



PORTFOLIO BUDGET STATEMENTS 2004-05

AGRICULTURE, FISHERIES AND FORESTRY PORTFOLIO

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

BUDGET RELATED PAPER NO. 1.1

2004-05 BUDGET PAPERS

Budget Speech

- No. 1 Budget Strategy and Outlook 2004-05
Contains information on the economic and financial outlook, together with information on the fiscal strategy.
- No. 2 Budget Measures 2004-05
Provides a comprehensive statement on the budget expense, revenue and capital measures in the 2004-05 Budget.
- No. 3 Federal Financial Relations 2004-05
Provides information on the Australian Government's financial relations with the States, Territories and local government.
- No. 4 Agency Resourcing 2004-05
Contains information on resourcing for Australian Government agencies (including the Appropriation Bills Nos. 1 and 2 and the Appropriation (Parliamentary Departments) Bill No. 1).

2004-05 BUDGET RELATED PAPERS

- No. 1 Portfolio Budget Statements
Detailed information on the expected financial position of each Australian Government agency for 2004-05.

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HON WARREN TRUSS 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 2004-05 Budget for the Agriculture, Fisheries and Forestry Portfolio.

The Portfolio Budget Statements set out:

- the outcomes and outputs developed for the portfolio;
- the portfolio's administered items;
- information on budget measures affecting portfolio outcomes; and
- the performance indicators and evaluations to be used to assess performance against portfolio outcomes.

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 'Warren Truss', written in a cursive style.

WARREN TRUSS

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PART A:

USER GUIDE

USER GUIDE

INTRODUCTION

The purpose of the 2004-05 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 bills, special appropriations, standing appropriations (including 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 2004-05 (or Appropriation Bill [Parliamentary Departments] No. 1 2004-05 for the parliamentary departments). In this sense the PB Statements is officially a Budget Related Paper and is declared by the Appropriation Bills to be a 'relevant document' to the interpretation of the Bills according to section 15AB of the *Acts Interpretation Act 1901*.

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

STRUCTURE OF THE PORTFOLIO BUDGET STATEMENTS

The PB Statements are presented in four parts as outlined below.

Part A: User Guide

Provides an introduction explaining the purpose of the PB Statements as well as information in relation to the structure of the document, styles and conventions used.

Part B: Portfolio Overview

Provides a brief overview of the portfolio. Portfolio outcomes are depicted in a chart that outlines the structure of the outcomes to which the portfolio contributes.

Part C: Australian Government Department of Agriculture, Fisheries and Forestry Budget Statements

Section 1: Overview, appropriations, and budget measures summary

Section 1 provides a brief overview of the agency, details agency appropriations and summarises, where applicable, Budget measures. This section describes the link between the resources appropriated and their application to the outputs the agency delivers to contribute to the achievement of the specified Outcome. Similarly, there is a description of the link between resources appropriated and their application to the

Part A: User Guide

administered items the agency manages on behalf of government to contribute to the achievement of the specified Outcome.

Section 2: Outcome and outputs information

Section 2 provides a brief description of the specified outcome and, where applicable, Budget measures. The section also provides details of resourcing, outlining both of the administered and departmental appropriations, how the outputs contribute to the outcome, performance information for the outcome, outputs and administered items, and planned evaluations. Upcoming competitive tendering and contracting that is of a material or sensitive nature is noted here.

Section 3: Budgeted financial statements

Section 3 contains the budgeted financial statements in accrual format covering budget year, previous year and the three out-years for each agency.

Section 4: Purchaser-provider and cost recovery arrangements

Section 4 is presented in two parts. The first part discloses, where relevant, purchaser/provider arrangements that the agency has entered into with other agencies. The second part discloses, where relevant, cost recovery arrangements according to the Commonwealth Cost Recovery Policy, and a summary of the agency's Cost Recovery Impact Statement, where applicable.

Part D: Other Portfolio Body Budget Statements

Information for all other statutory bodies within the Portfolio is provided in a format consistent with that described for Part C.

A glossary and index are provided at the end of the document.

STYLES AND CONVENTIONS USED

(a) The following notation may be used:

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

(b) 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.

(c) The following acronyms may be used:

AAA	Agriculture – Advancing Australia
AAHL	Australian Animal Health Laboratory
ABARE	Australian Bureau of Agricultural and Resource Economics
AFMA	Australian Fisheries Management Authority
AQIS	Australian Quarantine and Inspection Service
ANAO	Australian National Audit Office
BAA	Backing Australia’s Ability
BRS	Bureau of Rural Sciences
CRDC	Cotton Research and Development Corporation
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DAFF	Australian Government Department of Agriculture, Fisheries and Forestry
DITR	Australian Government Department of Industry, Tourism and Resources
FAO	(United Nations) Food and Agriculture Organisation
FRDC	Fisheries Research and Development Corporation
FRRF	Fisheries Resources Research Fund
FWPRDC	Forest and Wood Products Research and Development Corporation
GAB	Great Artesian Basin
GRDC	Grains Research and Development Corporation
GST	Goods and Services Tax
GWRDC	Grape and Wine Research and Development Corporation
IRA	Import Risk Analysis
LWA	Land and Water Australia
MDB	Murray Darling Basin
MOU	Memorandum of Understanding
MYEFO	Mid Year Economic Fiscal Outlook
NFIS	National Food Industry Strategy
NRA	National Registration Authority for Agricultural and Veterinary Chemicals
NRS	National Residue Survey
PBR	Plant Breeders Rights
R&D	Research and Development
RDC	Research and Development Corporation
RIRDC	Rural Industries Research and Development Corporation
SMA	Statutory Marketing Authority
SRDC	Sugar Research and Development Corporation
UPOV	International Convention for the Protection of New Varieties of Plants
WEA	Wheat Export Authority
WTO	World Trade Organisation

Part A: User Guide

ENQUIRIES

Should you have any enquiries regarding this publication please contact:

Chief Operating Officer
Australian Government Department of Agriculture, Fisheries and Forestry
GPO Box 858
CANBERRA ACT 2601

Telephone: (02) 6272 4882

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

PART B:

PORTFOLIO OVERVIEW

PORTFOLIO OVERVIEW

The Agriculture, Fisheries and Forestry Portfolio consists of:

