and equivalents	12,720	9,860	7,794	7,200	7,044
Trade and other receivables	1,000	719	580	580	580
Other	300	300	250	250	250
Total financial assets	14,020	10,879	8,624	8,030	7,874
Non-financial assets					
Land and buildings	496	487	490	494	499
Infrastructure, plant and equipment	236	226	231	217	194
Total non-financial assets	732	713	721	711	693
Total assets	14,752	11,592	9,345	8,741	8,567
LIABILITIES					
Provisions					
Employees	200	220	230	240	250
Total provisions	200	220	230	240	250
Payables					
Suppliers	87	106	100	100	100
Grants	600	600	600	600	600
Total payables	687	706	700	700	700
Total liabilities	887	926	930	940	950
Net assets	13,865	10,666	8,415	7,801	7,617
EQUITY^a					
Reserves	135	135	135	135	135
Retained surpluses or accumulated deficits	13,730	10,531	8,280	7,666	7,482
Total equity	13,865	10,666	8,415	7,801	7,617
Current assets	14,021	10,879	8,624	8,030	7,874
Non-current assets	732	713	721	711	693
Current liabilities	687	706	700	700	700
Non-current liabilities	200	220	230	240	250

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

Table 5.3: Budgeted departmental statement of cash flows (for the period ended 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	8,410	5,754	5,970	7,779	8,445
Interest	600	900	710	605	605
Other	1,914	2,073	2,354	2,011	1,767
Total cash received	10,924	8,727	9,034	10,395	10,817
Cash used					
Employees	1,277	1,360	1,432	1,490	1,550
Suppliers	230	283	309	313	322
Grants	12,269	8,756	8,332	8,221	8,174
Other		1,146	958	923	897
Total cash used	13,776	11,545	11,031	10,947	10,943
Net cash from or (used by) operating activities	(2,852)	(2,818)	(1,997)	(552)	(126)
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	177	43	69	42	30
Total cash used	177	43	69	42	30
Net cash from or (used by) investing activities	(177)	(43)	(69)	(42)	(30)
Net increase or (decrease) in cash held	(3,029)	(2,861)	(2,066)	(594)	(156)
Cash at the beginning of the reporting period	15,750	12,721	9,860	7,794	7,200
Cash at the end of the reporting period	12,721	9,860	7,794	7,200	7,044

Table 5.4: Departmental statement of changes in equity — summary of movement (Budget year 2007–08)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2007					
Balance carried forward from previous period	13,730	135	-	-	13,865
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	13,730	135	-	-	13,865
Income and expense					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	-	-	-	-	-
Sub-total income and expense	-	-	-	-	-
Surplus (deficit) for the period	(3,199)	-	-	-	(3,199)
Total income and expenses recognised directly in equity	(3,199)	-	-	-	(3,199)
Transactions with owners					
<i>Distribution to owners</i>					
<i>Contribution by owners</i>					
Sub-total transactions with owners	-	-	-	-	-
Transfers between equity components	-	-	-	-	-
Estimated closing balance as at 30 June 2008	10,531	135	-	-	10,666

Table 5.5: Departmental capital budget statement

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally by departmental resources	177	43	69	42	30
Total	177	43	69	42	30

Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2007–08)

	Land	Buildings	Other infrastructure plant and equipment	Computer software	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2007					
Gross book value	130	375	108	157	770
Accumulated depreciation	-	9	16	12	37
Opening net book value	130	366	92	145	733
Additions:					
by purchase	-	-	23	20	43
Depreciation/amortisation expense	-	9	20	33	62
Other movements	-	-	-	-	-
Disposals:					
other disposals	-	-	-	-	-
As at 30 June 2008					
Gross book value	130	375	131	177	813
Accumulated depreciation	-	18	36	45	99
Estimated closing net book value	130	357	95	132	714

FISHERIES RESEARCH AND DEVELOPMENT CORPORATION

Section 1: Overview	197
1.1 Summary of agency contributions to outcomes.....	199
Section 2: Resources for 2007–08.....	200
2.1 Appropriations and other resources.....	200
2.2 Budget measures, 2007–08.....	200
2.3 Other resource information	200
Section 3: Outcomes	201
3.1 Summary of outputs and contribution to outcome	201
3.2 Outcome performance information	202
Section 4: Other reporting requirements.....	206
4.1 Purchaser–provider arrangements	206
4.2 Cost recovery arrangements.....	206
4.3 Australian Government indigenous expenditure.....	206
Section 5: Budgeted financial statements.....	207
5.1 Analysis of budgeted financial statements.....	207
5.2 Budgeted financial statements tables	207

FISHERIES RESEARCH AND DEVELOPMENT CORPORATION

Section 1: Overview

The Fisheries Research and Development Corporation (FRDC) is one of eight rural research and development corporations. We are co-funded by our stakeholders, the Australian Government and the fishing industry.

The Corporation invests strategically across all of Australia in research and development (R&D) activities that benefit all three sectors of the fishing industry – commercial (wild catch and aquaculture), recreational and traditional. Our goal is for Australia's fisheries to be sustainably managed.

The FRDC aims to work with partners to disseminate R&D results and assist with their adoption and, when appropriate, commercialisation.

Strategic directions are set with key stakeholders and then partner organisations are directly engaged from all over Australia to undertake R&D activities.

This innovative approach to project management gives us a great deal of flexibility, while enabling us to work as a virtual organisation many times our size.

The seafood industry is Australia's fourth most valuable food-based primary industry with a landed value of more than \$2 billion a year. In addition more than 3.4 million Australians recreationally fish each year spending an additional \$1.8 billion a year. For Indigenous communities the fishing industry not only provides avenues for income but also plays a significant role in their culture and subsistence.

Fish are a valuable, community-owned, renewable resource. They are, however, limited and vulnerable. Therefore, it is important they are managed using the best information available.

The Corporation and its partners are striving to ensure that fisheries ecosystems are used in a sustainable way so that future generations benefit.

Our R&D aims not only to ensure the sustainability of Australia's natural resources, but also to raise awareness of key fisheries-related issues such as industry development, the social and economic impacts on fishing communities, and the health benefits of seafood.

FRDC Budget Statement: Overview

The business environment in which the FRDC operates is characterised by:

- the need for effective stewardship to ensure best use of Australia's resources
- a high emphasis on natural resource management
- specific priorities of the three sectors of industry
- geographic diversity – Australia's waters extend from the tropics to the Antarctic, and include both marine and freshwater
- a broad range of products, including 800+ commercial species, 1000+ recreational species and 100+ farmed species, with a further 100+ protected species.

The five strategic challenges

The FRDC and its stakeholders have analysed the fishing industry's business environment and the changes likely to occur during the next 20 years. This analysis has resulted in identification of five strategic challenges:

- natural resources sustainability
- resource access and resource allocation
- responses to demand; profitability
- people development
- community and consumer support.

1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOMES

The products and services delivered by the FRDC (outputs, products and services) that contribute to achievement of its outcomes are summarised in Table 1.1.

Table 1.1: Contribution to outcome

Outcome	Output groups
Outcome component	
<p>Natural resource sustainability The natural resources on which the commercial, recreational and traditional sectors of the fishing industry depend are used in an ecologically sustainable manner.</p>	<p>Program 1: Natural Resource Sustainability</p>
<p>Industry development The commercial sector of the Australian fishing industry is profitable and internationally competitive; the commercial, recreational and traditional sectors are socially resilient.</p>	<p>Program 2: Industry Development</p>
<p>People development The knowledge and skills of people in and supporting the Australian fishing industry, and in the wider community, are developed and used so that Australians derive maximum economic, environmental and social benefits from fisheries research and development.</p>	<p>Program 3: People Development</p>

Section 2: Resources for 2007–08

2.1 APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows the FRDC's total resources from all origins for 2007–08, including appropriations.

The total revenue for the FRDC in the 2007–08 Budget is \$30.7 million.

Table 2.1: Total resources, 2007–08

Source	Total resources \$'000
Funds from industry sources	
– Money from industry levies	7,163
Funds from Australian Government	
– Australian Government contribution	16,035
Other resources	7,545
Total resources	30,743

Table 2.2 provides details of other resources available to be used by the FRDC. These resources are approved for use and are included in Table 2.1.

Table 2.2: Other resources available to be used

Source	Estimated resources 2006–07 \$'000	Budget estimate 2007–08 \$'000
Interest	250	250
Sale of goods and services	60	40
Aquafin CRC for Sustainable Aquaculture of Finfish	3,100	2,500
Seafood CRC	-	4,000
Other income	850	755
Total resources	4,260	7,545
	2006–07	2007–08
Average staffing level (number)	10	11

2.2 BUDGET MEASURES, 2007–08

The FRDC is not affected by any 2007–08 Budget measure.

2.3 OTHER RESOURCE INFORMATION

The FRDC has no administered funds, special appropriations or special accounts.

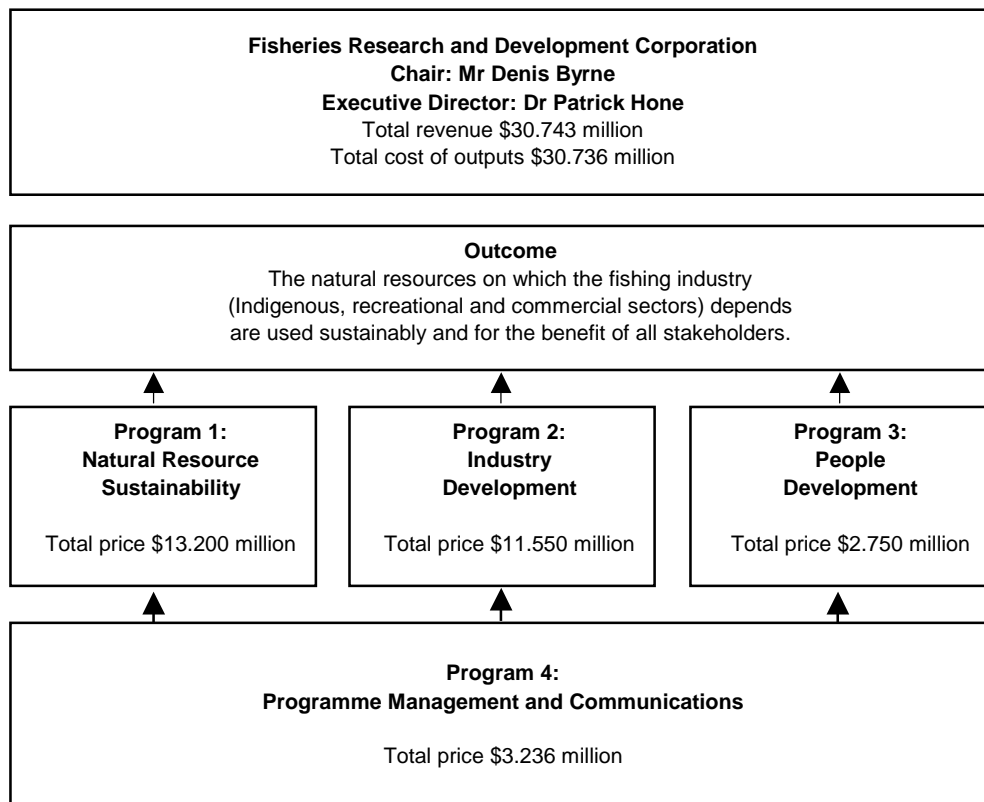
Section 3: Outcomes

This section summarises how the resources identified in Section 2 will be used to contribute to the outcome of the FRDC. Key performance measures and performance evaluation activities are specified for each output. More detailed information on output attributes is maintained by agencies for internal management purposes.

3.1 SUMMARY OF OUTPUTS AND CONTRIBUTION TO OUTCOME

The relationship between activities of the FRDC and the outcome is summarised in Figure 1.

Figure 1 Contributions to outcomes



3.2 OUTCOME PERFORMANCE INFORMATION

3.2.1 Contributions to achievement of Outcome

FRDC funds research and development projects that are strategically consistent with both government and industry priorities and which contribute to the achievement of the outcome.

3.2.2 Performance information for Outcome 1

The FRDC is only one of many entities, often working in partnership, whose outputs advance the fishing and aquaculture industry and the natural resources on which it depends.

The ecological response of fisheries and the collective behavioural response of humans making use of them extends over years or decades. Consequently, most of the targets in this section extend well beyond the 2007-08 financial year.

Performance information for individual outputs and output groups relating to the FRDC are summarised in Table 3.1.

Table 3.1: Performance information for Outcome

Performance information by output	
Output	Performance indicators
Program 1: Natural Resource Sustainability	
<p>Investment in research that assists in the development of formal socio-economic assessments for incorporation into fisheries resource allocation processes.</p> <p>Investment in R&D on spatial management.</p> <p>Investment in R&D that will assist in fisheries becoming self-managed or co-managed.</p> <p>Investment in R&D that will lead to a reduction in species that are overfished or of an unknown status.</p> <p>Increased communication and extension of R&D results with fisheries management agencies.</p>	<ul style="list-style-type: none"> • Self-managed or co-managed fisheries governance structures and processes are developed and a minimum of five fisheries brought under self-management. • 30% reduction in species that are overfished or of an unknown status. • Increased utilisation of fisheries R&D outputs by fisheries management agencies. • Development of formal socioeconomic assessments for incorporation into fisheries resource allocation processes. • Evidence of improved use of spatial management as a tool for fisheries management. <p>Price: \$13.200 million</p>
Program 2: Industry Development	
<p>Invest in market research that provides intelligence on international market places.</p> <p>Invest in R&D activities that boost feeding efficiency.</p> <p>Integrate into R&D research application cycle the need for industry participation in breeding programmes.</p> <p>Invest in R&D projects that will underpin or be part of a third party assessment standard.</p> <p>Invest in R&D projects that will lead to the establishment of entities that utilise fish waste.</p>	<ul style="list-style-type: none"> • At least two companies accessing new markets for domestically produced seafood. • Establishment of a third-party audited food quality standard for vessels and processors. • 5% increase in finfish production through improved feeds and feeding practices. • Establishment of a commercial operation specialising in the utilisation of fish processing waste. • At least two entities utilising improved stock from selective breeding programmes. <p>Price: \$11.550 million</p>
Program 3: People Development	
<p>Investing in the Australian Rural Leadership Programme.</p>	<ul style="list-style-type: none"> • Two seafood people to complete the Australian Rural Leadership Programme annually.
<p>Investing in research that assist postgraduate students complete their courses.</p> <p>Invest in the 'Advance in Seafood' Leadership Development Programme.</p> <p>Investment in extension activities that communicate the health benefits of seafood.</p> <p>Invest in R&D that provides a solid understanding of the environmental impacts of aquaculture ventures.</p>	<ul style="list-style-type: none"> • Minimum of five postgraduate students complete courses. • Minimum of ten fishing industry participants attend the 'Advance in Seafood' Leadership Development Programme. • 10% increased consumption of seafood by Australians. • Aquaculture ventures are able to access new sites. <p>Price: \$2.750 million</p>

FRDC Budget Statement: Outcomes

Performance information by output	
Output	Performance indicators
Program 4: Programme Management and Communications	
<p><i>Business strategy and planning</i> The FRDC aims to have a clearly defined and implemented business plan and strategy aligned to government and industry needs which are understood and supported by stakeholders. It does this through maintaining a high level of support for the five-year plan <i>Investing for Tomorrow's Fish</i> and ensuring ongoing development builds on, and drives innovation in the fishing industry.</p>	<ul style="list-style-type: none"> • Approval of the annual operational plan and annual report by the Parliamentary Secretary and the acceptance of these documents by the FRDC's representative organisations • Evidence of Fisheries Research Advisory Body (FRAB) influence on research providers — minimum 80% of applications submitted through FRABs • Planning and reporting documents (annual report, annual operational plan and Portfolio Budget Statement) published and submitted in accordance with legislative time frames • The views and priorities of stakeholders influence research providers in the development of R&D applications
<p><i>Information management systems</i> The FRDC aims to provide business systems that meet the requirements both of the organisation and its stakeholders.</p>	<ul style="list-style-type: none"> • The FRDC website is viewed as a source of fishing industry information • Stakeholder satisfaction with information management systems; especially Fishbase and its web interface Fishnet (project management system)
<p><i>Quality system</i> The FRDC aims to be recognised as a quality-driven organisation, through quality leadership, continuous improvement and appropriate accreditation. Evidence that the FRDC is succeeding in its goal include:</p>	<ul style="list-style-type: none"> • Maintenance of its ISO9001:2000 accreditation
<p><i>Corporate communications</i> The FRDC aims to inform all stakeholders of its goals, strategies and achievements and provide them with access to information that will help them.</p>	<ul style="list-style-type: none"> • Adoption of the results of research and development • Positive feedback from market research on stakeholders • Reporting requirements are met on time and within budget • Publications are of a high standard and are developed and delivered in a professional manner
<p><i>Risk management</i> The FRDC aims to ensure its risks are identified, assessed and appropriately managed.</p>	<ul style="list-style-type: none"> • Good business performance with a minimum of failures • An operational risk management framework
<p><i>Finance and administration</i> The FRDC aims to have best practice accounting and investment functions, managed in accordance with board and statutory requirements.</p>	<ul style="list-style-type: none"> • Contributions from fishers and aquaculturists above that which will be matched by the Australian Government (minimum of 85% of the contributions paid by industry to the FRDC that can be matched by the Australian Government) • FRDC expenditure on R&D programmes maximised (the proportion of expenditure on R&D programmes, and programmes support — respectively minimum 90% (including communications) and maximum 10%)
<p><i>Human resources management</i> The FRDC aims to have best practice in human resources management clearly focused on delivering FRDC's business objectives.</p>	<ul style="list-style-type: none"> • Happy, competent and well-trained staff contributing to the achievement of the corporation's objectives

Performance information by output	
Output	Performance indicators
<p><i>Corporate governance</i> The FRDC aims to have a best practice system of governance.</p>	<ul style="list-style-type: none"> • An ethical business culture • Meeting statutory requirements; for example, in relation to annual operational plans, annual reports and investment plans.
	<p>Price: \$3.236 million</p>

3.2.3 Evaluations for Outcome

The FRDC undertakes ongoing evaluations at a project and sub-programme level. Each project seeks feedback from recipients of that research outcome. Sub-programmes are reviewed at mid-term and at the end of each funding cycle.

In addition, the FRDC runs biannual stakeholder research and a workshop to evaluate progress against the key performance indicators set out in the strategic research and development plan. The outcomes of the research and the workshop are integrated into the FRDC's planning cycle to ensure that future plans remain salient.

Section 4: Other reporting requirements

4.1 PURCHASER–PROVIDER ARRANGEMENTS

Agencies may need to provide resources to other general government sector bodies, for example in payment for services rendered or as part of cross-agency initiatives. Consequently, the sum of amounts in agency resourcing tables in Budget Paper No. 4, and in the resourcing tables in this document, will not equal total resourcing at the whole-of-government level (as reproduced in Budget Paper No. 1).

The Corporation does not have any purchaser-provider arrangements.

4.2 COST RECOVERY ARRANGEMENTS

The Corporation has no ongoing cost recovery arrangements.

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE

Table 4.1: Australian Government indigenous expenditure

Outcome	Appropriations				Other \$'000 (E)	Total \$'000 (F)=(D)+(E)	Cross reference (G)
	Bill No. 1 \$'000 (A)	Bill No. 2 \$'000 (B)	Special Approp \$'000 (C)	Total Approp \$'000 (D)			
Outcome1							
FRDC							
Administered 2007–08	-	-	-	-	-	-	
Administered 2006–07	-	-	-	-	-	-	
Departmental 2007–08	-	-	-	-	324	324	
Departmental 2006–07	-	-	-	-	312	312	
Total Outcome 2007–08	-	-	-	-	324	324	
Total Outcome 2006–07	-	-	-	-	312	312	
Total AGIE 2007–08	-	-	-	-	324	324	
Total AGIE 2006–07	-	-	-	-	312	312	

Section 5: Budgeted financial statements

5.1 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

The FRDC does not anticipate any material variances from the 2007–08 estimated actual and the 2008–09 budget estimate. Movements within the forward estimates reflect immaterial incremental decreases across revenue and expenditure.

5.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 5.1: Budgeted departmental income statement (for the period ended 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
INCOME					
Revenue					
Revenues from government	15,367	16,035	16,131	16,651	17,265
Goods and services	60	40	50	50	60
Interest	250	250	250	250	250
Other	10,339	14,418	15,945	16,030	17,805
Total revenue	26,016	30,743	32,376	32,981	35,380
Total income	26,016	30,743	32,376	32,981	35,380
EXPENSE					
Employees	1,370	1,440	1,450	1,500	1,550
Suppliers	690	730	740	750	760
Grants	23,300	27,500	29,000	29,500	31,000
Depreciation and amortisation	300	451	483	512	546
Other	650	615	600	600	600
Total expenses	26,310	30,736	32,273	32,862	34,456
Surplus (deficit) attributable to the Australian Government	(294)	7	103	119	924

Table 5.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
ASSETS					
Financial assets					
Cash and equivalents	81	89	86	130	1,014
Trade and other receivables	900	600	700	800	900
Investments	5	5	5	5	5
Total financial assets	986	694	791	935	1,919
Non-financial assets					
Infrastructure, plant and equipment	420	332	271	229	201
Intangibles	2,304	2,741	2,869	2,949	2,982
Total non-financial assets	2,724	3,073	3,140	3,178	3,183
Total assets	3,710	3,767	3,931	4,113	5,102
LIABILITIES					
Provisions					
Employees	378	397	417	438	459
Total provisions	378	397	417	438	459
Payables					
Suppliers	118	125	126	128	130
Grants	1,182	1,192	1,218	1,243	1,268
Other	461	475	489	504	521
Total payables	1,761	1,792	1,833	1,875	1,919
Total liabilities	2,139	2,189	2,250	2,313	2,378
Net assets	1,571	1,578	1,681	1,800	2,724
EQUITY^a					
Parent entity interest					
Reserves	82	82	82	82	82
Retained surpluses or accumulated deficits	1,489	1,496	1,599	1,718	2,642
Total parent entity interest	1,571	1,578	1,681	1,800	2,724
Total equity	1,571	1,578	1,681	1,800	2,724
Current assets	986	694	791	935	1,919
Non-current assets	2,724	3,073	3,140	3,178	3,183
Current liabilities	2,139	2,189	2,250	2,313	2,378
Non-current liabilities	-	-	-	-	-

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

Table 5.3: Budgeted departmental statement of cash flows (for the period ended 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	60	40	50	50	60
Appropriations	15,367	16,035	16,131	16,651	17,265
Interest	250	250	250	250	250
Other	11,381	14,732	15,859	15,945	17,720
Total cash received	27,058	31,057	32,290	32,896	35,295
Cash used					
Employees	1,352	1,421	1,430	1,479	1,528
Suppliers	706	723	738	748	758
Grants	23,335	27,490	28,975	29,475	30,975
Other	650	615	600	600	600
Total cash used	26,043	30,249	31,743	32,302	33,861
Net cash from or (used by) operating activities	1,015	808	547	594	1,434
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	1,100	800	550	550	550
Total cash used	1,100	800	550	550	550
Net cash from or (used by) investing activities	(1,100)	(800)	(550)	(550)	(550)
Cash at the beginning of the reporting period	166	81	89	86	130
Cash at the end of the reporting period	81	89	86	130	1,014

Table 5.4: Departmental statement of changes in equity — summary of movement (Budget year 2007–08)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2007					
Balance carried forward from previous period	1,489	-	82	-	1,571
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	1,489	-	82	-	1,571
Income and expense					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	-	-	-	-	-
Sub-total income and expense	-	-	-	-	-
Surplus (deficit) for the period	7	-	-	-	7
Total income and expenses recognised directly in equity	-	-	-	-	-
Transfers between equity components	-	-	-	-	-
Estimated closing balance as at 30 June 2008	1,496	-	82	-	1,578

Table 5.5: Departmental capital budget statement

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally by departmental resources	1,100	800	550	550	550
Total	1,100	800	550	550	550

Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2007–08)

	Land	Investment property	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2007									
Gross book value	-	-	-	-	420	-	-	2,304	2,724
Accumulated depreciation	-	-	-	-	-	-	-	-	-
Opening net book value	-	-	-	-	-	-	-	-	-
Additions:									
by purchase	-	-	-	-	73	-	-	-	73
by finance lease	-	-	-	-	-	-	-	-	-
internally developed	-	-	-	-	-	-	-	727	727
from acquisitions of entities or operations (including restructuring)	-	-	-	-	-	-	-	-	-
Revaluations and impairment through equity	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	-	-	-	(161)	-	-	(290)	(451)
Impairments recognised in operating result	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-	-
Disposals:									
from disposal of entities or operations (including restructuring)	-	-	-	-	-	-	-	-	-
other disposals	-	-	-	-	-	-	-	-	-
As at 30 June 2008									
Gross book value	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-
Estimated closing net book value	-	-	-	-	332	-	-	2,741	3,073

GRAINS RESEARCH AND DEVELOPMENT CORPORATION

Section 1: Overview	215
1.1 Summary of agency contributions to outcome.....	216
Section 2: Resources for 2007–08.....	217
2.1 Appropriations and other resources.....	217
2.2 Budget measures, 2007–08.....	218
2.3 Other resource information	218
Section 3: Outcomes	219
3.1 Summary of outputs and contribution to outcome	219
3.2 Outcome performance information	220
Section 4: Other reporting requirements.....	228
4.1 Purchaser–provider arrangements	228
4.2 Cost recovery arrangements.....	228
4.3 Australian Government indigenous expenditure.....	228
Section 5: Budgeted financial statements.....	229
5.1 Analysis of budgeted financial statements.....	229
5.2 Budgeted financial statements tables	230

GRAINS RESEARCH AND DEVELOPMENT CORPORATION

Section 1: Overview

The Grains Research and Development Corporation (the Corporation) is a statutory authority established under the *Primary Industries and Energy Research and Development Act 1989* (PIERD Act).

The Corporation has two key customer groups: the Australian Government and Australian grain growers. Its role is to invest in research, development and related activities to benefit grain growers, within the context of the wider industry and community. The Corporation invests in research with the primary objective being to support effective competition by Australian grain growers in global grain markets through enhanced profitability and sustainability. This objective will be achieved by the following four overarching corporate strategies:

- coordinate a national grains research and development (R&D) agenda and portfolio
- deliver against Australian Government priorities
- grow and leverage total grains R&D investment
- ensure R&D is market-driven.

Underlying these corporate strategies are the operational strategies of the GRDC's four output groups. The output groups for 2007-08 are: (1) Practices; (2) Varieties; (3) New Products; and (4) Communication and Capacity Building.

By implementing the output group strategies, and through them the four corporate strategies, the GRDC will continue to be a key driver in helping Australian grain growers to remain competitive in global grain markets, and in meeting Australian Government priorities.

The Corporation determines its investment priorities jointly with industry and the Australian Government and acts in partnership with public and private research partners, other R&D investors, agribusiness and groups of grain growers.

The National Research Priorities and the Rural R&D priorities have been clearly reflected in the Corporation's 2007-08 outputs. Through the principal pathways to market, the Corporation will maintain a balanced portfolio.

To increase the effectiveness and efficiency of Australia's rural R&D investment the GRDC will continue to eliminate duplication and fragmentation on cross-industry

issues and effectively collaborate through co-investment, coordination and communication with other RDCs and industry participants along the supply chain. Where appropriate the Corporation will utilise/leverage private capital and other government funding sources to commercialise innovation opportunities which will bring value to Australian grain growers.

The Corporation has defined performance measures for each of the four output groups. These indicators roll up to the corporate performance indicators, which provide the aggregate focus for planning and reporting.

1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOME

The products and services delivered by the Corporation (outputs, products and services) that contribute to achievement of its outcome are summarised in Table 1.1.

Table 1.1: Contribution to outcome

Outcome	Output groups
Outcome	
Through its commitment to innovation, an Australian grains industry that is profitable and environmentally sustainable for the benefit of the industry and wider community.	<ol style="list-style-type: none">1. Practices2. Varieties3. New Products4. Communication and Capacity Building

Section 2: Resources for 2007–08

The Corporation is funded jointly by a 0.99 per cent levy¹ on grain growers that is matched by the Australian Government. The industry levy is collected on 25 crops, spanning temperate and tropical cereals, oilseeds and pulses. The Australian Government matches the Corporation's research expenditure up to a maximum of 0.5 per cent of the gross value of grains production, not exceeding the grower levies.

2.1 APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows the total resources from all origins for 2007–08. The Corporation's total estimated revenue in 2007–08 is \$102.9 million

Table 2.1: Total resources, 2007–08

Source	Total resources \$'000
Funds from industry sources	
– Levies	55,965
Funds from Australian Government	
– Other (matching Commonwealth contribution)	38,545
Funds from other sources	8,410
Total resources	102,920

Table 2.2 provides details of other resources available to be used by the Corporation.

Table 2.2: Other resources available to be used

Source	Estimated resources 2006–07 \$'000	Budget estimate 2007–08 \$'000
Interest	5,820	4,420
Royalties	2,500	2,425
Advertising/ Publications	150	100
Other ^a	3,210	1,465
Total resources	11,680	8,410
	2006–07	2007–08
Average staffing level (number)	48	51

a Includes penalty and project funds.

¹ 0.693 per cent levy on maize

2.2 BUDGET MEASURES, 2007–08

The Corporation is not affected by any 2007–08 Budget measure.

2.3 OTHER RESOURCE INFORMATION

The Corporation has no administered funds, special appropriations or special accounts.

Section 3: Outcomes

This section summarises how the resources identified in Section 2 will be used to contribute to the outcome of the Corporation. Key performance measures and performance evaluation activities are specified for each output. More detailed information on output attributes is maintained by agencies for internal management purposes.

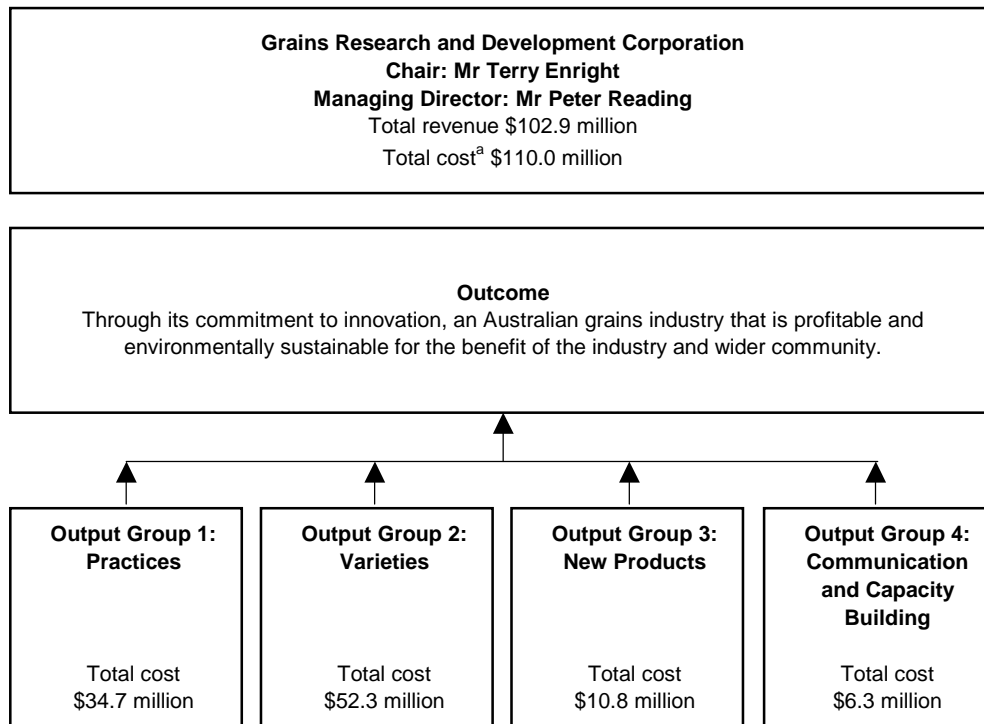
3.1 SUMMARY OF OUTPUTS AND CONTRIBUTION TO OUTCOME

The relationship between activities of the Corporation and the outcome is summarised in Figure 1.

As part of developing the Strategic R&D Plan 2007-12, the GRDC completed a comprehensive review of its business environment and formulated the corporate strategies and underlying operational strategies of its four output groups. The corporate and operational strategies provide a framework for investment and delivery of outputs that will address the priorities of Australian grain growers and the Australian Government. The effective and efficient implementation of the corporate and operational strategies will deliver the expected outputs in each of the four output groups (Practices, Varieties, New Products, and Communication and Capacity Building), and contribute to the outcome of the GRDC.

The Corporation has determined the costs of the four output groups in 2007-08 based on a sustainable total expenditure budget, continuing investment in the output groups, and new investment. The costs of both the continuing investment and new investment have been based on the Corporation's internal procurement policy that has adopted the concept of getting value for money. The Corporation has adopted the value-for-money model, as this governs the Commonwealth Procurement Guidelines and the Australian National Audit Office's *Better Practice Guide: Management of Scientific Research and Development Projects in Commonwealth Agencies*. The costing of the projects in the output groups was determined by the appropriate procurement strategies, namely, open request for tender, limited request for tender, expression of interest and direct negotiation. The Corporation's program teams subsequently evaluated the project proposals both in terms of technical criteria and price. Employee and suppliers' expenses were allocated to the output groups based on their relative weights in the total investment budget.

Figure 1: Contributions to outcomes



a Total cost is shown rather than total price because the agency is primarily funded through industry levies rather than funded on the basis of the price of their output groups. It should be noted that the Corporation will use its accumulated reserves to fund the difference between total revenue and the total cost of output groups.

Total cost also includes \$5.9 million for strategic investments, which includes investments in Global Crop Diversity Trust, emerging issues, contingency and project variation.

3.2 OUTCOME PERFORMANCE INFORMATION

This section explains how the resources identified in Section 2 will be used to deliver outputs that contribute to the Corporation's outcomes.

3.2.1 Contributions to achievement of Outcome

The Practices output group develops and promotes innovative and integrated practices and technologies to build the grains industry's capacity for on-farm change, particularly in the areas of soil constraints, water and nutrient use, crop threats, environmental variability, agronomic improvements and biosecurity. The output group packages tailored information that is regionally specific, and delivers it to growers and advisers through appropriate networks. The integration of natural resource management practices into cropping systems is essential for the long-term viability of the grains industry. The GRDC has significant partnerships with a range of bodies established by the Australian Government and state governments to deal with

environmental issues. Through the Practices output group, the GRDC aligns sustainable production systems research at a farm level with broader, community-based land use initiatives.

The Varieties output group reaches across the Corporation's 25 leviable crops and includes investments in gene discovery, breeding technologies, genetic resources, functional genomics, germplasm enhancement, genetic transformation, plant breeding, crop variety testing, grain quality research and plant pathology (where directly related to breeding). The output group supports crop improvement for growing domestic markets, as well as for exports, with the aim of raising the overall value of the Australian grains industry. The continuing prosperity of the industry depends on the development of new varieties with enhanced yields as well as quality attributes that add value and meet market demands. The latter is being achieved by collaborating with the grains industry to clarify end-user requirements.

The New Products output group targets opportunities both pre-farm gate and post-farm gate, by investing in research, development and commercialisation in new grain products and new farm products and services, providing growers with additional options in farm management and marketing. The New Products output group actively identifies national and international technology relevant to the Australian grains industry; develops partnerships to develop products and services and deliver them to growers; undertakes product development to meet market requirements; and develops robust business cases that demonstrate the market demand and value of any product or service that the GRDC and its partners propose to invest in.

The Communication and Capacity Building output group focuses on streamlining the collection and distribution of information from R&D outputs and positioning the Corporation as a credible source of technical and industry-specific information. Success in this area will help to achieve the Corporation's priority of Australian grain growers benefiting through faster adoption of R&D outputs. The output group offers a range of mechanisms to help build industry capacity. This includes a visiting fellowship program, PhD and post-doctoral research scholarships, grains industry training and development awards, short-term courses and conference sponsorship. Grains industry stakeholders are supported to attend national and international conferences, while secondary school students are encouraged through agricultural training awards to undertake tertiary studies in agricultural science.

3.2.2 Performance information for Outcome 1

Performance information for individual outputs and output groups relating to the Corporation is summarised in Table 3.1.

Table 3.1: Performance information for Outcome

Effectiveness—overall achievement of Outcome	
Corporate strategies	Performance indicators
Coordinate a national grains R&D agenda and portfolio	<ul style="list-style-type: none"> • Significant evidence of the GRDC taking a lead role in coordinating and facilitating a national grains R&D agenda, which has major impact on grower profitability and sustainability • Key GRDC investments demonstrate national coordination with research partners
Deliver against Australian Government priorities	<ul style="list-style-type: none"> • Ongoing endorsement by the Minister for Agriculture, Fisheries and Forestry and the Parliamentary Secretary to the Minister on meeting the Australian Government priorities
Grow and leverage total grains R&D investment	<ul style="list-style-type: none"> • Significant evidence of leveraging total grains R&D investment
Ensure R&D is market-driven	<ul style="list-style-type: none"> • Significant evidence of market signals being taken into account in R&D investments

Performance information by output	
Output	Performance indicators
Output group 1: Practices	
<ul style="list-style-type: none"> • A completed audit of current grain-growing practices and available technologies, identifying gaps and overlaps • A range of newly developed farming practices successfully tested and integrated into existing farming systems • Successful conduct of a number of forums that engage industry organisations and farming systems groups in planning on an agroecological zone basis • Effectively packaged information on integrated farm practices and technologies, delivered to growers • Implementation of the first elements of an R&D extension plan • Promotion of the GRDC's redeveloped, accessible website • Production of a comprehensive environmental plan • A free air carbon dioxide experiment (FACE) established • An economic model of irrigation farming in the southern Murray–Darling Basin for use by individual farmers to optimise the rotations on any given farm for any given seasonal water allocation • Development of two autonomous agricultural machinery systems • Training packages in precision agriculture developed for growers, advisers and tertiary students 	<ul style="list-style-type: none"> • Improved effectiveness of partnerships developed between growers, advisers and researchers • Improved co-ordination of grains industry NRM and environmental R&D driven by the delivery of a comprehensive environmental plan • Identification of the economic benefits of ameliorating subsoil constraints • The launch of a grower-friendly operational web-based benchmarking interface to benchmark Best Management Practice (BMP) and their impacts on farm profitability. • Increase in the number of grower advisory committees and industry groups engaged within each AEZ • Completion of a national biosecurity surveillance plan for the Australian grains industry, including five specific emergency plant pest contingency plans • Improved information flow to and from growers, through enhanced relationships with consultants • Improved links with the Australian Government's Agriculture Advancing Australia Program including the National Landcare Programme, the Natural Heritage Trust and the National Action Plan for Salinity and Water Quality <p style="text-align: right;"><i>Price: \$34.7 million</i></p>

GRDC Budget Statement: Outcomes

Performance information by output	
Output	Performance indicators
Output group 2: Varieties	
<ul style="list-style-type: none"> • Release of improved varieties of wheat, barley, canola, pulse crops and summer coarse grain crops that benefit the Australian grains industry • New advanced germplasm, with associated molecular markers, developed and used by relevant Australian breeding programs • New genes with potential importance to the Australian grains industry discovered and made available for proof-of-concept testing and further development • New breeding technologies developed and made available to researchers and crop breeders • An analysis of the delivery pathways for GM crops in Australia • Crop variety yield and performance data made available to Australian grain growers through the National Variety Trials (NVT) program 	<ul style="list-style-type: none"> • Evidence of excellent scientific pre-breeding research and effective collaboration both nationally and internationally • Evidence that genes, germplasm and enabling technologies developed in GRDC-supported pre-breeding research are being utilised in breeding programs • Progress towards market entry for GM canola in 2008 • Availability of responsible stewardship protocols for GM crops (canola) • Average annual increase in yield (as measured in National Variety Trials - NVT) of <ul style="list-style-type: none"> - 1.0 per cent for wheat - 1.0 per cent for barley - 1.5 per cent for sorghum - 2.0 per cent for pulses - 1.5 per cent for canola • Increased rate of adoption of new varieties (measured by consolidating breeding program data) • Research organisations that are responsible for at least 80 per cent of the pre-breeding research having agreed to focus 50 per cent or more of their resources on an agreed set of key national and regional traits • NVT results being used by 50 percent of paid advisers to assist growers to make informed variety selections • Participation in NVT by 90 per cent of relevant breeding programs <p><i>Price: \$52.3 million</i></p>

Performance information by output	
Output	Performance indicators
Output group 3: New Products	
<ul style="list-style-type: none"> • A feasibility project to determine whether the production of metal nanoparticles from grain crops is both economically and practically viable • A scoping study to review and assess existing research in the area of nitrogen fixation for cereals and canola, with a view to a major future investment in further research • Identification of opportunities for further investment in research on industrial feed stocks in Australia, with an emphasis on ethanol produced from either grain or grain residue • Establishment of the proof of concept for the use of <i>Pseudomonas</i> species as a biological control agent for snails • Establishment of a screening program for contact and short-residue herbicides • Development of a cross-grains industry research effort on grain hygiene, through the CRC for National Plant Biosecurity • Identification and engagement of a commercial party to deliver the outcomes (including tests for weather damage and grain staining) required from the Objective Grain Quality Testing project • Recruitment of a commercial partner to further develop a prototype mechanical grain disinfestation technology developed with CSIRO Entomology • Identification, with CSIRO, of potential commercial partners for the technology emerging from the Crop Biofactories Initiative • Development of protocols to allow registration of microbes for use in biocontrol and bio-inoculation • Work undertaken through Philom Bios (Australia) Pty Ltd to continue the product development of phosphorus solubilisation and disease control inoculants • Development and commercialisation of a new ethyl formate-based grain pest fumigant • Development of a business case to attract commercial investment in the development of a microbial biological control agent for snails • A new soil inoculant technology delivered to the Australian market 	<ul style="list-style-type: none"> • A pathway to market for the technology emerging from the Crop Biofactories Initiative identified • A robust business case presented for any new investment greater than \$250,000 • A national stored grain research partnership established through the CRC for National Plant Biosecurity • Six new technologies or products identified and market assessments undertaken • At least one new international supplier of research/intellectual property engaged • Five unsolicited offers of new technology made to the GRDC • At least one new commercial partnership established to deliver an output of the New Products research projects <p>Price: \$10.8 million</p>

GRDC Budget Statement: Outcomes

Performance information by output	
Output	Performance indicators
Output group 4: Communications and capacity building	
<ul style="list-style-type: none"> • A national communication framework to facilitate the delivery of research outputs to a wide audience, building on existing regional delivery channels by broadening the content to include articles with a national emphasis • Targeted communication strategies to assist growers to manage season-specific issues, such as rust outbreaks, as they arise • A national audit and analysis of current grains research capacity, to determine its strengths and weaknesses, and set the framework for a nationally coordinated research capacity strategy • An integrated program of education, training and technology transfer that will develop industry capacity, including a detailed study of the range, level, suitability, accreditation status and delivery mode of current programs • Identification of opportunities for the GRDC to work collaboratively with research partners, industry partners and governments to deliver information in ways that reduce duplication, better target stakeholders and are more cost effective • Publications and products that increase awareness of the GRDC's research outputs in the grains industry and wider community and reflect the needs of different target audiences • A standardised reporting structure for research projects, developed and adopted by the rural R&D corporations to enhance their ability to deliver relevant information to identified customer segments 	<ul style="list-style-type: none"> • Increase (over established benchmarks) in national media coverage of research activities and outputs from the GRDC and its research partners • Demonstrated effective/innovative partnerships to deliver GRDC-related research outputs • Grower and industry satisfaction that publications and products are timely, targeted and specific to customer needs <p style="text-align: right;"><i>Price: \$6.3 million</i></p>

3.2.3 Evaluations for Outcome

Evaluating the impacts of R&D investments and reporting to stakeholders on performance are part of the GRDC's core business. The GRDC will also continue to work with other RDCs for developing and using common performance measures to quantify performance and public spill-over benefits. Productivity trends in the grains industry are used as a measure of the benefits of R&D activities. The GRDC will monitor total factor productivity across the agroecological zones to assess the industry-wide impact of the GRDC's corporate strategies and the corresponding R&D investments.

The GRDC has developed specific and relevant performance indicators that will measure both efficiency and effectiveness for each of its lines of business and its whole portfolio in 2007-08. The GRDC will assess the performance of programs and projects against its strategies and stakeholders' priorities, and continue to report to stakeholders regularly.

Performance evaluation at both the corporate and program levels is a key component of the GRDC's operational plan. The Corporation will continue to undertake evaluation of its R&D investment portfolio by way of reviewing progress reports in order to realise the objectives of its Strategic R&D Plan 2007-12, *Prosperity through Innovation*.

Independent market research is undertaken biannually to measure the performance of its four output groups as well as the satisfaction of its stakeholders. Comprehensive grower and Australian Government surveys, for example, will form the basis of the performance evaluation in 2007-08. Information generated through this process will be fed into the Corporation's strategy review process to ensure that outcome and outputs are realised within the anticipated timeframe. In addition, the Corporation plans to review approximately five existing R&D investments within the 2007-08 financial year so as to assess the efficiency and effectiveness of the output groups. The Corporation plans to assess the progress of its investments against agreed milestones and timeframe to ensure value for money and on-time delivery.

The Corporation has developed a comprehensive risk register, comprising strategic and operational risks, and as a result provides quarterly 'traffic light' risk reports (identifying levels of risk as red, amber or green) to the Board. Together with its research and commercial partners, the Corporation expects to increase the value of intellectual property (IP) in R&D projects in 2007-08 by adopting commercial business approaches. The Corporation will participate in the evaluation and due diligence activities with respect to such R&D projects.

The Corporation continues to assess its management performance through regular monthly quality internal and external surveillance audits. In September 2004 a tri-annual external surveillance was successfully conducted, and recertification of ISO 9001:2000 was recommended for another three years.

Section 4: Other reporting requirements

4.1 PURCHASER–PROVIDER ARRANGEMENTS

The Grains Research and Development Corporation has no purchaser–provider arrangements.

4.2 COST RECOVERY ARRANGEMENTS

The Corporation has the following revenue sources that have cost recovery implications.

In the Varieties output group, the Corporation earns royalties from intellectual property rights (IP). The royalty-generating activities are market-driven and competitive. The price of IP is determined primarily by the potential cash flow from the commercialisation of that IP and not necessarily by any cost recovery formula. Future royalty flows will, however, go to the wheat-breeding entities rather than to the Corporation per se. The royalty revenue as indicated in Table 2.2 is estimated to be \$2.425 million in 2007–08.

In the Communication and Capacity Building output group the Corporation earns advertisement and sales income from the publication of *Ground Cover*. The advertisement and sales income is on a cost recovery basis for publishing costs and not content costs. The contents of the publication are generated from the R&D investments. The Corporation’s advertisement and publication revenue as indicated in Table 2.2 is estimated to be \$100,000 in 2007–08.

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE

The Grains Research and Development Corporation has no Australian Government indigenous expenditure.

Section 5: Budgeted financial statements

5.1 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Budgeted income statement

The Corporation is estimating total revenue of \$102.9 million in 2007–08, an increase of \$2.6 million from the 2006–07 estimated actual. The increase is primarily driven by an estimated increase in levy revenue due to higher expected crop production in 2007–08 relative to 2006–07.

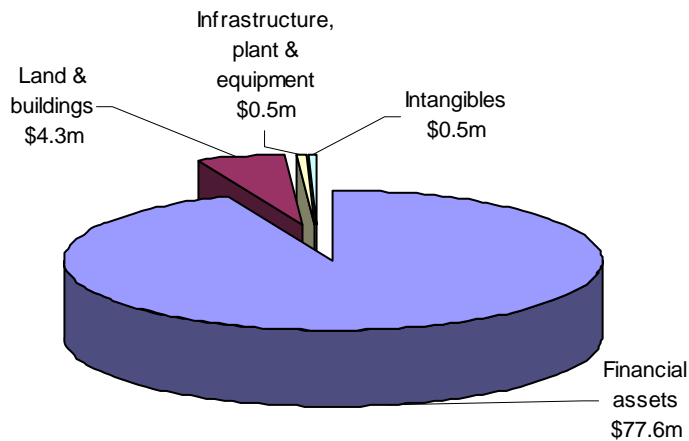
Total expenses are estimated to be \$110.0 million in 2007–08, a decrease of \$10.7 million from the 2006–07 estimated actual. The decrease in total expense has been made to maintain accumulated reserves within the prudential limits.

The Corporation is budgeting for a deficit of \$7.1 million for 2007–08, which will be funded from its own accumulated reserves.

Budgeted balance sheet

The Corporation's asset position of \$82.9 million in 2007–08 represents a decrease of \$10.5 million from the 2006–07 estimated actual. The decline is primarily attributable to the decrease in financial assets due to the funding of the budget deficit in 2007–08.

Figure 2 Budgeted assets, 2007–08



5.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 5.1: Budgeted departmental income statement (for the period ended 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
INCOME					
Revenue					
Revenues from government	88,640	94,510	111,080	122,880	130,520
Interest	5,820	4,420	4,250	5,435	5,895
Royalties	2,500	2,425	2,425	2,425	2,425
Other	3,360	1,565	1,420	1,420	1,580
Total revenue	100,320	102,920	119,175	132,160	140,420
Gains					
Other	-	-	-	-	-
Total gains	-	-	-	-	-
Total income	100,320	102,920	119,175	132,160	140,420
EXPENSE					
Employees	5,547	5,770	6,000	6,240	6,490
Suppliers	114,571	103,539	103,760	115,978	131,182
Depreciation and amortisation	607	691	630	602	588
Total expenses	120,725	110,000	110,390	122,820	138,260
Surplus (Deficit) before income tax	-	-	-	-	-
Income tax expense	-	-	-	-	-
Surplus/(Deficit)	(20,405)	(7,080)	8,785	9,340	2,160
Minority interest in surplus (deficit)	-	-	-	-	-
Surplus (deficit) attributable to the Australian Government	(20,405)	(7,080)	8,785	9,340	2,160

Table 5.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
ASSETS					
Financial assets					
Cash and equivalents	1,498	5,131	3,714	1,556	3,029
Trade and other receivables	4,228	4,228	4,228	4,228	4,228
Investments	75,872	60,872	70,872	85,872	90,872
Other investments	6,507	7,413	7,837	7,837	7,837
Total financial assets	88,105	77,644	86,651	99,493	105,966
Non-financial assets					
Land and buildings	4,430	4,270	4,110	3,950	3,790
Infrastructure, plant and equipment	443	485	519	539	548
Intangibles	432	559	455	393	356
Other	30	30	30	30	30
Total non-financial assets	5,335	5,344	5,114	4,912	4,724
Total assets	93,440	82,988	91,765	104,405	110,690
LIABILITIES					
Provisions					
Employees	600	600	600	600	600
Total provisions	600	600	600	600	600
Payables					
Suppliers	30,530	27,458	27,450	30,750	34,875
Other	300	-	-	-	-
Total payables	30,830	27,458	27,450	30,750	34,875
Total liabilities	31,430	28,058	28,050	31,350	35,475
Net assets	62,010	54,930	63,715	73,055	75,215
EQUITY^a					
Parent entity interest					
Reserves	56,760	55,836	62,012	70,262	73,012
Retained surpluses or accumulated deficits	5,250	(906)	1,703	2,793	2,203
Total parent entity interest	62,010	54,930	63,715	73,055	75,215
Total equity	62,010	54,930	63,715	73,055	75,215
Current assets	81,628	70,261	78,844	91,686	98,159
Non-current assets	11,812	12,727	12,921	12,719	12,531
Current liabilities	28,287	25,252	25,245	28,215	31,928
Non-current liabilities	3,143	2,806	2,805	3,135	3,547

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

Table 5.3: Budgeted departmental statement of cash flows (for the period ended 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
OPERATING ACTIVITIES					
Cash received					
Grants revenue from related entities	88,624	94,510	111,080	122,880	130,520
Interest	5,820	4,420	4,250	5,435	5,895
GST received	11,121	10,197	10,234	11,456	12,960
Other	7,003	3,990	3,845	3,845	4,005
Total cash received	112,568	113,117	129,409	143,616	153,380
Cash used					
Employees	(5,607)	(5,770)	(6,000)	(6,240)	(6,490)
Suppliers	(139,856)	(117,108)	(114,002)	(124,134)	(140,017)
Total cash used	(145,463)	(122,878)	(120,002)	(130,374)	(146,507)
Net cash from or (used by) operating activities	(32,895)	(9,761)	9,407	13,242	6,873
INVESTING ACTIVITIES					
Cash received					
Investments	25,000	15,000	-	-	-
Total cash received	25,000	15,000	-	-	-
Cash used					
Purchase of property, plant and equipment	(400)	(700)	(400)	(400)	(400)
Investments	-	-	(10,000)	(15,000)	(5,000)
Other	(2,278)	(906)	(424)	-	-
Total cash used	(2,678)	(1,606)	(10,824)	(15,400)	(5,400)
Net cash from or (used by) investing activities	22,322	13,394	(10,824)	(15,400)	(5,400)
Net increase or (decrease) in cash held					
Cash at the beginning of the reporting period	12,071	1,498	5,131	3,714	1,556
Cash at the end of the reporting period	1,498	5,131	3,714	1,556	3,029

Table 5.4: Departmental statement of changes in equity — summary of movement (Budget year 2007–08)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2007					
Balance carried forward from previous period	5,250	1,512	55,248	-	62,010
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	5,250	1,512	55,248	-	62,010
Income and expense					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	-	-	-	-	-
Sub-total income and expense	-	-	-	-	-
Surplus (deficit) for the period	(7,080)	-	-	-	(7,080)
Total income and expenses recognised directly in equity	(7,080)	-	-	-	(7,080)
Transfers between equity components	924	-	(924)	-	-
Estimated closing balance as at 30 June 2008	(906)	1,512	54,324	-	54,930

Table 5.5: Departmental capital budget statement

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	-	-	-	-
Total capital appropriations	-	-	-	-	-
Represented by:					
Purchase of non-financial assets	400	700	400	400	400
Total represented by	400	700	400	400	400
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally by departmental resources	400	700	400	400	400
Total	400	700	400	400	400

Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2007–08)

	Land	Buildings	Other infrastructure plant and equipment	Computer software	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2007					
Gross book value	750	4,000	779	1,587	7,116
Accumulated depreciation	-	(320)	(336)	(1,155)	(1,811)
Opening net book value	750	3,680	443	432	5,305
Additions:					
by purchase	-	-	200	500	700
Depreciation/amortisation expense	-	(160)	(158)	(373)	(691)
As at 30 June 2008					
Gross book value	750	4,000	979	2,087	7,816
Accumulated depreciation	-	(480)	(494)	(1,528)	(2,502)
Estimated closing net book value	750	3,520	485	559	5,314

GRAPE AND WINE RESEARCH AND DEVELOPMENT CORPORATION

Section 1: Overview	237
1.1 Summary of agency contributions to outcome.....	238
Section 2: Resources for 2007–08.....	239
2.1 Appropriations and other resources.....	239
2.2 Budget measures, 2007–08.....	239
2.3 Other resource information	239
Section 3: Outcomes	240
3.1 Summary of outputs and contribution to outcome	240
3.2 Outcome performance information	241
Section 4: Other reporting requirements.....	243
4.1 Purchaser–provider arrangements	243
4.2 Cost recovery arrangements.....	244
4.3 Australian Government indigenous expenditure.....	244
Section 5: Budgeted financial statements.....	245
5.1 Analysis of budgeted financial statements.....	245
5.2 Budgeted financial statements tables	246

GRAPE AND WINE RESEARCH AND DEVELOPMENT CORPORATION

Section 1: Overview

The Grape and Wine Research and Development Corporation (the Corporation) is a statutory authority established under the *Primary Industries and Energy Research and Development Act 1989* (PIERD Act).

The objects of the Corporation are defined in the PIERD Act as follows:

- increasing the economic, environmental and social benefits to members of primary industries and to the community in general by improving the production, processing, storage, transport or marketing of the products of primary industries
- achieving the sustainable use and sustainable management of natural resources
- making more effective use of the resources and skills of the community in general and the scientific community in particular and
- improving the accountability for expenditure upon research and development activities in relation to primary industries.

The Corporation's mission is to enable a sustainable, innovative and profitable future for the Australian wine industry through strategic investment in research and development. The role of the Corporation is to ensure that returns on research and development (R&D) investment are optimised, that they fulfil stakeholder priorities, and that the values of the resultant economic, environment and community benefits are assessed and promulgated.

The Corporation must govern its operations according to the *Commonwealth Authorities and Companies Act 1997* (CAC Act). It has an audit committee to monitor and assess financial position, corporate governance performance and compliance with the PIERD Act, CAC Act and other relevant legislation.

Operations are guided by an approved audit framework, corporate calendar, risk management plan, delegations schedule, fraud control plan and internal controls audit programme. In addition to an independent chairman and seven non-executive directors, there is a full-time Executive Director and an additional 11 full-time staff. The Corporation also contracts external financial and legal assistance as required within the 10 per cent ceiling on non-project expenditure set by the Board.

The Corporation acts in partnership for industry and Australian Government stakeholders. The representative national bodies prescribed under the PIERD Act are

the Winemakers' Federation of Australia and Wine Grape Growers Australia. The Corporation also works with regional and state industry associations to develop R&D priorities and ensure effective dissemination of R&D outputs.

In terms of its government stakeholder, the Corporation is accountable to the Hon Sussan Ley, MP, Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry and the Hon Peter McGauran, MP, Minister for Agriculture, Fisheries and Forestry.

1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOME

The products and services delivered by the Corporation (outputs, products and services) that contribute to achievement of its Outcome are summarised in Table 1.1.

Table 1.1: Contribution to Outcome

Outcome	Output groups
Outcome	
Enhanced profitability, international competitiveness and sustainability of the Australian wine industry.	Output 1 Consumers Output 2 Understanding and meeting markets Output 3 Excellence in winemaking Output 4 Excellence in the production of quality grapes Output 5 Sustainability

Section 2: Resources for 2007–08

2.1 APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows the Corporation's total resources from all origins for 2007–08, including appropriations.

The total appropriation for the Corporation in the 2007–08 Budget is nil.

Table 2.1: Total resources, 2007–08

Source	Total resources \$'000
Funds from industry sources	
– Levies	10,500
Funds from Australian Government	
– Appropriations	-
– Matching Commonwealth contributions	13,194
Funds from other sources	
– Interest	308
– Other	20
Total resources	24,022

Table 2.2 provides details of other resources available to be used by the Corporation. These resources are approved for use and are included in Table 2.1.

Table 2.2: Other resources available to be used

Source	Estimated resources 2006–07 \$'000	Budget estimate 2007–08 \$'000
Interest	529	308
Other	28	20
Total resources	557	328
	2006–07	2007–08
Average staffing level (number)	12	12

2.2 BUDGET MEASURES, 2007–08

The Corporation is not affected by any 2007–08 Budget measure.

2.3 OTHER RESOURCE INFORMATION

The Corporation has no administered funds, special appropriations or special accounts.

Section 3: Outcomes

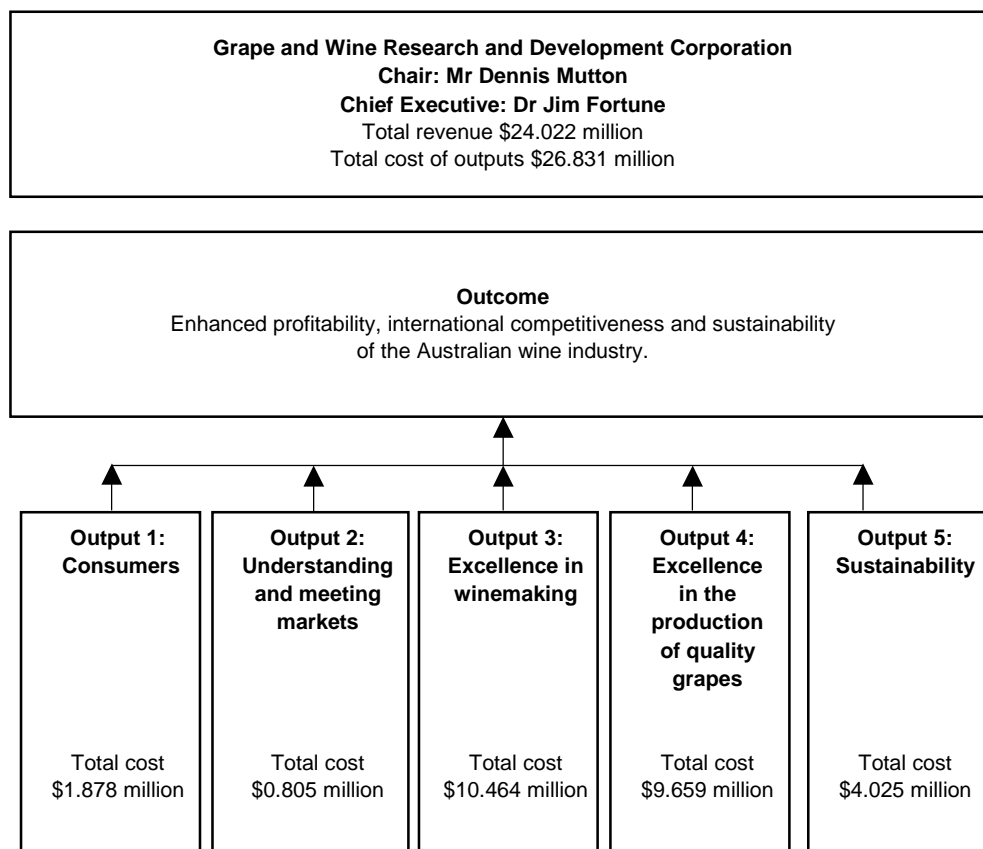
This section summarises how the resources identified in Section 2 will be used to contribute to the Outcome of the Corporation. Key performance measures and performance evaluation activities are specified for each output. More detailed information on output attributes is maintained by agencies for internal management purposes.

3.1 SUMMARY OF OUTPUTS AND CONTRIBUTION TO OUTCOME

The relationship between activities of the Corporation and the Outcome is summarised in Figure 1.

The outputs shown below have changed since last year's Portfolio Budget Statement as the Corporation looks to adopt a new five-year R&D plan from 2007-08. The new outputs better reflect the Corporation's updated strategy.

Figure 1: Contributions to Outcome



3.2 OUTCOME PERFORMANCE INFORMATION

3.2.1 Contributions to achievement of Outcome

The Corporation works to achieve one Outcome. The following section details the outputs produced to achieve the Outcome.

3.2.2 Performance information for Outcome 1

Performance information for individual outputs and output groups relating to the Corporation are summarised in Table 3.1.

Table 3.1: Performance information for Outcome

Effectiveness—overall achievement of Outcome	
Outcome component	Measurement indicators
Enhanced profitability of the Australian wine industry	Cost–benefit analysis of projects completed in 2007–08
Enhanced international competitiveness of the Australian wine industry	Increased volume of exports of Australian wine
Enhanced sustainability of the Australian wine industry	World's best practice grape and wine production input levels per unit of production
Performance information by output	
Output	Performance indicators
Output 1 – Consumers	
Develop and demonstrate linkages between consumers' sensory preferences and measurable grape and wine attributes.	<ul style="list-style-type: none"> Key data that demonstrates consumer behaviour, needs and values <p>Price: \$1.878 million</p>
Output 2 – Understanding and meeting markets	
Timely and accurate information on target markets, to enable the Australian wine industry to efficiently supply those markets.	<ul style="list-style-type: none"> Increases in collection and dissemination of relevant data and analysis
Understand and quantify the variables associated with maintenance of wine quality during transport and storage	<ul style="list-style-type: none"> Identification of key factors that impact on wine quality during transport <p>Price: \$0.805 million</p>
Output 3 – Excellence in winemaking	
Australian wines being the preferred choice in target range and styles	<ul style="list-style-type: none"> Objective measurement of parameters that underpin wine design
Australian wine consistently meeting the rigorous consumer and market standards	<ul style="list-style-type: none"> An improvement in the reliability of wine attributes and wine styles through novel and better informed application of microbiology <p>Price: \$10.464 million</p>

GWRDC Budget Statement: Outcomes

Output 4 – Excellence in the production of quality grapes	
<p>Improved management criteria to drive production and quality of delivered wine grapes</p> <p>Continued access to best planting material, taking opportunities for genetic understanding</p>	<ul style="list-style-type: none"> • increased application of information by growers on vineyard development and management • improvement in the understanding of soil management for yield and quality through a suite of project investments • improvement in vine health and integrated pest management tactics through a programme of nationally and regionally targeted project investments • provision of new rootstocks and improved genetic understanding of vine health and fruit quality <p><i>Price: \$9.659 million</i></p>
Output 5 – Sustainability	
<p>Improved resource management in all parts of the value chain</p> <p>Access to trained people with skills for R&D and the industry</p> <p>Build a whole-of-industry extension network for all of the value chain</p>	<ul style="list-style-type: none"> • improved sustainability of the whole-of-industry value chain • continued development of the human resource capacity for R&D and for industry • adopt into business practice extension and knowledge management systems <p><i>Price: \$4.025 million</i></p>

3.2.3 Evaluations for Outcome

At the highest level of evaluation the Corporation works towards quantifying sustainability by improving the indicators of economic, environmental and social benefits to the industry and the Australian community. The Corporation shares this objective with other R&D Corporations with whom we cooperate to provide the basis for assessing these returns for all of agriculture.

At the next level, evaluation involves the assessment of adoption of new practices and processes by individual operators and businesses in the industry. It is through understanding and driving the adoption process that the Corporation will influence the rate of change that will underpin sustainability.

The Corporation also develops its internal processes and contracting arrangements to continuously improve efficiency and effectiveness of its R&D investments. This has introduced a more dynamic element into the management of major investments, appropriately supported by timely reporting mechanisms.

Section 4: Other reporting requirements

4.1 PURCHASER–PROVIDER ARRANGEMENTS

Agencies may need to provide resources to other general government sector bodies, for example in payment for services rendered or as part of cross-agency initiatives. Consequently, the sum of amounts in agency resourcing tables in Budget Paper No. 4, and in the resourcing tables in this document, will not equal total resourcing at the whole-of-government level (as reproduced in Budget Paper No. 1).

This section summarises significant transactions between government sector agencies that are not consolidated or reported at the whole-of-government level.

Cross-agency overview

The Corporation contracts R&D services from research providers across a number of Commonwealth, state, university and industry agencies. It brokers and manages a range of collaborative R&D programmes and joint projects. The Corporation appoints reputable R&D service providers to deliver contractually specified outputs. Since individual arrangements are not material in the context of the Corporation's total R&D programme and do not affect the achievement of the Outcome, the details of each arrangement are not specified here.

Responsibility

All compliance and reporting responsibilities are detailed in contracts (agreements) with research providers.

Control arrangements

An agreement is negotiated between the Corporation and research providers detailing the purchaser–provider arrangements including the services and outputs to be delivered and the agreed price. The Corporation has probity and accountability requirements for the selection of R&D providers.

Resourcing

All resourcing implications are detailed in the relevant agreement.

Performance against outcomes of purchased outputs

These arrangements contribute to the Corporation producing its outputs and achieving its Outcome.

4.2 COST RECOVERY ARRANGEMENTS

The Corporation applies cost recovery in accordance with Australian Government policy (refer *Finance Circular 2002/02 Cost Recovery by Government Agencies*). The major means of transferring research outputs into industry and rural adoption is by way of dissemination of information relating to R&D investments. As the Australian wine industry and the Australian Government are the primary stakeholders, the Corporation seeks to make information about research outcomes as accessible as possible.

The Corporation has no significant cost recovery arrangements, so no cost recovery impact statement has been prepared.

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE

The Grape and Wine Research and Development Corporation does not have any Australian Government indigenous expenditure.

Section 5: Budgeted financial statements

5.1 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

The Corporation derives revenue from a levy on an agricultural crop that is based on the tonnage of fruit grown and processed for wine. The bulk of the Corporation's expenses are contracted research grants designed to achieve the Corporation's five outputs.

Budgeted revenue in any one year is based on crop forecasts available from the Australian Bureau of Agricultural and Resource Economics (ABARE) at the time of budgeting. The estimated financial position of the Corporation for the 2006-07 financial year is expected to be more favourable than earlier projections because of lower than anticipated expenditure.

The estimated financial position of the Corporation for the 2007-08 financial year is expected to be less favourable than previously anticipated because of significantly reduced revenues as a result of drought and frost damage reducing the estimated tonnage of fruit grown and processed for wine.

It is likely that a similar impact will be felt in future years. The Corporation will match expenditure within the available resources, taking into account the use of accumulated reserves.

5.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 5.1: Budgeted departmental income statement (for the period ended 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
INCOME					
Revenue					
Revenues from government	27,831	23,694	20,497	21,870	21,870
Goods and services	-	-	-	-	-
Fees and fines	-	-	-	-	-
Interest	529	308	176	67	67
Dividends	-	-	-	-	-
Rents	-	-	-	-	-
Royalties	-	-	-	-	-
Other	28	20	-	-	-
Total revenue	28,388	24,022	20,673	21,937	21,937
Gains					
Foreign exchange gains	-	-	-	-	-
Reversals of previous asset write-downs	-	-	-	-	-
Sale of assets	-	-	-	-	-
Other	-	-	-	-	-
Total gains	-	-	-	-	-
Total income	28,388	24,022	20,673	21,937	21,937
EXPENSE					
Employees	1,105	1,076	1,121	1,166	1,212
Suppliers	998	1,038	1,007	1,068	1,121
Grants	26,385	24,669	21,465	18,769	18,769
Depreciation and amortisation	49	48	48	48	48
Finance costs	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-
Losses from sale of assets	-	-	-	-	-
Foreign exchange losses	-	-	-	-	-
Other	-	-	-	-	-
Total expenses	28,537	26,831	23,641	21,051	21,150
Share of operating results of associates and joint ventures accounted for using the equity method	-	-	-	-	-

Table 5.1: Budgeted departmental income statement (for the period ended 30 June)—continued

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
Surplus (Deficit) before income tax	(149)	(2,809)	(2,968)	886	787
Income tax expense	-	-	-	-	-
Surplus/(Deficit)	(149)	(2,809)	(2,968)	886	787
Minority interest in surplus (deficit)	-	-	-	-	-
Surplus (deficit) attributable to the Australian Government	(149)	(2,809)	(2,968)	886	787

Table 5.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
ASSETS					
Financial assets					
Cash and equivalents	517	595	713	808	808
Trade and other receivables	4,328	1,866	1,538	1,641	1,841
Investments accounted for under the equity method	-	-	-	-	-
Investments	-	-	-	-	-
Other investments	2,440	1,946	372	1,163	1,451
Tax assets	-	-	-	-	-
Other	-	-	-	-	-
Total financial assets	7,285	4,407	2,623	3,612	4,100
Non-financial assets					
Land and buildings	-	-	-	-	-
Infrastructure, plant and equipment	181	134	86	68	50
Investment properties	-	-	-	-	-
Inventories	-	-	-	-	-
Intangibles	1	1	1	1	1
Biological assets	-	-	-	-	-
Other	35	33	41	41	41
Total non-financial assets	217	168	128	110	92
Assets held for sale	-	-	-	-	-
Total assets	7,502	4,575	2,751	3,722	4,192
LIABILITIES					
Interest bearing liabilities					
Loans	-	-	-	-	-
Leases	-	-	-	-	-
Deposits	-	-	-	-	-
Other	-	-	-	-	-
Total interest bearing liabilities	-	-	-	-	-
Provisions					
Employees	213	237	261	285	309
Other	25	25	25	25	25
Total provisions	238	262	286	310	334
Payables					
Suppliers	166	74	261	232	233
Grants	685	663	1,592	1,682	1,340
Dividends	-	-	-	-	-
Other	51	23	27	27	27
Total payables	902	760	1,880	1,941	1,600
Liabilities included in disposal groups held for sale	-	-	-	-	-
Total liabilities	1,140	1,022	2,166	2,251	1,934
Net assets	6,362	3,553	585	1,471	2,258

Table 5.2: Budgeted departmental balance sheet (as at 30 June)—continued

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
EQUITY^a					
Parent entity interest					
Contributed equity	-	-	-	-	-
Reserves	-	-	-	-	-
Retained surpluses or accumulated deficits	6,362	3,553	585	1,471	2,258
Total parent entity interest	6,362	3,553	585	1,471	2,258
Minority interest					
Contributed equity	-	-	-	-	-
Reserves	-	-	-	-	-
Retained surpluses or accumulated deficits	-	-	-	-	-
Total minority interest	-	-	-	-	-
Total equity	6,362	3,553	585	1,471	2,258
Current assets	7,285	4,407	2,623	3,612	4,100
Non-current assets	217	168	128	110	92
Current liabilities	902	760	1,880	1,941	1,600
Non-current liabilities	238	262	286	310	334

a Note: 'Equity' is the residual interest in assets after deduction of liabilities.

Table 5.3: Budgeted departmental statement of cash flows (for the period ended 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	-	-	-	-	-
Appropriations	-	-	-	-	-
Interest	540	343	228	67	67
Dividends	-	-	-	-	-
Other	28,148	28,761	23,131	21,767	21,670
Total cash received	28,688	29,104	23,359	21,834	21,737
Cash used					
Employees	986	926	971	1,142	1,188
Suppliers	1,230	1,269	1,227	1,097	1,120
Grants	30,252	27,247	22,499	18,689	19,111
Borrowing costs	-	-	-	-	-
Other	-	-	-	-	-
Income taxes paid	-	-	-	-	-
Total cash used	32,468	29,442	24,697	20,928	21,419
Net cash from or (used by) operating activities	(3,780)	(338)	(1,338)	906	318
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	-	-	-	-	-
Proceeds from sales of financial instruments	-	-	-	-	-
Investments	2,560	416	1,456	-	-
Other	-	-	-	-	-
Total cash received	2,560	416	1,456	-	-
Cash used					
Purchase of property, plant and equipment	-	-	-	20	30
Purchase of financial instruments	-	-	-	-	-
Investments	-	-	-	791	288
Other	-	-	-	-	-
Total cash used	-	-	-	811	318
Net cash from or (used by) investing activities	2,560	416	1,456	(811)	(318)

Table 5.3: Budgeted departmental statement of cash flows (for the period ended 30 June)—continued

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
FINANCING ACTIVITIES					
Cash received					
Appropriations – contributed equity	-	-	-	-	-
Proceeds from issuing financial instruments	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Repayments of debt	-	-	-	-	-
Dividends paid	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from or (used by) financing activities	-	-	-	-	-
Net increase or (decrease) in cash held	(1,220)	78	118	95	-
Cash at the beginning of the reporting period	1,737	517	595	713	808
Effect of exchange rate movements on cash at the beginning of reporting period	-	-	-	-	-
Cash at the end of the reporting period	517	595	713	808	808

Table 5.4: Departmental statement of changes in equity — summary of movement (Budget year 2007–08)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2007					
Balance carried forward from previous period	6,362	-	-	-	6,362
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	6,362	-	-	-	6,362
Income and expense					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	-	-	-	-	-
Sub-total income and expense	-	-	-	-	-
Surplus (deficit) for the period	(2,809)	-	-	-	(2,809)
Total income and expenses recognised directly in equity	(2,809)	-	-	-	(2,809)
Transactions with owners					
<i>Distribution to owners</i>					
Returns on capital					
Dividends	-	-	-	-	-
Returns of capital					
Restructuring	-	-	-	-	-
Other	-	-	-	-	-
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	-	-
Other:					
Restructuring	-	-	-	-	-
Sub-total transactions with owners	-	-	-	-	-
Transfers between equity components	-	-	-	-	-
Estimated closing balance as at 30 June 2008	3,553	-	-	-	3,553

Table 5.5: Departmental capital budget statement

	Estimated Actual 2006–07 \$'000	Budget Estimate 2007–08 \$'000	Forward Estimate 2008–09 \$'000	Forward Estimate 2009–10 \$'000	Forward Estimate 2010–11 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	-	-	-	-
Total loans	-	-	-	-	-
Total capital appropriations	-	-	-	-	-
Represented by:					
Purchase of non-financial assets	-	-	-	-	-
Other	-	-	-	-	-
Total represented by	-	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally by departmental resources	-	-	-	30	30
Total	-	-	-	30	30

Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2007–08)

	Land	Investment property	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2007									
Gross book value	-	-	-	-	294	-	1	-	295
Accumulated depreciation	-	-	-	-	(113)	-	-	-	(113)
Opening net book value	-	-	-	-	181	-	1	-	182
Additions:									
by purchase	-	-	-	-	20	-	-	-	-
by finance lease	-	-	-	-	-	-	-	-	-
internally developed	-	-	-	-	-	-	-	-	-
from acquisitions of entities or operations (including restructuring)	-	-	-	-	-	-	-	-	-
Revaluations and impairment through equity	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	-	-	-	(48)	-	-	-	-
Impairments recognised in operating result	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	(19)	-	-	-	-
Disposals:									
from disposal of entities or operations (including restructuring)	-	-	-	-	-	-	-	-	-
other disposals	-	-	-	-	-	-	-	-	-
As at 30 June 2008									
Gross book value	-	-	-	-	295	-	1	-	296
Accumulated depreciation	-	-	-	-	(161)	-	-	-	(161)
Estimated closing net book value	-	-	-	-	134	-	1	-	135

LAND AND WATER AUSTRALIA

Section 1: Overview	257
1.1 Summary of agency contributions to outcomes.....	257
Section 2: Resources for 2007–08.....	258
2.1 Appropriations and other resources.....	258
2.2 Budget measures, 2007–08.....	259
2.3 Other resource information	259
Section 3: Outcomes	260
3.1 Summary of outputs and contribution to outcome	260
3.2 Outcome performance information	262
Section 4: Other reporting requirements.....	267
4.1 Purchaser–provider arrangements	267
4.2 Cost recovery arrangements.....	267
4.3 Australian Government indigenous expenditure.....	267
Section 5: Budgeted financial statements.....	268
5.1 Analysis of budgeted financial statements.....	268
5.2 Budgeted financial statements tables	269

LAND AND WATER AUSTRALIA

Section 1: Overview

Land & Water Australia (LWA)² is a statutory authority established under the *Primary Industries and Energy Research and Development Act 1989* (PIERD Act). LWA is specifically responsible for research and development (R&D) aimed at the productive and sustainable management of the land, water and vegetation resources underpinning Australia’s primary industries and regional communities.

In order to improve the efficiency and effectiveness of the R&D effort, LWA has a charter to foster national collaboration. It emphasises the establishment of national research programmes, most of which are supported jointly by several partner organisations, which bring together resources managers and researchers to identify priorities and to ensure that research findings are adopted and implemented. The Strategic R&D Plan takes an integrated approach to programme design and implementation and to the development of packages of information relevant to decision-makers.

A board of nine directors governs LWA. The Board develops policy, evaluates performance and creates committees/working groups to work on specific activities. The Corporation’s staff are involved in establishing R&D programmes and in developing, implementing, supporting, communicating and reviewing R&D work.

1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOMES

The products and services delivered by LWA (outputs, products and services) that contribute to achievement of its outcomes are summarised in Table 1.1.

Table 1.1: Contribution to outcomes

Outcome	Output groups
Outcome	
Knowledge, understanding and informed debate to inspire innovation and action in sustainable natural resource management.	Output 1.1: Landscapes Output 1.2: People Output 1.3: Industries Output 1.4: Innovation Output 1.5: Collaboration and Strategic Analysis Output 1.6: Knowledge into Practice

² Legally, the Land and Water Resources Research and Development Corporation.

Section 2: Resources for 2007–08

2.1 APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows LWA's total resources from all origins for 2007–08, including appropriations.

The total appropriation for LWA in the 2007–08 Budget is \$13.018 million. This is an indirect Australian Government appropriation through the Australian Government Department of Agriculture, Fisheries and Forestry.

Table 2.1: Total resources, 2007–08

Source	Total resources \$'000
Funds from Australian Government	
– Appropriations (indirect)	13,018
Funds from other sources	
– Collaborative partner funding	20,492
– Interest and sundry income	710
Total resources	34,220

Table 2.2 provides details of other resources available to be used by the Corporation. These resources are approved for use and are included in Table 2.1.

Table 2.2: Other resources available to be used

Source	Estimated resources 2006–07 \$'000	Budget estimate 2007–08 \$'000
Interest	750	700
Collaborative Partner funding ^a	19,704	20,492
Sale of publications and sundry income	10	10
Total resources	20,464	21,202
	2006–07	2007–08
Average staffing level (number)	50	50

a Collaborative Partner funding is funds managed by LWA for the purposes of achieving research objectives in collaboration with other public and private sector entities.

2.2 BUDGET MEASURES, 2007–08

LWA is not affected by any 2007–08 Budget measure.

2.3 OTHER RESOURCE INFORMATION

LWA has no administered funds, special appropriations or special accounts.

Section 3: Outcomes

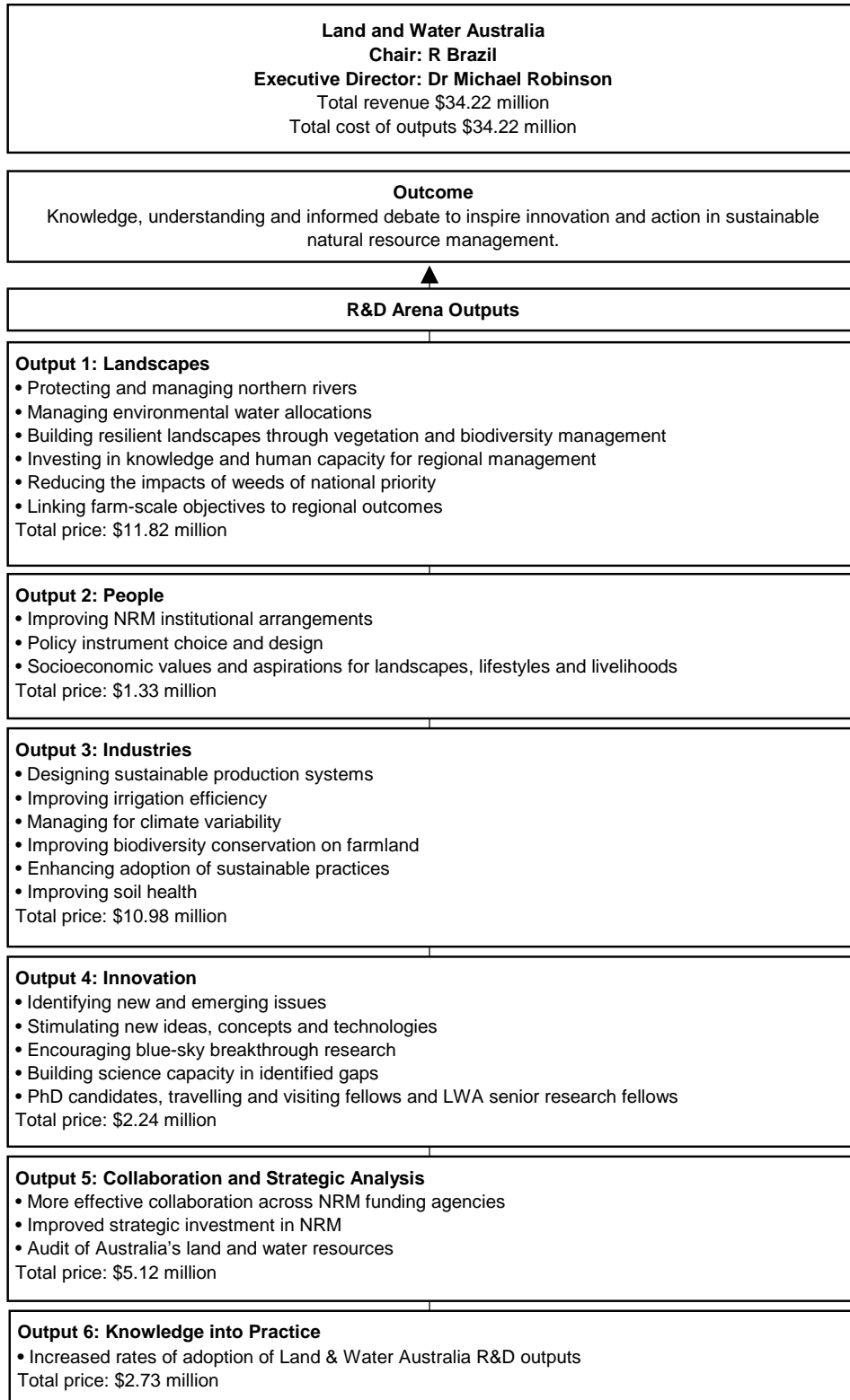
This section summarises how the resources identified in Section 2 will be used to contribute to the outcome of LWA. Key performance measures and performance evaluation activities are specified for each output. More detailed information on output attributes is maintained by agencies for internal management purposes.

3.1 SUMMARY OF OUTPUTS AND CONTRIBUTION TO OUTCOME

There has been no change from the 2006–07 PB Statements.

The relationship between activities of LWA and the outcome is summarised in Figure 1.

Figure 1: Contributions to Outcome



3.2 OUTCOME PERFORMANCE INFORMATION

3.2.1 Contributions to achievement of Outcome

Land & Water Australia will achieve more sustainable use and management of Australia's water, land and vegetation resources through research targeted to critical issues and new opportunities and by focusing on the adoption of research outputs throughout the investment cycle.

Our primary investment foci will be on working towards sustainable primary industries and production landscapes through integrated strategies on water, climate and landscape systems. These strategies will embody biophysical, social, economic and institutional research within a frame of encouraging innovation and adoption.

High impact research will be achieved through strategic investment, extensive collaboration and proactive adoption planning and will be demonstrated via in-depth Return On Investment analyses.

3.2.2 Performance information for Outcome 1

Performance information for individual outputs and output groups relating to LWA are summarised in Table 3.1. Price includes a component of corporate overhead.

Table 3.1: Performance information for Outcome

Effectiveness—overall achievement of Outcome	
Outcome component	Effectiveness indicators
<p><i>Corporate</i> Improvements in the understanding, management and condition of Australia's natural resources that can be linked demonstrably with the adoption of the Outputs of our research investments</p> <p><i>Research investment</i> Generation of new knowledge useful to the sustainable management and use of Australia's natural resources</p> <p><i>Collaboration</i> Number and financial leverage of programme and project partnerships Improved strategic investment in NRM</p> <p>Audit of Australia's land and water resources</p> <p><i>Knowledge into practice</i> Evidence of increased rates of adoption of Land & Water Australia R&D outputs</p>	<p>Quantitative measures of knowledge assets generated, adoption of this knowledge, and estimated resulting improvements in condition of Australia's natural resources.</p> <p>Audit of knowledge assets and technologies produced from research and disseminated, and predictions of their utility.</p> <p>Financial leverage of collaborative programmes achieved allowing programmes to meet research commitments.</p> <p>LWA's strategic investments better positioned in integrated water and climate strategies</p> <p>Development of indicators of resource condition and social and economic change as identified in the National Monitoring and Evaluation Framework.</p> <p>Adoption profiles of Land & Water Australia programme and portfolio outputs.</p>
Performance information by output	
Output	Performance indicators
Output 1: Landscapes	
<p>Protecting and managing northern rivers Managing environmental water allocations Building resilient landscapes through vegetation and biodiversity management Reducing the impacts of weeds of national priority Investing in knowledge and human capacity for regional management Linking farm-scale objectives to regional outcomes</p>	<p>Better informed government and regional community water planning for tropical rivers in northern Australia. Improved understanding of the ecological needs of aquatic ecosystems leading to improved ability for policy makers, planners and managers to make more informed decisions on water allocation costs and benefits. Improved understanding of the value of vegetation in providing ecosystem services. Improved national capacity to reduce the rate of emergence of new weed problems and the impact of existing weeds. More people working in government and regional NRM organisations with greater knowledge of how to manage land and water resources.</p> <p><i>Price: \$11.82 million</i></p>

LWA Budget Statement: Outcomes

Performance information by output	
Output	Performance indicators
Output 2: People	
<p>Improving NRM institutional arrangements Policy instrument choice and design Socioeconomic values and aspirations for landscapes, lifestyles and livelihoods</p>	<p>Better informed policy and legislation on the regulation of indigenous rights through environmental legislation. More effective engagement of volunteers in natural resources management, especially at the regional level. Increased participation of landholders in market-based instruments for natural resources management. Adoption of indigenous water agreements that complement indigenous livelihoods in land and water management. Improved awareness of new approaches for sustainable governance and management in peri-urban areas. Enhanced capacity and awareness of opportunities for effective indigenous engagement in water resources planning, management and reform. Adoption of best practice governance principles and indicators for regional natural resources management. Demonstration of improved design approaches for landholder conservation contract duration and renegotiation to achieve sustainable outcomes.</p> <p><i>Price: \$1.33 million</i></p>
Output 3: Industries	
<p>Designing sustainable production systems Improving irrigation efficiency Managing for climate variability Improving biodiversity conservation on farmland Enhancing adoption of sustainable practices Improving soil health</p>	<p>10% increase in mixed farm productivity driven by a 5% increase in grain yields and a 10% increase in livestock production. 6,500 mixed farmers adopting changed farm practices which increase their sustainability and profitability. Improved condition of natural resources on farm in line with catchment targets. Substantial improvement in the environmental and productive performance of irrigated agriculture. A measured increase in grain, dairy, meat, horticulture and wool producers using climate and seasonal forecasting tools to increase sustainability and profitability. The state of knowledge regarding the key drivers of Australian climate on a regional basis established to inform risk and adaptation strategies at regional and commodity scale. Applied research undertaken with commodity producers and natural resource managers in regions to develop adaptation strategies specifically relevant by commodity and region. Increase in the number of soil health projects being undertaken by research and extension providers. Increase in the number of farmers participating in workshops and training activities in soil health aimed at achieving adoption of changed practices on farm.</p> <p><i>Price: \$10.98 million</i></p>

Performance information by output	
Output	Performance indicators
Output 4: Innovation	
Identifying new and emerging issues Stimulating new ideas, concepts and technologies Encouraging blue-sky breakthrough research Building science capacity in identified gaps PhD candidates, travelling and visiting fellows and LWA senior research fellows	Effects of bushfires on water yield and quality better understood New remote sensing technology used for mapping vegetation Indigenous values and rights in water management recognised New technology for desalinating brackish groundwater Environmental water needs of Australia's rivers mapped <i>Price: \$2.24 million</i>
Output 5: Collaboration and Strategic Analysis	
More effective collaboration across NRM funding agencies Improved strategic investment in NRM Audit of Australia's land and water resources	Effective collaborations with 45 partner organisations allowing transmission of programme information across agencies Integrated water and climate strategies better positioning LWA's strategic investments Development of indicators of resource condition and social and economic change for better understanding of NRM <i>Price: \$5.12 million</i>
Output 6: Knowledge into Practice	
Increased adoption of Land & Water Australia R&D outputs	Corporate events to be held sharing LWA R&D (excluding programme events) – 15 per year Corporate publications – 10 published, 12,000 distributed Programme publications – 90 published, 68,000 distributed Web views – 100,000 views Increasing adoption scores from stakeholders across 8 key adoption measures gathered in the stakeholder survey Improving access to and use of R&D by the 56 regional NRM bodies (CMAs) by developing and rolling out the 'NRM toolbar' Improving the capacity of at least 6 regional NRM bodies to manage knowledge through pilots and training Improving knowledge sharing between regional NRM bodies through establishing sister regions (4 pairings) and regional knowledge sharing events (4) <i>Price: \$2.73 million</i>

3.2.3 Evaluations for Outcome

Land & Water Australia has a comprehensive, transparent and robust outcome evaluation methodology based on analyses of Return On Investment. Twenty analyses have been conducted and reported to date, with two in progress. These now cover over 50% of all completed projects since the establishment of the Corporation. The individual evaluation studies are aggregated and updated annually to provide a portfolio Return On Investment which can be tracked over time. The result is reported in our annual report.

New evaluations planned for 2007-08 are:

- the National Rivers Consortium
- the National Program for River Contaminants
- the Native Vegetation R&D Program.

These evaluations will be completed by September 2007 along with an update of LWA's portfolio return on investment. The results will be published by 31 December 2007.

Section 4: Other reporting requirements

4.1 PURCHASER–PROVIDER ARRANGEMENTS

LWA has no purchaser–provider arrangements.

4.2 COST RECOVERY ARRANGEMENTS

LWA has no cost recovery arrangements.

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE

LWA has no indigenous expenditure.

Section 5: Budgeted financial statements

5.1 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

A break-even position is forecast for 2007-08 while the estimated annual operating result for 2006-07 is a deficit of \$5.304 million. The estimated deficit is due to differences in timing between receipt and expenditure of funding and estimated and actual completion of research commitments and reflects a utilisation of prior year surpluses.

5.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 5.1: Budgeted departmental income statement (for the period ended 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
INCOME					
Revenue					
Revenues from government	12,751	13,018	12,980	12,967	13,136
Goods and services	19,704	20,492	21,312	22,164	23,051
Interest	750	700	700	700	700
Other	10	10	10	10	10
Total income	33,215	34,220	35,002	35,841	36,897
EXPENSE					
Employees	4,686	4,827	4,971	5,121	5,274
Suppliers	33,558	29,091	29,736	30,426	31,425
Depreciation and amortisation	275	302	295	294	198
Total expenses	38,519	34,220	35,002	35,841	36,897
Surplus (Deficit) before income tax	(5,304)	-	-	-	-
Income tax expense	-	-	-	-	-
Surplus (deficit) attributable to the Australian Government	(5,304)	-	-	-	-

Table 5.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
ASSETS					
Financial assets					
Cash and equivalents	6,148	5,424	5,712	6,019	6,291
Trade and other receivables	1,576	1,639	1,705	1,773	1,844
Investments	7,027	7,027	7,027	7,027	7,027
Total financial assets	14,751	14,090	14,444	14,819	15,162
Non-financial assets					
Land and buildings	533	385	237	89	-
Infrastructure, plant and equipment	136	131	132	136	131
Intangibles	221	172	124	74	70
Other	49	49	51	50	49
Total non-financial assets	939	737	544	349	250
Total assets	15,690	14,827	14,988	15,168	15,412
LIABILITIES					
Provisions					
Employees	876	902	929	971	1,015
Other	150	150	150	150	150
Total provisions	1,026	1,052	1,079	1,121	1,165
Payables					
Suppliers	6,712	5,823	5,957	6,095	6,295
Total payables	6,712	5,823	5,957	6,095	6,295
Total liabilities	7,738	6,875	7,036	7,216	7,460
Net assets	7,952	7,952	7,952	7,952	7,952
EQUITY^a					
Parent entity interest					
Reserves	199	199	199	199	199
Retained surpluses or accumulated deficits	7,753	7,753	7,753	7,753	7,753
Total equity	7,952	7,952	7,952	7,952	7,952
Current assets	14,800	14,139	14,495	14,869	15,211
Non-current assets	890	688	493	299	201
Current liabilities	7,458	6,620	6,805	7,007	7,257
Non-current liabilities	280	255	231	209	203

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

Table 5.3: Budgeted departmental statement of cash flows (for the period ended 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	19,263	20,429	21,246	22,096	22,980
Appropriations	12,751	13,018	12,980	12,967	13,136
Interest	750	700	700	700	700
Other	10	10	10	10	10
Total cash received	32,774	34,157	34,936	35,773	36,826
Cash used					
Employees	4,661	4,801	4,944	5,079	5,230
Suppliers	32,202	29,980	29,604	30,287	31,224
Total cash used	36,863	34,781	34,548	35,366	36,454
Net cash from or (used by) operating activities	(4,089)	(624)	388	407	372
INVESTING ACTIVITIES					
Cash received					
Investments	4,000	-	-	-	-
Total cash received	4,000	-	-	-	-
Cash used					
Purchase of property, plant and equipment	120	100	100	100	100
Total cash used	120	100	100	100	100
Net cash from or (used by) investing activities	3,880	(100)	(100)	(100)	(100)
Net increase or (decrease) in cash held	(209)	(724)	288	307	272
Cash at the beginning of the reporting period	6,357	6,148	5,424	5,712	6,019
Cash at the end of the reporting period	6,148	5,424	5,712	6,019	6,291

Table 5.4: Departmental statement of changes in equity — summary of movement (Budget year 2007–08)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2007					
Balance carried forward from previous period	7,753	199	-	-	7,952
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	7,753	199	-	-	7,952
Income and expense					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	-	-	-	-	-
Sub-total income and expense	-	-	-	-	-
Surplus (deficit) for the period	-	-	-	-	-
Total income and expenses recognised directly in equity	-	-	-	-	-
Transactions with owners					
<i>Distribution to owners</i>					
Returns on capital					
Dividends	-	-	-	-	-
Returns of capital					
Restructuring	-	-	-	-	-
Other	-	-	-	-	-
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	-	-
Other:					
Restructuring	-	-	-	-	-
Sub-total transactions with owners	-	-	-	-	-
Transfers between equity components	-	-	-	-	-
Estimated closing balance as at 30 June 2008	7,753	199	-	-	7,952

Table 5.5: Departmental capital budget statement

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	-	-	-	-
Total loans	-	-	-	-	-
Total capital appropriations	-	-	-	-	-
Represented by:					
Purchase of non-financial assets	120	100	100	100	100
Other	-	-	-	-	-
Total represented by	120	100	100	100	100
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally by departmental resources	120	100	100	100	100
Total	120	100	100	100	100

Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2007–08)

	Buildings	Other infrastructure plant and equipment	Computer Software	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2007				
Gross book value	722	353	676	1,751
Accumulated depreciation	(189)	(217)	(455)	(861)
Opening net book value	533	136	221	890
Additions:				
by purchase	-	75	25	100
Depreciation/amortisation expense	(148)	(80)	(74)	(302)
Disposals:				
from disposal of entities or operations (including restructuring)	-	-	-	-
from disposal of entities or other – at cost	-	-	(326)	(326)
other – accumulated amortisation/depreciation	-	-	326	326
As at 30 June 2008				
Gross book value	722	428	375	1,525
Accumulated depreciation	(337)	(297)	(203)	(837)
Estimated closing net book value	385	131	172	688

RURAL INDUSTRIES RESEARCH AND DEVELOPMENT CORPORATION

Section 1: Overview	277
1.1 Summary of agency contributions to outcomes.....	278
Section 2: Resources for 2007–08.....	279
2.1 Appropriations and other resources.....	279
2.2 Budget measures, 2007–08.....	280
2.3 Other resource information	280
Section 3: Outcomes	281
3.1 Summary of outputs and contribution to outcome	281
3.2 Outcome performance information	283
Section 4: Other reporting requirements.....	286
4.1 Purchaser–provider arrangements	286
4.2 Cost recovery arrangements.....	287
4.3 Australian Government indigenous expenditure.....	287
Section 5: Budgeted financial statements.....	288
5.1 Analysis of budgeted financial statements.....	288
5.2 Budgeted financial statements tables	289

RURAL INDUSTRIES RESEARCH AND DEVELOPMENT CORPORATION

Section 1: Overview

The Rural Industries Research and Development Corporation (the Corporation) is a statutory authority established under *the Primary Industries and Energy Research and Development Act 1989* (PIERD Act) and is also subject to the regulatory framework contained in the *Commonwealth Authorities and Companies Act 1997*.

The Corporation invests in rural research and development on behalf of industry, government and the community. The outcome of activities is a more profitable, dynamic and sustainable rural sector. This is consistent with the Australian Government Department of Agriculture, Fisheries and Forestry's stated Outcome of increasing the profitability, competitiveness and sustainability of Australian agricultural, food, fisheries and forestry industries.

To maximise the knowledge outcomes for industry and government, the Corporation directs its investment in rural research and development (R&D) to three portfolio business areas:

- new rural industries
- established rural industries
- national rural issues.

The National and Rural Research Priorities of the Australian Government provide an overarching framework for public investment in rural research and development. RIRDC's investments are closely aligned with these priorities.

The Corporation's activities are segregated into a 'core' portfolio of R&D programs and R&D programs that relate to industry specific sub-accounts. RIRDC's core activities are funded through indirect Commonwealth funding, the Commonwealth levy contributions (both statutory and voluntary) and where appropriate Commonwealth dollar-for-dollar matching contributions.

The Corporation conducts its business in consultative partnership with industry, government, representative stakeholder organisations (e.g. the National Farmers' Federation), other R&D corporations and the broader community. R&D projects are conducted in accordance with relevant industry and government priorities.

1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOMES

The products and services delivered by the Corporation (outputs, products and services) that contribute to achievement of its outcomes are summarised in Table 1.1.

Table 1.1: Contribution to outcomes

Outcome	Outputs
To facilitate a more profitable, dynamic and sustainable rural sector.	Output 1 To provide the knowledge for diversification in Australia's rural industries
	Output 2 To provide the knowledge to increase the profitability, resilience and sustainability of RIRDC's established rural industries
	Output 3 To provide the knowledge to address national rural issues

Section 2: Resources for 2007–08

2.1 APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows the Corporation's total resources from all origins for 2007–08, including an indirect appropriation through the Australian Government Department of Agriculture, Fisheries and Forestry.

The total indirect appropriation for the Corporation in the 2007–08 Budget is \$13.415 million.

Table 2.1: Total resources, 2007–08

Source	Total resources \$'000
Funds from industry sources	
– Levies	2,120
Funds from Australian Government	
– Appropriations	13,415
– Commonwealth matching contributions	3,002
Funds from other sources	
– External contributions	4,008
– Other sources	996
Total resources	23,541

Table 2.2 provides details of other resources available to be used by the Corporation. These resources are approved for use and are included in Table 2.1.

The Corporation does not receive a direct departmental or administered appropriation from the government.

Table 2.2: Other resources available to be used

Source	Estimated resources 2006–07 \$'000	Budget estimate 2007–08 \$'000
External contributions ^a	3,444	4,008
Interest	801	714
Royalties	106	76
Sale of goods and services	92	108
Other	108	98
Total resources	4,551	5,004
	2006–07	2007–08
Average staffing level (number)	26	27

a Includes contributions from industry, government and other third parties to R&D projects.

2.2 BUDGET MEASURES, 2007–08

The Corporation is not affected by any 2007–08 Budget measure.

2.3 OTHER RESOURCE INFORMATION

The Corporation has no administered funds, special appropriations or special accounts.

Section 3: Outcomes

This section summarises how the resources identified in Section 2 will be used to contribute to the outcome of the Corporation. Key performance measures and performance evaluation activities are specified for each output. More detailed information on output attributes is maintained by agencies for internal management purposes.

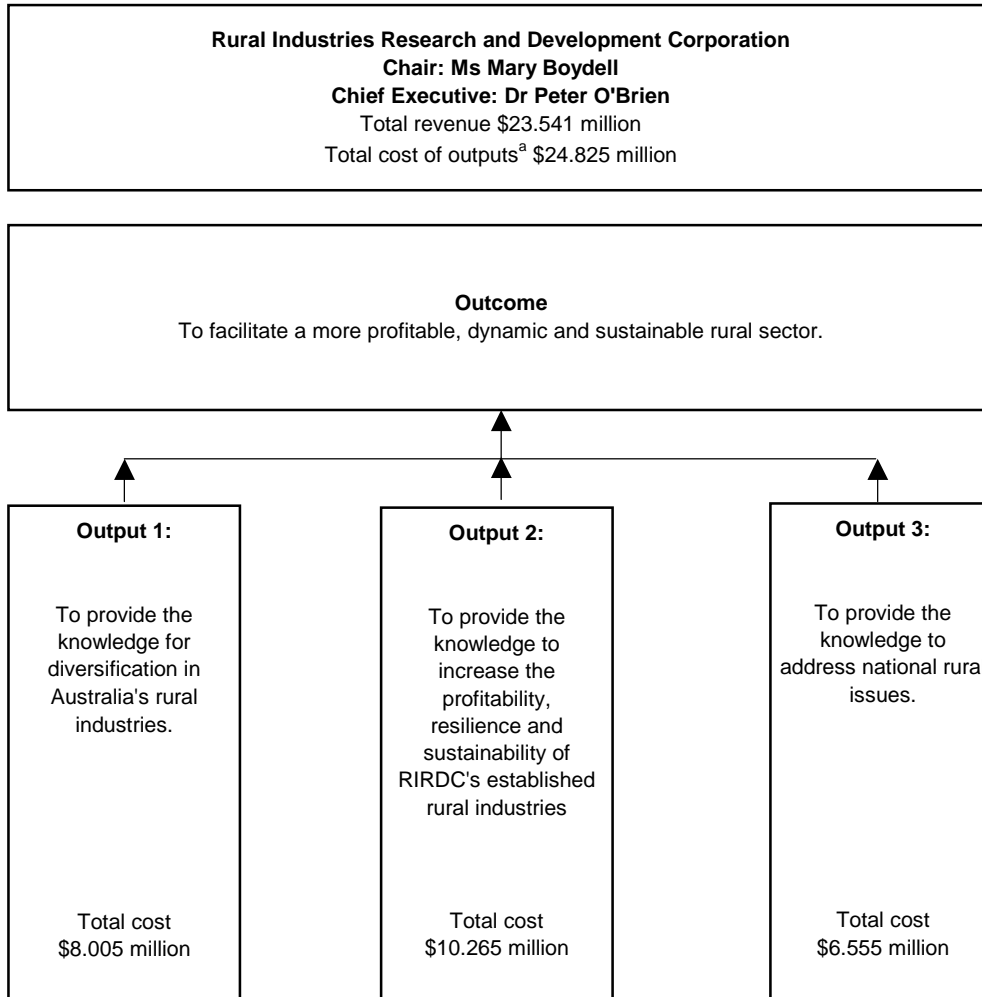
3.1 SUMMARY OF OUTPUTS AND CONTRIBUTION TO OUTCOME

The relationship between activities of the Corporation and the outcome is summarised in Figure 1.

There have been no changes to the Corporation's outcome from the 2006-07 Portfolio Budget Statements. However, the Corporation has a new Corporate Plan 2007-2012 with a changed output structure. The new Corporate Plan has been developed a year ahead of the conclusion of the previous plan because RIRDC's external operating environment has changed and the Corporation has changed its investment framework and structure. The Corporation's output structure, goals and strategic directions have been redefined to address this new environment.

The Corporation's new output structure appears in Figure 1 below. Output 1 invests in R&D for new rural industries that have significant market opportunities, where Australian industry has a competitive advantage, and provides an opportunity for producers to enter and expand the industry. Output 2 invests in R&D for RIRDC's established rural industries in areas identified by government and industry as high priority, and that promote development and uptake of innovative technologies and solutions. Output 3 invests in R&D in the national interest to support rural policy priorities of government, priorities of rural industries and communities, and topics that are cross-sectoral, or multi-industry.

Figure 1: Contributions to outcomes



a Total cost is shown rather than total price because the agency is primarily funded through indirect Commonwealth appropriation and industry levies rather than on the basis of the price of their outputs.

3.2 OUTCOME PERFORMANCE INFORMATION

3.2.1 Contributions to achievement of Outcome

RIRDC has three outputs which focus on maximising knowledge outcomes from our R&D investments in new rural industries, established rural industries and national rural issues. The three outputs aim to contribute towards a more profitable, dynamic and sustainable rural sector and operationally achieve this through:

- identifying priority research and development using the expertise of our management and R&D advisory committees
- investing in R&D where opportunities and needs are identified
- managing R&D portfolios for performance
- delivering the results of R&D to industries, communities and governments through quality publications, products and services and through workshops, seminars, conferences and regional events
- encouraging and facilitating the adoption of innovations by rural industries
- monitoring RIRDC's R&D impact by regularly evaluating our research investments
- surveying stakeholders and responding to their needs.

3.2.2 Performance information for Outcome 1

Performance information for individual outputs and output groups relating to the Corporation are summarised in Table 3.1.

Table 3.1: Performance information for Outcome

Effectiveness—overall achievement of Outcome	
Outcome component	Effectiveness indicators
A more profitable, dynamic and sustainable rural sector.	<ul style="list-style-type: none"> Improved benefit/cost ratios and internal rates of return on R&D plans that demonstrate strong returns for investments from stakeholders. Sectoral R&D plans are prepared and endorsed in consultation with industry as meeting industry needs. Incorporation of effective adoption strategies in all projects and evaluated in five-year R&D plans.
Performance information by output	
Output	Performance indicators
Output 1: New rural industries	
Diversification in Australia's rural industries.	<ul style="list-style-type: none"> A new program in Bioenergy, Bioproducts and Energy implemented that supports priority R&D for new rural industries in the sector. A strategic review of RIRDC support for R&D for new industries to inform allocation of R&D funds. A New Industries Resource Centre (dependent upon external funding) which provides information to new industries and acts as an effective communications and networking hub.
Output 2: Established rural industries	
Increased profitability, resilience and sustainability of RIRDC's established rural industries.	<ul style="list-style-type: none"> Sustained R&D against five-year plans for drought-affected sectors through prudent investment consistent with RIRDC's Reserves Policy providing sustainability of the programs. Development and uptake of new knowledge that improves profitability, sustainability and resilience. Strong support from industry and government for continuing investment.
Output 3: National rural issues	
National rural issues addressed.	<ul style="list-style-type: none"> Co-investment with other research and development corporations in programs dealing with climate change and farm health and safety. Development of R&D plans for co-investment with other research and development corporations in trade and energy. Convening the first RIRDC National Rural Issues Conference attracting interested parties to identify cross-sectoral R&D needs and plans to address them.

3.2.3 Evaluations for Outcome

Over the last eight years RIRDC has been conducting a program of evaluations of the impact of its research investments. The benefit/cost methodology used was developed by the Centre for International Economics in a joint project for RIRDC and the Grains Research and Development Corporation. RIRDC has subsequently applied a rolling program of ex-post benefit-cost analysis at project and program level. Learning from this evaluation program has informed program and portfolio planning.

In the last year the Corporation has developed a new investment framework as a basis for its investment decision making. In conjunction with the Corporation's new Corporate Plan 2007-2012, this provides a new framework for evaluating the impact of our R&D investments.

Each of our industries has or will develop an R&D plan that clearly identifies and prioritises the industry needs and R&D objectives. The contribution that the program makes will be assessed against these plans on an annual basis with a full evaluation of the benefit cost in the fourth year of lapsing five-year R&D plans.

With other R&D corporations, RIRDC is participating in a program of ex-post benefit-cost analysis to build a comprehensive picture of return on government and industry investments through the RDC model.

Section 4: Other reporting requirements

4.1 PURCHASER–PROVIDER ARRANGEMENTS

Cross-agency overview

The Corporation contracts R&D services from research providers across a number of Commonwealth, state, university and industry agencies. It brokers and manages a range of collaborative programs and joint projects. As part of its risk management framework the Corporation appoints reputable R&D service providers to deliver contractually specified outputs. Since each of these arrangements are not material in the context of the Corporation's total R&D program and do not singularly impact on meeting its outcome, the details of each arrangement are not specified here.

Responsibility

All compliance and reporting responsibilities are detailed in legally binding agreements between the Corporation and research providers.

Control arrangements

Research agreements are entered into between the Corporation and research providers detailing the purchaser–provider arrangements, including the services and outputs to be delivered and the agreed price. The Corporation has probity and accountability requirements for selection of R&D service providers.

Resourcing

All resourcing implications, including agreed service charges, are detailed in research agreements.

Performance against outcomes of purchased outputs

These arrangements contribute to the Corporation producing its outputs and achieving its Outcome.

4.2 COST RECOVERY ARRANGEMENTS

The Corporation produced a summary of its Cost Recovery Impact Statement (CRIS) in the 2003-04 Portfolio Budget Statements. There have been no significant changes to cost recovery arrangements for RIRDC since 2003-04 and therefore the Corporation is not producing a CRIS summary for 2007-08.

One key activity that relates to cost recovery is the sale of publications. This cost recovery activity is done in accordance with the Australian Government's cost recovery policy.

The major means of transferring outputs into industry and rural adoption is by way of dissemination of research projects. As the Australian Government is the Corporation's major stakeholder and primary funder, the Corporation seeks to make these research reports as accessible as possible. It does so in electronic and hard copy format.

As disclosed in Table 2.2, RIRDC has budgeted publication sales of \$108,000 during 2007-08 (2006-07: \$92,000).

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE

RIRDC has no indigenous expenditure.

Section 5: Budgeted financial statements

5.1 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Budgeted departmental income statement

RIRDC's overall revenue in 2007–08 is budgeted to be \$23.541 million, a decrease of nearly \$2 million on the estimated 2006–07 revenue. This decrease is largely due to reduced levy revenue, especially for the Rice program, resulting from the continuing impact of drought on production in RIRDC's established industries. This is partially offset by an increase in external contributions to the new rural industries portfolio.

Total expenditure is budgeted to be \$24.825 million, an increase of \$0.673 million on the estimated 2006–07 expenditure. This increase is largely due to additional expenditure on R&D from additional funding to the new rural industries portfolio.

RIRDC is budgeting a deficit of \$1.284 million in 2007–08, which will see programs within the established industries draw on reserves to sustain R&D investments.

Revenue and expenditure across the forward years is estimated to be at similar levels with increases to revenue predominantly attributable to expected increases in levy revenue and total expenditure delivering small surpluses through to 2010–11.

Budgeted departmental balance sheet

The decrease in net assets of \$1.283 million for 2007–08 reflects the draw-down on cash reserves due to the continuing impact of drought on the Rice program; maximising the utilisation of reserves for other established industry programs; and finalisation of a number of collaborative programs in the national rural issues portfolio.

Budgeted departmental statement of cash flows

The Corporation is budgeting to decrease cash reserves in 2007–08 by \$1.420 million to \$7.742 million and then maintain cash balances of approximately \$7.9 million to \$8.0 million through to 2010–11.

5.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 5.1: Budgeted departmental income statement (for the period ended 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
INCOME					
Revenue					
Revenues from government	20,966	18,537	19,297	19,537	20,057
Goods and services	92	108	98	115	84
Fees and fines	-	-	-	-	-
Interest	800	714	645	605	627
Dividends	-	-	-	-	-
Rents	-	-	-	-	-
Royalties	106	76	78	80	82
Other	3,553	4,106	4,160	3,752	4,037
Total revenue	25,517	23,541	24,278	24,089	24,887
Gains					
Foreign exchange gains	-	-	-	-	-
Reversals of previous asset write-downs	-	-	-	-	-
Sale of assets	-	-	-	-	-
Other	-	-	-	-	-
Total gains	-	-	-	-	-
Total income	25,517	23,541	24,278	24,089	24,887
EXPENSE					
Employees	3,075	3,267	3,423	3,586	3,758
Suppliers	3,514	3,379	3,404	3,339	3,443
Grants	17,418	18,034	17,226	16,949	17,528
Depreciation and amortisation	145	145	120	120	120
Finance costs	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-
Losses from sale of assets	-	-	-	-	-
Foreign exchange losses	-	-	-	-	-
Other	-	-	-	-	-
Total expenses	24,152	24,825	24,173	23,994	24,849
Share of operating results of associates and joint ventures accounted for using the equity method	-	-	-	-	-

Table 5.1: Budgeted departmental income statement (for the period ended 30 June)—continued

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
Surplus (Deficit) before income tax	1,365	(1,284)	105	95	38
Income tax expense	-	-	-	-	-
Surplus/(Deficit)	1,365	(1,284)	105	95	38
Minority interest in surplus (deficit)	-	-	-	-	-
Surplus (deficit) attributable to the Australian Government	1,365	(1,284)	105	95	38

Table 5.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
ASSETS					
Financial assets					
Cash and equivalents	9,162	7,742	7,872	7,935	7,973
Trade and other receivables	1,160	1,321	1,321	1,353	1,353
Investments accounted for under the equity method	-	-	-	-	-
Investments	-	-	-	-	-
Other investments	-	-	-	-	-
Tax assets	-	-	-	-	-
Other	-	-	-	-	-
Total financial assets	10,322	9,063	9,193	9,288	9,326
Non-financial assets					
Land and buildings	-	-	-	-	-
Infrastructure, plant and equipment	363	346	329	336	343
Investment properties	-	-	-	-	-
Inventories	-	-	-	-	-
Intangibles	168	160	152	145	138
Biological assets	-	-	-	-	-
Other	75	75	75	75	75
Total non-financial assets	606	581	556	556	556
Assets held for sale	-	-	-	-	-
Total assets	10,928	9,644	9,749	9,844	9,882
LIABILITIES					
Interest bearing liabilities					
Loans	-	-	-	-	-
Leases	-	-	-	-	-
Deposits	-	-	-	-	-
Other	-	-	-	-	-
Total interest bearing liabilities	-	-	-	-	-
Provisions					
Employees	394	394	394	394	394
Other	47	47	47	47	47
Total provisions	441	441	441	441	441
Payables					
Suppliers	339	339	339	339	339
Grants	1,169	1,169	1,169	1,169	1,169
Dividends	-	-	-	-	-
Other	681	681	681	681	681
Total payables	2,189	2,189	2,189	2,189	2,189
Liabilities included in disposal groups held for sale	-	-	-	-	-
Total liabilities	2,630	2,630	2,630	2,630	2,630
Net assets	8,298	7,014	7,119	7,214	7,252

Table 5.2: Budgeted departmental balance sheet (as at 30 June)—continued

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
EQUITY^a					
Parent entity interest					
Contributed equity	-	-	-	-	-
Reserves	211	211	211	211	211
Retained surpluses or accumulated deficits	8,087	6,803	6,908	7,003	7,041
Total parent entity interest	8,298	7,014	7,119	7,214	7,252
Minority interest					
Contributed equity	-	-	-	-	-
Reserves	-	-	-	-	-
Retained surpluses or accumulated deficits	-	-	-	-	-
Total minority interest	-	-	-	-	-
Total equity	8,298	7,014	7,119	7,214	7,252
Current assets	10,397	9,138	9,268	9,363	9,401
Non-current assets	531	506	481	481	481
Current liabilities	2,457	2,551	2,551	2,551	2,551
Non-current liabilities	173	79	79	79	79

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

Table 5.3: Budgeted departmental statement of cash flows (for the period ended 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	91	108	98	82	84
Appropriations	-	-	-	-	-
Interest	801	714	646	606	626
Dividends	-	-	-	-	-
Other	24,625	22,557	23,559	23,369	24,177
Total cash received	25,517	23,379	24,303	24,057	24,887
Cash used					
Employees	3,075	3,267	3,423	3,587	3,758
Suppliers	3,514	3,378	3,404	3,339	3,443
Grants	17,404	18,034	17,226	16,948	17,528
Borrowing costs	-	-	-	-	-
Other	-	-	-	-	-
Income taxes paid	-	-	-	-	-
Total cash used	23,993	24,679	24,053	23,874	24,729
Net cash from or (used by) operating activities	1,524	(1,300)	250	183	158
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	30	30	30	30	30
Proceeds from sales of financial instruments	-	-	-	-	-
Investments	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	30	30	30	30	30
Cash used					
Purchase of property, plant and equipment	150	150	150	150	150
Purchase of financial instruments	-	-	-	-	-
Investments	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	150	150	150	150	150
Net cash from or (used by) investing activities	(120)	(120)	(120)	(120)	(120)

Table 5.3: Budgeted departmental statement of cash flows (for the period ended 30 June)—continued

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
FINANCING ACTIVITIES					
Cash received					
Appropriations – contributed equity	-	-	-	-	-
Proceeds from issuing financial instruments	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Repayments of debt	-	-	-	-	-
Dividends paid	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from or (used by) financing activities	-	-	-	-	-
Net increase or (decrease) in cash held	1,404	(1,420)	130	63	38
Cash at the beginning of the reporting period	7,758	9,162	7,742	7,872	7,935
Effect of exchange rate movements on cash at the beginning of reporting period	-	-	-	-	-
Cash at the end of the reporting period	9,162	7,742	7,872	7,935	7,973

Table 5.4: Departmental statement of changes in equity — summary of movement (Budget year 2007–08)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2007					
Balance carried forward from previous period	8,087	211	-	-	8,298
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	8,087	211	-	-	8,298
Income and expense					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	-	-	-	-	-
Sub-total income and expense	-	-	-	-	-
Surplus (deficit) for the period	(1,284)	-	-	-	(1,284)
Total income and expenses recognised directly in equity	(1,284)	-	-	-	(1,284)
Transactions with owners					
<i>Distribution to owners</i>					
Returns on capital					
Dividends	-	-	-	-	-
Returns of capital					
Restructuring	-	-	-	-	-
Other	-	-	-	-	-
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	-	-
Other:					
Restructuring	-	-	-	-	-
Sub-total transactions with owners	-	-	-	-	-
Transfers between equity components	-	-	-	-	-
Estimated closing balance as at 30 June 2008	6,803	211	-	-	7,014

Table 5.5: Departmental capital budget statement

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	-	-	-	-
Total loans	-	-	-	-	-
Total capital appropriations	-	-	-	-	-
Represented by:					
Purchase of non-financial assets	-	-	-	-	-
Other	-	-	-	-	-
Total represented by	-	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally by departmental resources	150	150	150	150	150
Total	150	150	150	150	150

Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2007–08)

	Land	Investment property	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2007									
Gross book value	-	-	-	-	611	-	212	-	823
Accumulated depreciation	-	-	-	-	(248)	-	(44)	-	(292)
Opening net book value	-	-	-	-	363	-	168	-	531
Additions:									
by purchase	-	-	-	-	150	-	-	-	150
by finance lease	-	-	-	-	-	-	-	-	-
internally developed	-	-	-	-	-	-	-	-	-
from acquisitions of entities or operations (including restructuring)	-	-	-	-	-	-	-	-	-
Revaluations and impairment through equity	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	-	-	-	(137)	-	(8)	-	(145)
Impairments recognised in operating result	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-	-
Disposals:									
from disposal of entities or operations (including restructuring)	-	-	-	-	-	-	-	-	-
other disposals	-	-	-	-	(30)	-	-	-	(30)
As at 30 June 2008									
Gross book value	-	-	-	-	731	-	212	-	943
Accumulated depreciation	-	-	-	-	(385)	-	(52)	-	(437)
Estimated closing net book value	-	-	-	-	346	-	160	-	506

SUGAR RESEARCH AND DEVELOPMENT CORPORATION

Section 1: Overview	301
1.1 Summary of agency contributions to outcomes.....	301
Section 2: Resources for 2007–08.....	302
2.1 Appropriations and other resources.....	302
2.2 Budget measures, 2007–08.....	303
2.3 Other resource information	303
Section 3: Outcomes	304
3.1 Summary of outputs and contribution to outcome	304
3.2 Outcome performance information	306
Section 4: Other reporting requirements.....	308
4.1 Purchaser–provider arrangements	308
4.2 Cost recovery arrangements.....	308
4.3 Australian Government indigenous expenditure.....	308
Section 5: Budgeted financial statements.....	309
5.1 Analysis of budgeted financial statements.....	309
5.2 Budgeted financial statements tables	310

SUGAR RESEARCH AND DEVELOPMENT CORPORATION

Section 1: Overview

The Sugar Research and Development Corporation (the Corporation) is a statutory authority established under the *Primary Industries and Energy Research and Development Act 1989* (PIERD Act) and is also subject to the regulatory framework contained in the *Commonwealth Authorities and Companies Act 1997*.

The mission of the Corporation is to foster an innovative and sustainable Australian sugar industry through targeted investment in research and development (R&D).

The Corporation is a body within which a strategic view of the needs and opportunities for R&D in the sugar industry can be focused, and through which appropriate research can be encouraged and funded. The Corporation acts in partnership with industry, government, agribusiness, other R&D corporations and the broader community to conduct R&D projects in accordance with sugar industry and government priorities.

1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOMES

The products and services delivered by the Corporation (outputs, products and services) that contribute to achievement of its outcomes are summarised in Table 1.1.

Table 1.1: Contribution to outcomes

Outcome	Output groups
A profitable and internationally competitive Australian sugar industry providing economic, environmental and social benefits for rural and regional communities.	Output group 1: Regional Futures Output group 2: Emerging Technologies Output group 3: People Development

Section 2: Resources for 2007–08

2.1 APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows the Corporation's total resources from all origins for 2007–08, including appropriations.

The Corporation does not receive direct appropriation funding.

Table 2.1: Total resources, 2007–08

Source	Total resources \$'000
Funds from industry sources	
– Levies	5,348
– Other	-
Funds from Australian Government	
– Appropriations	-
– Commonwealth contributions	5,348
Funds from other sources	
– Interest	500
– Other	-
Total resources	11,196

Table 2.2 provides details of other resources available to be used by the Corporation. These resources are approved for use and are included in Table 2.1.

Table 2.2: Other resources available to be used

Source	Estimated resources 2006–07 \$'000	Budget estimate 2007–08 \$'000
Interest on investments	450	500
Royalties	-	-
Sale of goods and services	-	-
Other	-	-
Total resources	450	500
	2006–07	2007–08
Average staffing level (number)	8	10

2.2 BUDGET MEASURES, 2007–08

The Corporation is not affected by any 2007–08 Budget measure.

2.3 OTHER RESOURCE INFORMATION

The Corporation has no administered funds, special appropriations or special accounts.

Section 3: Outcomes

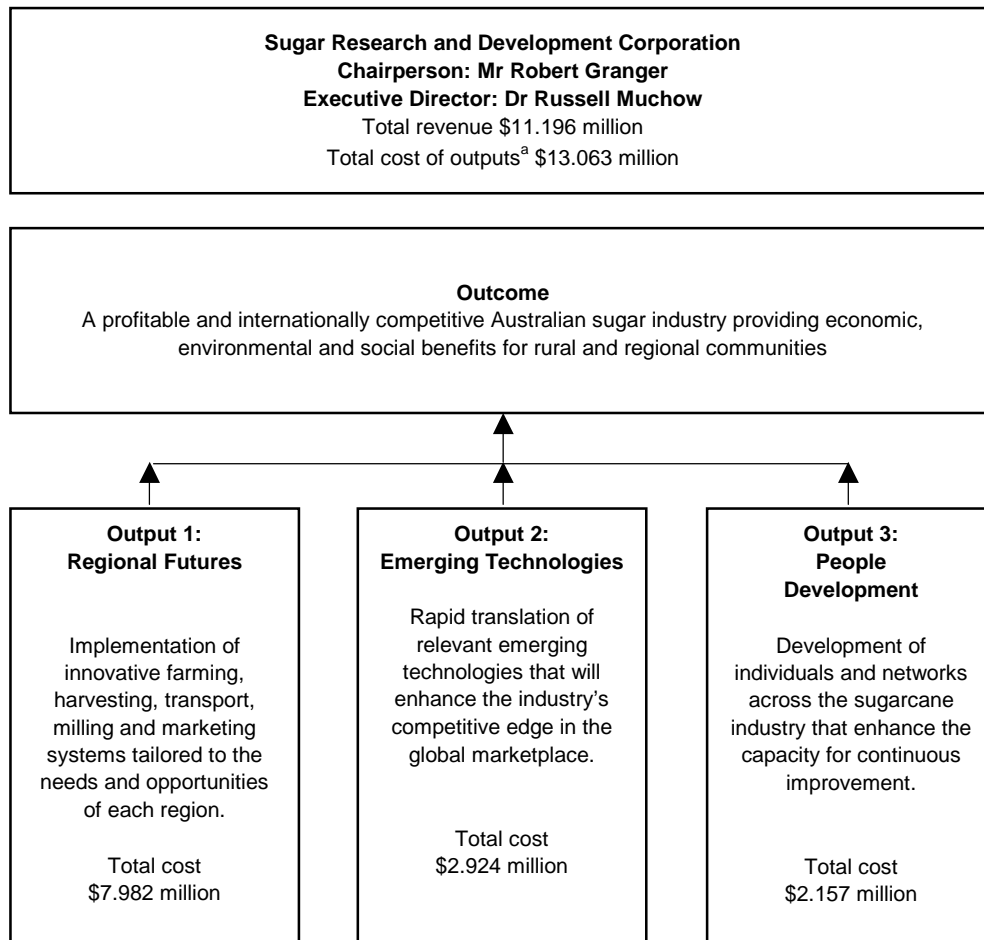
This section summarises how the resources identified in Section 2 will be used to contribute to the outcome of the Corporation. Key performance measures and performance evaluation activities are specified for each output. More detailed information on output attributes is maintained by agencies for internal management purposes.

3.1 SUMMARY OF OUTPUTS AND CONTRIBUTION TO OUTCOME

The relationship between activities of the Corporation and the outcome is summarised in Figure 1.

The Corporation's outcome has not changed from 2006-07. The outputs have changed to be consistent with those in the Corporation's new R&D Plan 2007-2012, which is expected to apply from 1 July 2007.

Figure 1: Contributions to Outcome



a As SRDC is primarily funded through industry levies and indirect Commonwealth appropriation rather than funded on the basis of the price of its outputs, the total cost of Outcome and outputs is shown rather than total price.

3.2 OUTCOME PERFORMANCE INFORMATION

3.2.1 Contributions to achievement of Outcome

The Corporation's outcome is delivered through three outputs which are listed in Table 1.1 that align with the three Investment Arenas of the R&D Plan 2007–2012. The outcome reflects the priorities of industry and government. Individual outcomes for the three output groups of Regional Futures, Emerging Technologies and People Development are indicated in Figure 1. The three output groups all contribute to the outcome of a more profitable and sustainable sugar industry.

The Corporation operates through targeted investment in research and development in partnership with researchers from the sugarcane industry and other organisations, drawing on funds provided by both the sugarcane industry and the Australian Government.

3.2.2 Performance information for the Outcome

Performance information for the Corporation's outcome and for output groups are summarised in Table 3.1.

Table 3.1: Performance information for Outcome

Effectiveness—overall achievement of Outcome	
Outcome component	Effectiveness indicators
A profitable and internationally competitive Australian sugar industry providing economic, environmental and social benefits for rural and regional communities	SRDC's R&D investments are well targeted and responsive to priority needs SRDC is delivering on industry priorities and the Australian Government's national and rural industry priorities SRDC is continually improving the management of its R&D portfolio by learning, experimenting, and influencing beneficial change
Performance information by output	
Output	Performance indicators
Output 1: Regional Futures	
Implementation of innovative farming, harvesting, transport, milling and marketing systems tailored to the needs and opportunities of each region	Enhanced structure and functioning of regional sugarcane industry value chains (approximately 14 projects) Enhanced resource utilisation in the farming and harvesting sectors (approximately 48 projects) Enhanced processes and product range in the transport, milling and marketing sectors (approximately 9 projects) <i>Price: \$7.982 million</i>
Output 2: Emerging Technologies	
Rapid translation of relevant emerging technologies that will enhance the industry's competitive edge in the global marketplace	Enhanced approaches for sugarcane genetic improvement (approximately 6 projects) Enhanced technological innovation across the sugarcane industry (approximately 9 projects) <i>Price: \$2.924 million</i>
Output 3: People Development	
Development of individuals and networks across the sugarcane industry that enhance the capacity for continuous improvement	Enhanced effectiveness of individuals contributing to the sugarcane industry (approximately 9 projects and 17 scholarships) Enhanced effectiveness of partnerships and networks contributing to the sugarcane industry (approximately 9 projects) <i>Price: \$2.157 million</i>

3.2.3 Evaluations for Outcome

The processes that the Corporation uses in evaluating its outcome and outputs include an annual review of SRDC's performance by the SRDC Board; annual consultations on SRDC's results and performance with the representative bodies and with industry representatives in each region/mill area; and evaluations by the Board of the effectiveness of various groups and types of projects. One specific evaluation planned for 2007-08 is a review of the effectiveness and benefits of SRDC's Grower Group Innovation Projects. In July 2007, the Board will determine any additional evaluations to be conducted in 2007-08. SRDC will also implement the outcomes of reviews conducted in 2006-07 of the SRDC Scholarships Program and of SRDC's Travel and Learning Opportunity projects.

Section 4: Other reporting requirements

4.1 PURCHASER–PROVIDER ARRANGEMENTS

Agencies may need to provide resources to other general government sector bodies, for example in payment for services rendered or as part of cross-agency initiatives. Consequently, the sum of amounts in agency resourcing tables in Budget Paper No. 4, and in the resourcing tables in this document, will not equal total resourcing at the whole-of-government level (as reproduced in Budget Paper No. 1).

The Corporation has no purchaser–provider arrangements.

4.2 COST RECOVERY ARRANGEMENTS

The Corporation has no cost recovery arrangements.

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE

The Corporation has no Australian Government indigenous expenditure.

Section 5: Budgeted financial statements

5.1 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Total revenues are budgeted to decrease marginally in 2007-08 compared with the estimated revenues for 2006-07, reflecting a slight decline in the forecast crop size. However, expenditure will grow by up to 9% in 2007-08 to meet the established outcome and outputs of the corporation while continuing to maintain reserves at an appropriate level.

Cash holdings will decline in 2007-08 due to increased project activity to spend surpluses accumulated in prior years. However, cash at the end of 2007-08 will remain above \$5.0 million, and will represent 46.0% of the following year's forecast expenditure, well within the Corporation's target range of 30-50% of forecast expenditure.

5.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 5.1: Budgeted departmental income statement (for the period ended 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
INCOME					
Revenue					
Revenues from government	10,080	10,696	10,696	10,696	10,696
Goods and services	-	-	-	-	-
Fees and fines	-	-	-	-	-
Interest	450	500	500	500	500
Dividends	-	-	-	-	-
Rents	-	-	-	-	-
Royalties	-	-	-	-	-
Other	-	-	-	-	-
Total revenue	10,530	11,196	11,196	11,196	11,196
Gains					
Foreign exchange gains	-	-	-	-	-
Reversals of previous asset write-downs	-	-	-	-	-
Sale of assets	-	-	-	-	-
Other	-	-	-	-	-
Total gains	-	-	-	-	-
Total income	10,530	11,196	11,196	11,196	11,196
EXPENSE					
Employees	764	833	875	919	965
Suppliers	1,004	1,173	1,220	1,270	1,323
Grants	9,872	11,024	8,910	8,137	8,508
Depreciation and amortisation	31	32	33	33	33
Finance costs	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-
Losses from sale of assets	-	-	-	-	-
Foreign exchange losses	-	-	-	-	-
Other	-	-	-	-	-
Total expenses	11,671	13,062	11,038	10,359	10,829
Share of operating results of associates and joint ventures accounted for using the equity method	-	-	-	-	-

Table 5.1: Budgeted departmental income statement (for the period ended 30 June)—continued

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
Surplus (Deficit) before income tax	(1,141)	(1,866)	158	837	367
Income tax expense	-	-	-	-	-
Surplus/(Deficit)	-	-	-	-	-
Minority interest in surplus (deficit)	-	-	-	-	-
Surplus (deficit) attributable to the Australian Government	(1,141)	(1,866)	158	837	367

Table 5.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
ASSETS					
Financial assets					
Cash and equivalents	810	(1,024)	(863)	(23)	344
Trade and other receivables	518	518	518	518	518
Investments accounted for under the equity method	-	-	-	-	-
Investments	6,129	6,129	6,129	6,129	6,129
Other investments	-	-	-	-	-
Tax assets	-	-	-	-	-
Other	-	-	-	-	-
Total financial assets	7,457	5,623	5,784	6,624	6,991
Non-financial assets					
Land and buildings	6	6	6	6	6
Infrastructure, plant and equipment	75	43	40	37	34
Investment properties	-	-	-	-	-
Inventories	-	-	-	-	-
Intangibles	-	-	-	-	-
Biological assets	-	-	-	-	-
Other	-	-	-	-	-
Total non-financial assets	81	49	46	43	40
Assets held for sale	-	-	-	-	-
Total assets	7,538	5,672	5,830	6,667	7,031
LIABILITIES					
Interest bearing liabilities					
Loans	-	-	-	-	-
Leases	-	-	-	-	-
Deposits	-	-	-	-	-
Other	-	-	-	-	-
Total interest bearing liabilities	-	-	-	-	-
Provisions					
Employees	175	175	175	175	175
Other	-	-	-	-	-
Total provisions	175	175	175	175	175
Payables					
Suppliers	84	84	84	84	84
Grants	274	274	274	274	274
Dividends	-	-	-	-	-
Other	-	-	-	-	-
Total payables	358	358	358	358	358
Liabilities included in disposal groups held for sale	-	-	-	-	-
Total liabilities	533	533	533	533	533
Net assets	7,005	5,139	5,297	6,134	6,498

Table 5.2: Budgeted departmental balance sheet (as at 30 June)—continued

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
EQUITY^a					
Parent entity interest					
Contributed equity	-	-	-	-	-
Reserves	2	2	2	2	2
Retained surpluses or accumulated deficits	7,003	5,137	5,295	6,132	6,496
Total parent entity interest	7,005	5,139	5,297	6,134	6,498
Minority interest					
Contributed equity	-	-	-	-	-
Reserves	-	-	-	-	-
Retained surpluses or accumulated deficits	-	-	-	-	-
Total minority interest	-	-	-	-	-
Total equity	7,005	5,139	5,297	6,134	6,498
Current assets	7,457	5,623	5,784	6,624	6,991
Non-current assets	81	49	46	43	40
Current liabilities	533	533	533	533	533
Non-current liabilities	-	-	-	-	-

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

Table 5.3: Budgeted departmental statement of cash flows (for the period ended 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	-	-	-	-	-
Appropriations	-	-	-	-	-
Interest	450	500	500	500	500
Dividends	-	-	-	-	-
Other	10,167	10,696	10,696	10,696	10,696
Total cash received	10,617	11,196	11,196	11,196	11,196
Cash used					
Employees	(764)	(833)	(875)	(919)	(965)
Suppliers	(1,212)	(1,173)	(1,220)	(1,270)	(1,323)
Grants	(9,821)	(11,024)	(8,910)	(8,137)	(8,508)
Borrowing costs	-	-	-	-	-
Other	-	-	-	-	-
Income taxes paid	-	-	-	-	-
Total cash used	(11,797)	(13,030)	(11,005)	(10,326)	(10,796)
Net cash from or (used by) operating activities	(1,180)	(1,834)	191	870	400
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	-	30	-	-	-
Proceeds from sales of financial instruments	-	-	-	-	-
Investments	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	-	30	-	-	-
Cash used					
Purchase of property, plant and equipment	(30)	(30)	(30)	(30)	(31)
Purchase of financial instruments	-	-	-	-	-
Investments	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	(30)	(30)	(30)	(30)	(31)
Net cash from or (used by) investing activities	(30)	-	(30)	(30)	(31)

Table 5.3: Budgeted departmental statement of cash flows (for the period ended 30 June)—continued

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
FINANCING ACTIVITIES					
Cash received					
Appropriations – contributed equity	-	-	-	-	-
Proceeds from issuing financial instruments	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Repayments of debt	-	-	-	-	-
Dividends paid	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from or (used by) financing activities	-	-	-	-	-
Net increase or (decrease) in cash held	(1,210)	(1,834)	161	840	369
Cash at the beginning of the reporting period	8,149	6,939	5,105	5,266	6,106
Effect of exchange rate movements on cash at the beginning of reporting period	-	-	-	-	-
Cash at the end of the reporting period	6,939	5,105	5,266	6,106	6,475

Table 5.4: Departmental statement of changes in equity — summary of movement (Budget year 2007–08)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2007					
Balance carried forward from previous period	7,003	-	2	-	7,005
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	7,003	-	2	-	7,005
Income and expense					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	-	-	-	-	-
Sub-total income and expense	-	-	-	-	-
Surplus (deficit) for the period	(1,866)	-	-	-	(1,866)
Total income and expenses recognised directly in equity	(1,866)	-	-	-	(1,866)
Transactions with owners					
<i>Distribution to owners</i>					
Returns on capital					
Dividends	-	-	-	-	-
Returns of capital					
Restructuring	-	-	-	-	-
Other	-	-	-	-	-
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	-	-
Other:					
Restructuring	-	-	-	-	-
Sub-total transactions with owners	-	-	-	-	-
Transfers between equity components	-	-	-	-	-
Estimated closing balance as at 30 June 2008	5,137	-	2	-	5,139

Table 5.5: Departmental capital budget statement

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	-	-	-	-
Total loans	-	-	-	-	-
Total capital appropriations	-	-	-	-	-
Represented by:					
Purchase of non-financial assets	-	-	-	-	-
Other	-	-	-	-	-
Total represented by	-	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally by departmental resources	30	30	30	30	31
Total	30	30	30	30	31

Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2007–08)

	Land	Investment property	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2007									
Gross book value	-	-	-	-	107	-	-	-	107
Accumulated depreciation	-	-	-	-	(26)	-	-	-	(26)
Opening net book value	-	-	-	-	81	-	-	-	81
Additions:									
by purchase	-	-	-	-	30	-	-	-	30
by finance lease	-	-	-	-	-	-	-	-	-
internally developed	-	-	-	-	-	-	-	-	-
from acquisitions of entities or operations (including restructuring)	-	-	-	-	-	-	-	-	-
Revaluations and impairment through equity	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	-	-	-	(32)	-	-	-	(32)
Impairments recognised in operating result	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-	-
Disposals:									
from disposal of entities or operations (including restructuring)	-	-	-	-	-	-	-	-	-
other disposals	-	-	-	-	(30)	-	-	-	(30)
As at 30 June 2008									
Gross book value	-	-	-	-	107	-	-	-	107
Accumulated depreciation	-	-	-	-	(58)	-	-	-	(58)
Estimated closing net book value	-	-	-	-	49	-	-	-	49

WHEAT EXPORT AUTHORITY

Section 1: Overview	321
1.1 Summary of agency contributions to outcomes.....	321
Section 2: Resources for 2007–08.....	322
2.1 Appropriations and other resources.....	322
2.2 Budget measures, 2007–08.....	323
2.3 Other resource information	323
Section 3: Outcomes	324
3.1 Summary of outputs and contribution to outcome	324
3.2 Outcome performance information	325
Section 4: Other reporting requirements.....	327
4.1 Purchaser–provider arrangements	327
4.2 Cost recovery arrangements.....	327
4.3 Australian Government indigenous expenditure.....	328
Section 5: Budgeted financial statements.....	329
5.1 Analysis of budgeted financial statements.....	329
5.2 Budgeted financial statements tables	330

WHEAT EXPORT AUTHORITY

Section 1: Overview

The Wheat Export Authority (WEA) is a statutory authority established under the *Wheat Marketing Act 1989* (the Act).

The statutory functions of the WEA are:

- to control the export of wheat from Australia; in practice, the WEA only controls exports in containers and bags by non-AWB (International) Ltd (AWB(I)) exporters.
- to monitor AWB (International) Ltd's (AWB(I)) performance in relation to the export of wheat and examine and report on the benefits to growers that result from that performance.

Under the Act, responsibility for the control of wheat exports rests with the WEA. In practice, the WEA controls the trade of non-AWB(I) exporters who export up to approximately 5 per cent of Australia's total annual wheat exports.

The WEA operates independently of AWB(I) and its subsidiaries in accordance with the provisions of the Act.

The WEA's operations are dependent on revenue received through the Wheat Export Charge (WEC) in accordance with the Primary Industries (Customs) Charges Regulations 2000 and a fee on export consent applications. At the time of preparation of the 2006-07 Portfolio Budget Statements in February 2006, WEC revenue collection was due to cease on 30 June 2006 under a sunset clause in the Regulations. The sunset clause was removed in May 2006.

Although financial information for the General Government Sector is generally based on a 1 July to 30 June reporting cycle, the WEA operates on a 1 October to 30 September reporting cycle as required by section 13 of the Act.

1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOMES

The products and services delivered by the WEA (outputs, products and services) that contribute to achievement of its Outcome are summarised in Table 1.1.

Table 1.1: Contribution to Outcome

Outcome	Output groups
Outcome	
Facilitating the operations of the existing wheat export arrangements and informing government and growers of outcomes.	1. Administration of consents to export wheat 2. Monitoring of AWB (International) Ltd's performance

Section 2: Resources for 2007–08

2.1 APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows the WEA's total resources from all origins for 2007–08, including appropriations.

Ongoing funding for the WEA was established in July 2003 via an amendment to the Act and a number of Regulations. These amendments were required as the initial funding of \$6 million retained from the reserves of the Australian Wheat Board was expected to be fully exhausted by 30 September 2003. From 1 October 2003, operations have been funded by:

- a charge on wheat exports of \$0.22 a tonne (this represents the bulk of funding)
- a \$50 fee for service on applications seeking consent to export wheat.

The total revenue for the WEA in the 2007–08 Budget year is expected to be \$1.819 million based on wheat exports of 7.836 million tonnes plus some allowance for export application fees and revenue interest.

Due to the significant reduction in wheat exports, the WEA advised government in November 2006 that it was expecting an operating loss in the vicinity of \$2 million for the wheat year ending 30 September 2007. The government agreed to provide funding of up to \$1 million to the end of June 2007 to supplement the downturn in income from the WEC due to the drought-affected wheat harvest.

It is not yet known whether the government will provide further funding beyond this period into the 2007–08 financial year, as this is dependent on the government's response to the wheat export inquiry.

Table 2.1: Total resources, 2007–08

Source	Total resources \$'000
Funds from industry sources	
– Levies	1,724
– Export Application Fee	15
Funds from Australian Government	
– Appropriations	-
– Other	-
Funds from other sources	
– Interest	80
– Other	-
Total resources	1,819

Note: At the time of preparation of the PBS, the future of Australia's wheat marketing arrangements was not known, and therefore the revenue from export application fees is based on previous years.

2.2 BUDGET MEASURES, 2007–08

The WEA is not affected by any 2007–08 Budget measure.

2.3 OTHER RESOURCE INFORMATION

The WEA has no administered funds, special appropriations or special accounts.

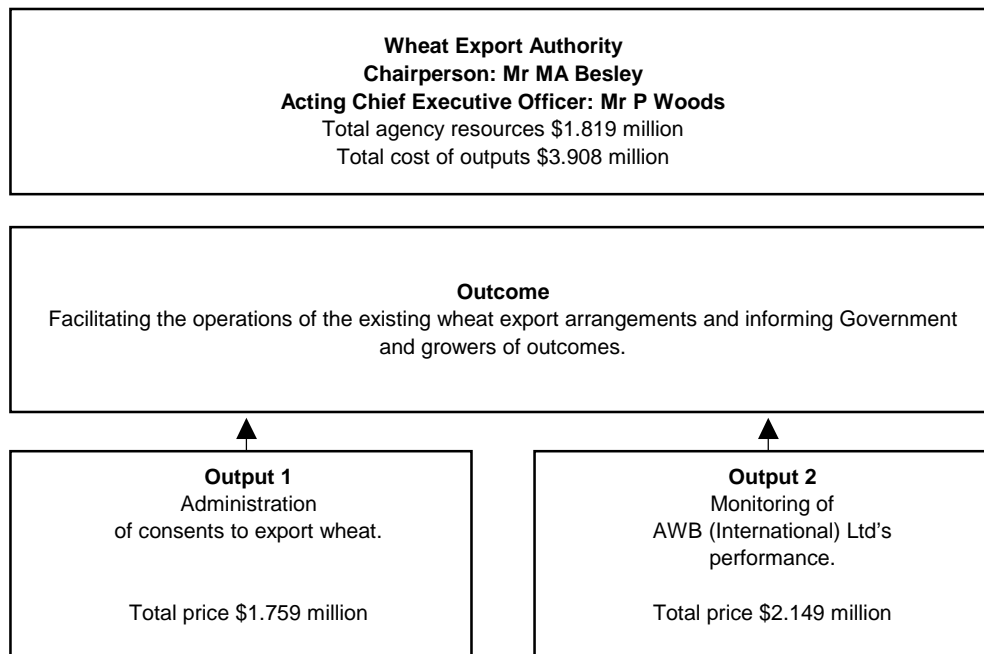
Section 3: Outcomes

This section summarises how the resources identified in Section 2 will be used to contribute to the Outcome of the WEA. Key performance measures and performance evaluation activities are specified for each output. More detailed information on output attributes is maintained by agencies for internal management purposes.

3.1 SUMMARY OF OUTPUTS AND CONTRIBUTION TO OUTCOME

The relationship between activities of the WEA and the outcome is summarised in Figure 1. There has been no change from the 2006–07 Portfolio Budget Statements.

Figure 1: Contributions to Outcome



3.2 OUTCOME PERFORMANCE INFORMATION

3.2.1 Contributions to achievement of Outcome

The WEA does not generally receive direct departmental or administered appropriation from government. However in November 2006 the WEA Board provided advice to the Minister for Agriculture, Fisheries and Forestry that the WEA expected to have an operating loss in the vicinity of \$2 million for the 2006-07 wheat year (1 October 2006 to 30 September 2007³).

Government provided the WEA with a grant of up to \$1 million to supplement traditional funding streams. It is not yet known what supplementary funding may be required beyond this date. Based on current forecasts for wheat exports and expenditure estimates, the WEA will need to request further supplementary funding for the 2007-08 financial year.

It is expected that without this supplementary funding the WEA will exceed its minimum cash reserves in August 2007.

³ The WEA's financial year is from 1 October to 30 September.

3.2.2 Performance information for Outcome 1

Performance information for individual outputs and output groups relating to the WEA are summarised in Table 3.1.

Table 3.1: Performance information for Outcome

Effectiveness—overall achievement of Outcome	
Outcome component	Effectiveness indicator
Stakeholders, in particular the Minister, are kept informed on the operations of the wheat export arrangements.	WEA provides high-quality and timely reports on matters relating to the wheat export arrangements as evidenced by ministerial and industry feedback.
Performance information by output	
Output	Performance indicators
Output 1	
Administration of consents to export wheat	<ul style="list-style-type: none"> improved ability of non-AWB (I) exporters to take advantage of niche and complementary business opportunities revised export consent arrangements complement AWB (I)'s management of the National Pool and returns to growers administrative efficiency of the Export Consent Arrangements (ECA) internal processes improved <p>Price: \$1.759 million</p>
Output 2	
Monitoring of AWB (International) Ltd's performance	<ul style="list-style-type: none"> comprehensive and up-to-date information and data on wheat export markets maintained analysis of AWB (I)'s performance and export consent decisions is timely and accurate improved administrative efficiency of the Performance Management Review internal process <p>Price: \$2.149 million</p>
Outputs 1 and 2 (shared)	
	<ul style="list-style-type: none"> improved stakeholder awareness and understanding of the WEA's roles, responsibilities and performance improved corporate governance processes including information technology and knowledge management systems and financial and human resource management and reporting retention of skilled staff

3.2.3 Evaluations for Outcome

The WEA maintains records to assess its performance in the administration of consents to export wheat. It will also receive and evaluate information on AWB (I)'s operational performance, and where appropriate enhance monitoring processes and output indicators to facilitate the achievement of the Outcome.

In addition the WEA may be affected by the Australian Government's consideration of future wheat export marketing arrangements.

Section 4: Other reporting requirements

4.1 PURCHASER–PROVIDER ARRANGEMENTS

The Wheat Export Authority has no purchaser–provider arrangements.

4.2 COST RECOVERY ARRANGEMENTS

The WEA is a fully cost-recovered agency. The two funding sources, the WEC and a fee for applications for export consent, were introduced on 1 October 2003. The Levies Revenue Service of the Australian Government Department of Agriculture, Fisheries and Forestry collects the revenue from the WEC and charges the WEA a collection fee.

The majority of the WEA's funding comes from the WEC which is currently set at 22 cents per tonne of wheat exported from Australia. The Minister for Agriculture, Fisheries and Forestry determines the rate of the WEC, and is able to alter this rate, following consideration of a recommendation to do so by the Grains Council of Australia (GCA). Under the *Primary Industries (Customs) Charges Act 1999*, the GCA has been declared a designated body for the purposes of the WEC and is required to consult with the WEA before making a recommendation relating to the WEC to the Minister for Agriculture, Fisheries and Forestry.

Schedule 14 Part 5 of the *Primary Industries (Customs) Charges Regulations 2000* imposes the WEC.

The Act provides for the WEA to borrow money, subject to the approval of the Minister for Agriculture, Fisheries and Forestry.

The fee for applications for export consent has been set at \$50 per application. This fee partly recovers the costs associated with assessing and processing applications from non-AWB(I) exporters. The Minister for Agriculture, Fisheries and Forestry determines the level of the fee based on a recommendation from the WEA. The WEA collects the fee when it receives an application. The other costs associated with the export control function, including assessing and processing applications for export consents, are covered by the funds raised by the WEC.

WEA Budget Statement: Other reporting requirements

Legislative authority

Primary Industries (Customs) Charges Act 1999

Primary Industries (Customs) Charges Regulations 2000

Primary Industries Levies and Charges Collection Act 1991

Primary Industries Levies and Charges Collection Regulations 1991

Wheat Marketing Act 1989

Wheat Marketing Regulations 1990

Summary of cost recovery impact statement

The funding arrangements for the WEA are subject to the Australian Government Cost Recovery Guidelines.

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE

The WEA has no Indigenous expenditure.

Section 5: Budgeted financial statements

5.1 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Revenue

The WEA's funding is generally derived from three sources: a charge on wheat exports, a fee on applications seeking consent to export wheat, and interest income.

On the assumption of a WEC of 22 cents per tonne and other income sources over the 12 months to 30 June 2008, total revenue is forecast as \$1.819 million.

Expenditure

In 2007-08, total expenditure is expected to be \$3.908 million.

5.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 5.1: Budgeted departmental income statement (for the period ended 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
INCOME					
Revenue					
Revenues from government	1,660	-	-	-	-
Goods and services	11	1,724	-	-	-
Fees and fines	-	-	-	-	-
Interest	6	80	-	-	-
Dividends	-	-	-	-	-
Rents	-	-	-	-	-
Royalties	-	-	-	-	-
Other	1	15	-	-	-
Total revenue	1,678	1,819	-	-	-
Gains					
Foreign exchange gains	-	-	-	-	-
Reversals of previous asset write-downs	-	-	-	-	-
Sale of assets	-	-	-	-	-
Other	-	-	-	-	-
Total gains	-	-	-	-	-
Total income	1,678	1,819	-	-	-
EXPENSE					
Employees	1,545	2,183	-	-	-
Suppliers	821	1,569	-	-	-
Grants	-	-	-	-	-
Depreciation and amortisation	98	155	-	-	-
Finance costs	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-
Losses from sale of assets	-	-	-	-	-
Foreign exchange losses	-	-	-	-	-
Other	-	-	-	-	-
Total expenses	2,464	3,907	-	-	-
Share of operating results of associates and joint ventures accounted for using the equity method	-	-	-	-	-

Table 5.1: Budgeted departmental income statement (for the period ended 30 June)—continued

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
Surplus (Deficit) before income tax	(786)	(2,088)	-	-	-
Income tax expense	-	-	-	-	-
Surplus/(Deficit)	-	-	-	-	-
Minority interest in surplus (deficit)	-	-	-	-	-
Surplus (deficit) attributable to the Australian Government	(786)	(2,088)	-	-	-

Table 5.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
ASSETS					
Financial assets					
Cash and equivalents	772	(996)	-	-	-
Trade and other receivables	3	254	-	-	-
Investments accounted for under the equity method	-	-	-	-	-
Investments	-	-	-	-	-
Other investments	-	-	-	-	-
Tax assets	-	-	-	-	-
Other	-	15	-	-	-
Total financial assets	775	(727)	-	-	-
Non-financial assets					
Land and buildings	10	5	-	-	-
Infrastructure, plant and equipment	91	66	-	-	-
Investment properties	-	-	-	-	-
Inventories	-	-	-	-	-
Intangibles	138	2	-	-	-
Biological assets	-	-	-	-	-
Other	-	-	-	-	-
Total non-financial assets	239	73	-	-	-
Assets held for sale	-	-	-	-	-
Total assets	1,014	(654)	-	-	-
LIABILITIES					
Interest bearing liabilities					
Loans	-	-	-	-	-
Leases	-	-	-	-	-
Deposits	-	-	-	-	-
Other	-	-	-	-	-
Total interest bearing liabilities	-	-	-	-	-
Provisions					
Employees	107	155	-	-	-
Other	-	-	-	-	-
Total provisions	107	155	-	-	-
Payables					
Suppliers	303	175	-	-	-
Grants	-	-	-	-	-
Dividends	-	-	-	-	-
Other	-	-	-	-	-
Total payables	303	175	-	-	-
Liabilities included in disposal groups held for sale	-	-	-	-	-
Total liabilities	410	330	-	-	-
Net assets	604	(984)	-	-	-

Table 5.2: Budgeted departmental balance sheet (as at 30 June)—continued

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
EQUITY^a					
Parent entity interest					
Contributed equity	6,000	6,000	-	-	-
Reserves	-	-	-	-	-
Retained surpluses or accumulated deficits	(5,396)	(6,984)	-	-	-
Total parent entity interest	604	(984)	-	-	-
Minority interest					
Contributed equity	-	-	-	-	-
Reserves	-	-	-	-	-
Retained surpluses or accumulated deficits	-	-	-	-	-
Total minority interest	-	-	-	-	-
Total equity	604	(984)	-	-	-
Current assets	775	(727)	-	-	-
Non-current assets	239	73	-	-	-
Current liabilities	263	255	-	-	-
Non-current liabilities	147	75	-	-	-

a Note: 'Equity' is the residual interest in assets after deduction of liabilities.

Table 5.3: Budgeted departmental statement of cash flows (for the period ended 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	11	1,724	-	-	-
Appropriations	-	-	-	-	-
Interest	6	80	-	-	-
Dividends	-	-	-	-	-
Other	1,661	15	-	-	-
Total cash received	1,678	1,819	-	-	-
Cash used					
Employees	1,545	2,102	-	-	-
Suppliers	821	1,767	-	-	-
Grants	-	-	-	-	-
Borrowing costs	-	-	-	-	-
Other	-	-	-	-	-
Income taxes paid	-	-	-	-	-
Total cash used	2,366	3,869	-	-	-
Net cash from or (used by) operating activities	(688)	(2,050)	-	-	-
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	-	-	-	-	-
Proceeds from sales of financial instruments	-	-	-	-	-
Investments	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment	10	30	-	-	-
Purchase of financial instruments	-	-	-	-	-
Investments	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	10	30	-	-	-
Net cash from or (used by) investing activities	(10)	(30)	-	-	-

Table 5.3: Budgeted departmental statement of cash flows (for the period ended 30 June)—continued

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
FINANCING ACTIVITIES					
Cash received					
Appropriations – contributed equity	-	-	-	-	-
Proceeds from issuing financial instruments	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Repayments of debt	-	-	-	-	-
Dividends paid	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from or (used by) financing activities	-	-	-	-	-
Net increase or (decrease) in cash held	(698)	(2,080)	-	-	-
Cash at the beginning of the reporting period	1,470	1,084	-	-	-
Effect of exchange rate movements on cash at the beginning of reporting period	-	-	-	-	-
Cash at the end of the reporting period	772	(996)	-	-	-

Table 5.4: Departmental statement of changes in equity — summary of movement (Budget year 2007–08)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2007					
Balance carried forward from previous period	(6,984)	-	-	6,000	(984)
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	(6,984)	-	-	6,000	(984)
Income and expense					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	-	-	-	-	-
Sub-total income and expense	-	-	-	-	-
Surplus (deficit) for the period	-	-	-	-	-
Total income and expenses recognised directly in equity	-	-	-	-	-
Transactions with owners					
<i>Distribution to owners</i>					
Returns on capital					
Dividends	-	-	-	-	-
Returns of capital					
Restructuring	-	-	-	-	-
Other	-	-	-	-	-
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	-	-
Other:					
Restructuring	-	-	-	-	-
Sub-total transactions with owners	-	-	-	-	-
Transfers between equity components	-	-	-	-	-
Estimated closing balance as at 30 June 2008	(6,984)	-	-	6,000	(984)

Table 5.5: Departmental capital budget statement

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	-	-	-	-
Total loans	-	-	-	-	-
Total capital appropriations	-	-	-	-	-
Represented by:					
Purchase of non-financial assets	-	-	-	-	-
Other	-	-	-	-	-
Total represented by	-	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally by departmental resources	10	30	-	-	-
Total	10	30	-	-	-

Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2007–08)

	Land	Investment property	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2007									
Gross book value	-	-	13	-	183	-	-	346	542
Accumulated depreciation	-	-	4	-	96	-	-	243	343
Opening net book value	-	-	9	-	87	-	-	103	199
Additions:									
by purchase	-	-	-	-	27	-	-	3	30
by finance lease	-	-	-	-	-	-	-	-	-
internally developed	-	-	-	-	-	-	-	-	-
from acquisitions of entities or operations (including restructuring)	-	-	-	-	-	-	-	-	-
Revaluations and impairment through equity	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	-	4	-	47	-	-	104	155
Impairments recognised in operating result	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-	-
Disposals:									
from disposal of entities or operations (including restructuring)	-	-	-	-	-	-	-	-	-
other disposals	-	-	-	-	-	-	-	-	-
As at 30 June 2008									
Gross book value	-	-	5	-	67	-	-	2	74
Accumulated depreciation	-	-	-	-	-	-	-	-	-
Estimated closing net book value	-	-	5	-	67	-	-	2	74

GLOSSARY

Accrual accounting	System of accounting where items are brought to account and included in the financial statements as they are earned or incurred, rather than as they are received or paid.
Accumulated depreciation	The aggregate depreciation recorded for a particular depreciating asset.
Administered	Revenues, expenses, assets or liabilities managed by agencies on behalf of the Commonwealth. Agencies do not control administered items. Administered expenses include grants, subsidies and benefits. In many cases, administered expenses fund the delivery of third party outputs.
Additional estimates	Where amounts appropriated at Budget time are insufficient, Parliament may appropriate more funds to portfolios through the Additional Estimates Acts.
Appropriation	An authorisation by Parliament to spend moneys from the Consolidated Revenue Fund for a particular purpose.
Annual Appropriation	Two appropriation Bills are introduced into Parliament in May and comprise the Budget for the financial year beginning 1 July. Further Bills are introduced later in the financial year as part of the additional estimates. Parliamentary departments have their own appropriations.
Capital expenditure	Expenditure by an agency on capital projects, for example purchasing a building.
Consolidated Revenue Fund	Section 81 of the Constitution stipulates that all revenue raised or money received by the Commonwealth forms the one consolidated revenue fund (CRF).
Departmental	Revenue, expenses, assets and liabilities that are controlled by the agency 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.

Glossary

Depreciation	Apportionment of an asset's capital value as an expense over its estimated useful life to take account of normal usage, obsolescence, or the passage of time.
Effectiveness indicators	Measures the joint or independent contribution of outputs and administered items to the achievement of their specified outcome.
Efficiency indicators	Measures the adequacy of an agency's management of its outputs (and where applicable, administered items). Includes price, quality and quantity indicators. The interrelationship between the three efficiency indicators of any one output should be considered when judging efficiency.
Equity or net assets	Residual interest in the assets of an entity after deduction of its liabilities.
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.
Intermediate outcomes	More specific medium-term impacts (for example, trend data, targets or milestones) below the level of the planned outcomes specified in the Budget. A combination of several intermediate outcomes can at times be considered as a proxy for determining the achievement of outcomes or progress towards outcomes. (<i>see outcomes</i>)
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.

Output groups	A logical aggregation of agency outputs, where useful, and based either on homogeneity, type of product, business line or beneficiary target group. Aggregation of outputs may also be needed for the provision of adequate information for performance monitoring, or based on a materiality test.
Outputs	The goods and services produced by agencies on behalf of government for external organisations or individuals. Outputs also include goods and services for other areas of government external to the agency.
Price	One of the three key efficiency indicators. The amount the government or the community pays for the delivery of agreed outputs.
Quality	One of the three key efficiency indicators. Relates to the characteristics by which customers or stakeholders judge an organisation, product or service. Assessment of quality involves use of information gathered from interested parties to identify differences between user's expectations and experiences.
Quantity	One of the three key efficiency indicators. Examples include: the size of an output; count or volume measures; how many or how much.
Revenue	Total value of resources earned or received to cover the production of goods and services.
Special Account	Balances existing within the Consolidated Revenue Fund (CRF) that are supported by standing appropriations (<i>Financial Management and Accountability (FMA) Act 1997</i> , subsection 20 and 21). Special accounts allow money in the CRF to be acknowledged as set-aside (hypothecated) for a particular purpose. Amounts credited to a Special Account may only be spent for the purposes of the Special Account. Special Accounts can only be established by a written determination of the Finance Minister (section 20 FMA Act) or through an Act of Parliament (referred to in section 21 of the FMA Act).

Glossary

Special
Appropriations
(including Standing
Appropriations)

An amount of money appropriated by a particular Act of Parliament for a specific purpose and number of years. For special appropriations the authority to withdraw funds from the Consolidated Revenue Fund does not generally cease at the end of the financial year.

Standing appropriations are a sub-category consisting of ongoing special appropriations – the amount appropriated will depend on circumstances specified in the legislation.

INDEX

- accrual-based budgeting framework, xii
- administered assets and liabilities
 - DAFF, 82–83
- administered cash flows
 - DAFF, 84–85
- administered funds, movement during year
 - DAFF, 21
- administered income and expenses
 - DAFF, 81
- agency financial statements, components, xiii–xiv
- analysis of budgeted financial statements
 - AFMA, 101
 - APVMA, 121–122
 - AWBC, 142–143
 - Biosecurity Australia, 167
 - CRDC, 188
 - DAFF, 70–71
 - FRDC, 207
 - GRDC, 229
 - GWRDC, 245
 - LWA, 268
 - RIRDC, 288
 - SRDC, 309
 - WEA, 329
- Australian Fisheries Management Authority**
 - analysis of budgeted financial statements, 101
 - budgeted financial statements, 101–107
 - contribution to portfolio outcomes, 90
 - contributions to achievement of outcome, 95
 - cost recovery arrangements, 99–100
 - departmental balance sheet, 103
 - departmental capital budget statement, 106
 - departmental income statement, 102
 - departmental property, plant, equipment and intangibles, 107
 - departmental statement of cash flows, 104
 - departmental statement of changes in equity, 105
 - evaluations, 98
 - Indigenous expenditure, 100
 - other resources available to be used, 92
 - outputs and output groups, 90
 - outputs, contribution to outcomes, 93–94
 - overview, 89–90
 - performance information, 95–97
 - purchaser–provider arrangements, 99
 - total resources, 91
- Australian Pesticides and Veterinary Medicines Authority**
 - analysis of budgeted financial statements, 121–122
 - budgeted financial statements, 121–128
 - contribution to portfolio outcomes, 111
 - contributions to achievement of outcome, 116
 - cost recovery arrangements, 120
 - departmental balance sheet, 124
 - departmental capital budget statement, 127
 - departmental income statement, 123
 - departmental property, plant, equipment and intangibles, 128
 - departmental statement of cash flows, 125
 - departmental statement of changes in equity, 126
 - evaluations, 117–118
 - Indigenous expenditure, 120
 - other resources available to be used, 112
 - outputs and output groups, 111
 - outputs, contribution to outcomes, 114–115
 - overview, 111
 - performance information, 116–117
 - purchaser–provider arrangements, 119–120
 - total resources, 112
- Australian Wine and Brandy Corporation**
 - analysis of budgeted financial statements, 142–143
 - budgeted financial statements, 142–153
 - contribution to portfolio outcomes, 134
 - contributions to achievement of outcome, 138
 - cost recovery arrangements, 140–141
 - departmental balance sheet, 146–147
 - departmental capital budget statement, 151
 - departmental income statement, 144–145

Index

- departmental property, plant, equipment and intangibles, 152
 - departmental statement of cash flows, 148–149
 - departmental statement of changes in equity, 150
 - evaluations, 139
 - Indigenous expenditure, 141
 - notes to the financial statements, 153
 - other resources available to be used, 135
 - outputs and output groups, 134
 - outputs, contribution to outcomes, 137
 - overview, 131–134
 - performance information, 139
 - purchaser–provider arrangements, 140
 - total resources, 135
- Biosecurity Australia**
- administered funds, movement
 - analysis of budgeted financial statements, 167
 - appropriations and other resources, 159–160
 - Budget measures, 161, 164
 - budgeted financial statements, 167–173
 - contribution to portfolio outcomes, 158
 - cost recovery arrangements, 166
 - departmental balance sheet, 169
 - departmental capital budget statement, 172
 - departmental income statement, 168
 - departmental property, plant, equipment and intangibles, 173
 - departmental statement of cash flows, 170
 - departmental statement of changes in equity, 171
 - evaluations, 165
 - Indigenous expenditure, 166
 - other resources available to be used, 162
 - outputs and output groups, 158
 - outputs, contribution to outcomes, 163
 - overview, 157
 - performance information, 164–165
 - purchaser–provider arrangements, 166
 - resources, total for outcome, 164
- Budget measures
- Biosecurity Australia, 161, 164
 - DAFF, 17–18, 31
- budgeted financial statements
- AFMA, 101–107
 - APVMA, 121–128
 - AWBC, 142–153
 - Biosecurity Australia, 167–173
 - CRDC, 188–194
 - DAFF, 70–85
 - FRDC, 207–211
 - GRDC, 229–234
 - GWRDC, 245–254
 - LWA, 268–274
 - RIRDC, 288–297
 - SRDC, 309–318
 - WEA, 329–338
- cost recovery arrangements
- AFMA, 99–100
 - APVMA, 120
 - AWBC, 140–141
 - Biosecurity Australia, 166
 - CRDC, 187
 - DAFF, 62–68
 - FRDC, 206
 - GRDC, 228
 - GWRDC, 244
 - LWA, 267
 - RIRDC, 287
 - SRDC, 308
 - WEA, 327–328
- Cotton Research and Development Corporation**
- analysis of budgeted financial statements, 188
 - budgeted financial statements, 188–194
 - contribution to portfolio outcomes, 179
 - contributions to achievement of outcome, 183
 - cost recovery arrangements, 187
 - departmental balance sheet, 190
 - departmental capital budget statement, 193
 - departmental income statement, 189
 - departmental property, plant, equipment and intangibles, 194
 - departmental statement of cash flows, 191
 - departmental statement of changes in equity, 192
 - evaluations, 185
 - Indigenous expenditure, 187
 - other resources available to be used, 181
 - outputs and output groups, 179
 - outputs, contribution to outcomes, 182
 - overview, 177–178
 - performance information, 183–184
 - purchaser–provider arrangements, 186
 - total resources, 180

- Department of Agriculture, Fisheries and Forestry**
- administered assets and liabilities, 82–83
 - administered cash flows, 84–85
 - administered expenses, estimates, 25–27
 - administered funds, movement, 21
 - administered income and expenses, 81
 - analysis of budgeted financial statements, 70–71
 - appropriations and other resources, 15–16
 - Budget measures, 17–18, 31
 - budgeted financial statements, 70–85
 - contribution to portfolio outcomes, 13–14
 - contributions to achievement of outcome, 31–32
 - cost recovery arrangements, 62–68
 - departmental balance sheet, 74–75
 - departmental capital budget statement, 79
 - departmental income statement, 72–73
 - departmental property, plant, equipment and intangibles, 80
 - departmental statement of cash flows, 76–77
 - departmental statement of changes in equity, 78
 - evaluations, 55
 - Indigenous expenditure, 69
 - key priorities for 2007–08, 32–42
 - other resources available to be used, 19–20
 - outputs and output groups, 13–14
 - outputs, contribution to outcomes, 28–29
 - overview, 13
 - performance information, 43–54
 - purchaser–provider arrangements, 56–61
 - resources, total for outcome, 30
 - special accounts, estimates of movements, 23–24
 - special appropriations, 22–23
 - departmental and administered items, distinction, xii
 - departmental balance sheet
 - AFMA, 103
 - APVMA, 124
 - AWBC, 146–147
 - Biosecurity Australia, 169
 - CRDC, 190
 - DAFF, 74–75
 - FRDC, 208
 - GRDC, 231
 - GWRDC, 248–249
 - LWA, 270
 - RIRDC, 291–292
 - SRDC, 312–313
 - WEA, 332–333
 - departmental capital budget statement
 - AFMA, 106
 - APVMA, 127
 - AWBC, 151
 - Biosecurity Australia, 172
 - CRDC, 193
 - DAFF, 79
 - FRDC, 210
 - GRDC, 233
 - GWRDC, 253
 - LWA, 273
 - RIRDC, 296
 - SRDC, 317
 - WEA, 337
 - departmental income statement
 - AFMA, 102
 - APVMA, 123
 - AWBC, 144–145
 - Biosecurity Australia, 168
 - CRDC, 189
 - DAFF, 72–73
 - FRDC, 207
 - GRDC, 230
 - GWRDC, 246–247
 - LWA, 269
 - RIRDC, 289–290
 - SRDC, 310–311
 - WEA, 330–331
 - departmental property, plant, equipment and intangibles
 - AFMA, 107
 - APVMA, 128
 - AWBC, 152
 - Biosecurity Australia, 173
 - CRDC, 194
 - DAFF, 80
 - FRDC, 211
 - GRDC, 234
 - GWRDC, 254
 - LWA, 274
 - RIRDC, 297
 - SRDC, 318
 - WEA, 338
 - departmental statement of cash flows
 - AFMA, 104
 - APVMA, 125

Index

- AWBC, 148–149
- Biosecurity Australia, 170
- CRDC, 191
- DAFF, 76–77
- FRDC, 209
- GRDC, 232
- GWRDC, 250–251
- LWA, 271
- RIRDC, 293–294
- SRDC, 314–315
- WEA, 334–335
- departmental statement of changes in equity
 - AFMA, 105
 - APVMA, 126
 - AWBC, 150
 - Biosecurity Australia, 171
 - CRDC, 192
 - DAFF, 78
 - FRDC, 210
 - GRDC, 233
 - GWRDC, 252
 - LWA, 272
 - RIRDC, 295
 - SRDC, 316
 - WEA, 336
- evaluations, agency
 - AFMA, 98
 - APVMA, 117–118
 - AWBC, 139
 - Biosecurity Australia, 165
 - CRDC, 185
 - DAFF, 55
 - FRDC, 205
 - GRDC, 227
 - GWRDC, 242
 - LWA, 266
 - RIRDC, 285
 - SRDC, 307
 - WEA, 326
- Fisheries Research and Development Corporation**
 - analysis of budgeted financial statements, 207
 - budgeted financial statements, 207–211
 - contribution to portfolio outcomes, 199
 - contributions to achievement of outcome, 202
 - cost recovery arrangements, 206
 - departmental balance sheet, 208
 - departmental capital budget statement, 210
 - departmental income statement, 207
 - departmental property, plant, equipment and intangibles, 211
 - departmental statement of cash flows, 209
 - departmental statement of changes in equity, 210
 - evaluations, 205
 - Indigenous expenditure, 206
 - other resources available to be used, 200
 - outputs and output groups, 199
 - outputs, contribution to outcomes, 201
 - overview, 197–198
 - performance information, 202–205
 - purchaser–provider arrangements, 206
 - total resources, 200
- Grains Research and Development Corporation**
 - analysis of budgeted financial statements, 229
 - budgeted financial statements, 229–234
 - contribution to portfolio outcomes, 216
 - contributions to achievement of outcome, 220–221
 - cost recovery arrangements, 228
 - departmental balance sheet, 231
 - departmental capital budget statement, 233
 - departmental income statement, 230
 - departmental property, plant, equipment and intangibles, 234
 - departmental statement of cash flows, 232
 - departmental statement of changes in equity, 233
 - evaluations, 227
 - Indigenous expenditure, 228
 - other resources available to be used, 217
 - outputs and output groups, 216
 - outputs, contribution to outcomes, 219–220
 - overview, 215–216
 - performance information, 222–226
 - purchaser–provider arrangements, 228
 - total resources, 217
- Grape and Wine Research and Development Corporation**
 - analysis of budgeted financial statements, 245
 - budgeted financial statements, 245–254

- contribution to portfolio outcomes, 238
 - contributions to achievement of outcome, 241
 - cost recovery arrangements, 244
 - departmental balance sheet, 248–249
 - departmental capital budget statement, 253
 - departmental income statement, 246–247
 - departmental property, plant, equipment and intangibles, 254
 - departmental statement of cash flows, 250–251
 - departmental statement of changes in equity, 252
 - evaluations, 242
 - Indigenous expenditure, 244
 - other resources available to be used, 239
 - outputs and output groups, 238
 - outputs, contribution to outcomes, 240
 - overview, 237–238
 - performance information, 241–242
 - purchaser–provider arrangements, 243
 - total resources, 239
- Indigenous expenditure**
- AFMA, 100
 - APVMA, 120
 - AWBC, 141
 - Biosecurity Australia, 166
 - CRDC, 187
 - DAFF, 69
 - FRDC, 206
 - GRDC, 228
 - GWRDC, 244
 - LWA, 267
 - RIRDC, 287
 - SRDC, 308
 - WEA, 328
- Land and Water Australia**
- analysis of budgeted financial statements, 268
 - budgeted financial statements, 268–274
 - contribution to portfolio outcomes, 257
 - contributions to achievement of outcome, 262
 - cost recovery arrangements, 267
 - departmental balance sheet, 270
 - departmental capital budget statement, 273
 - departmental income statement, 269
 - departmental property, plant, equipment and intangibles, 274
 - departmental statement of cash flows, 271
 - departmental statement of changes in equity, 272
 - evaluations, 266
 - Indigenous expenditure, 267
 - other resources available to be used, 258
 - outputs and output groups, 257
 - outputs, contribution to outcomes, 260–261
 - overview, 257
 - performance information, 262–265
 - purchaser–provider arrangements, 267
 - total resources, 258
- notes to the financial statements**
- AWBC, 153
- other resources available to be used**
- AFMA, 92
 - APVMA, 112
 - AWBC, 135
 - Biosecurity Australia, 162
 - CRDC, 181
 - DAFF, 19–20
 - FRDC, 200
 - GRDC, 217
 - GWRDC, 239
 - LWA, 258
 - RIRDC, 279
 - SRDC, 302
- outputs, contribution to outcomes**
- AFMA, 93–94
 - APVMA, 114–115
 - AWBC, 137
 - Biosecurity Australia, 163
 - CRDC, 182
 - DAFF, 28–29
 - FRDC, 201
 - GRDC, 219–220
 - GWRDC, 240
 - LWA, 260–261
 - RIRDC, 281–282
 - SRDC, 304–305
 - WEA, 324
- overviews, agencies**
- AFMA, 89–90
 - APVMA, 111
 - AWBC, 131–134
 - Biosecurity Australia, 157
 - CRDC, 177–178

Index

- DAFF, 13
- FRDC, 197-198
- GRDC, 215-216
- GWRDC, 237-238
- LWA, 257
- RIRDC, 277
- SRDC, 301
- WEA, 321
- performance information
 - AFMA, 95-97
 - APVMA, 116-117
 - AWBC, 139
 - Biosecurity Australia, 164-165
 - CRDC, 183-184
 - DAFF, 43-54
 - FRDC, 202-205
 - GRDC, 222-226
 - GWRDC, 241-242
 - LWA, 262-265
 - RIRDC, 284
 - SRDC, 306-307
 - WEA, 326
- portfolio
 - appropriations and variations, 4
 - Indigenous expenditure, 6
 - overview, 1-7
 - responsibilities, 3-4
 - structure and outcomes, 5
- Portfolio Budget Statements
 - purpose, ix
 - relationship to Budget papers, xi
 - structure, x
- purchaser-provider arrangements
 - AFMA, 99
 - APVMA, 119-120
 - AWBC, 140
 - Biosecurity Australia, 166
 - CRDC, 186
 - DAFF, 56-61
 - FRDC, 206
 - GRDC, 228
 - GWRDC, 243
 - LWA, 267
 - RIRDC, 286
 - SRDC, 308
 - WEA, 327
- resources, total for outcome
 - Biosecurity Australia, 164
 - DAFF, 30
- Rural Industries Research and Development Corporation**
 - analysis of budgeted financial statements, 288
 - budgeted financial statements, 288-297
 - contribution to portfolio outcomes, 278
 - contributions to achievement of outcome, 283
 - cost recovery arrangements, 287
 - departmental balance sheet, 291-292
 - departmental capital budget statement, 296
 - departmental income statement, 289-290
 - departmental property, plant, equipment and intangibles, 297
 - departmental statement of cash flows, 293-294
 - departmental statement of changes in equity, 295
 - evaluations, 285
 - Indigenous expenditure, 287
 - other resources available to be used, 279
 - outputs and output groups, 278
 - outputs, contribution to outcomes, 281-282
 - overview, 277
 - performance information, 284
 - purchaser-provider arrangements, 286
 - total resources, 279
- special accounts, estimates of movements
 - DAFF, 23-24
- special appropriations
 - DAFF, 22-23
- Sugar Research and Development Corporation**
 - analysis of budgeted financial statements, 309
 - budgeted financial statements, 309-318
 - contribution to portfolio outcomes, 301
 - contributions to achievement of outcome, 306
 - cost recovery arrangements, 308
 - departmental balance sheet, 312-313
 - departmental capital budget statement, 317
 - departmental income statement, 310-311
 - departmental property, plant, equipment and intangibles, 318
 - departmental statement of cash flows, 314-315

- departmental statement of changes in equity, 316
- evaluations, 307
- Indigenous expenditure, 308
- other resources available to be used, 302
- outputs and output groups, 301
- outputs, contribution to outcomes, 304–305
- overview, 301
- performance information, 306–307
- purchaser–provider arrangements, 308
- total resources, 302

Wheat Export Authority

- analysis of budgeted financial statements, 329
- budgeted financial statements, 329–338
- contribution to portfolio outcomes, 321
- contributions to achievement of outcome, 325
- cost recovery arrangements, 327–328
- departmental balance sheet, 332–333
- departmental capital budget statement, 337
- departmental income statement, 330–331
- departmental property, plant, equipment and intangibles, 338
- departmental statement of cash flows, 334–335
- departmental statement of changes in equity, 336
- evaluations, 326
- Indigenous expenditure, 328
- outputs and output groups, 321
- outputs, contribution to outcomes, 324
- overview, 321
- performance information, 326
- purchaser–provider arrangements, 327
- total resources, 322–323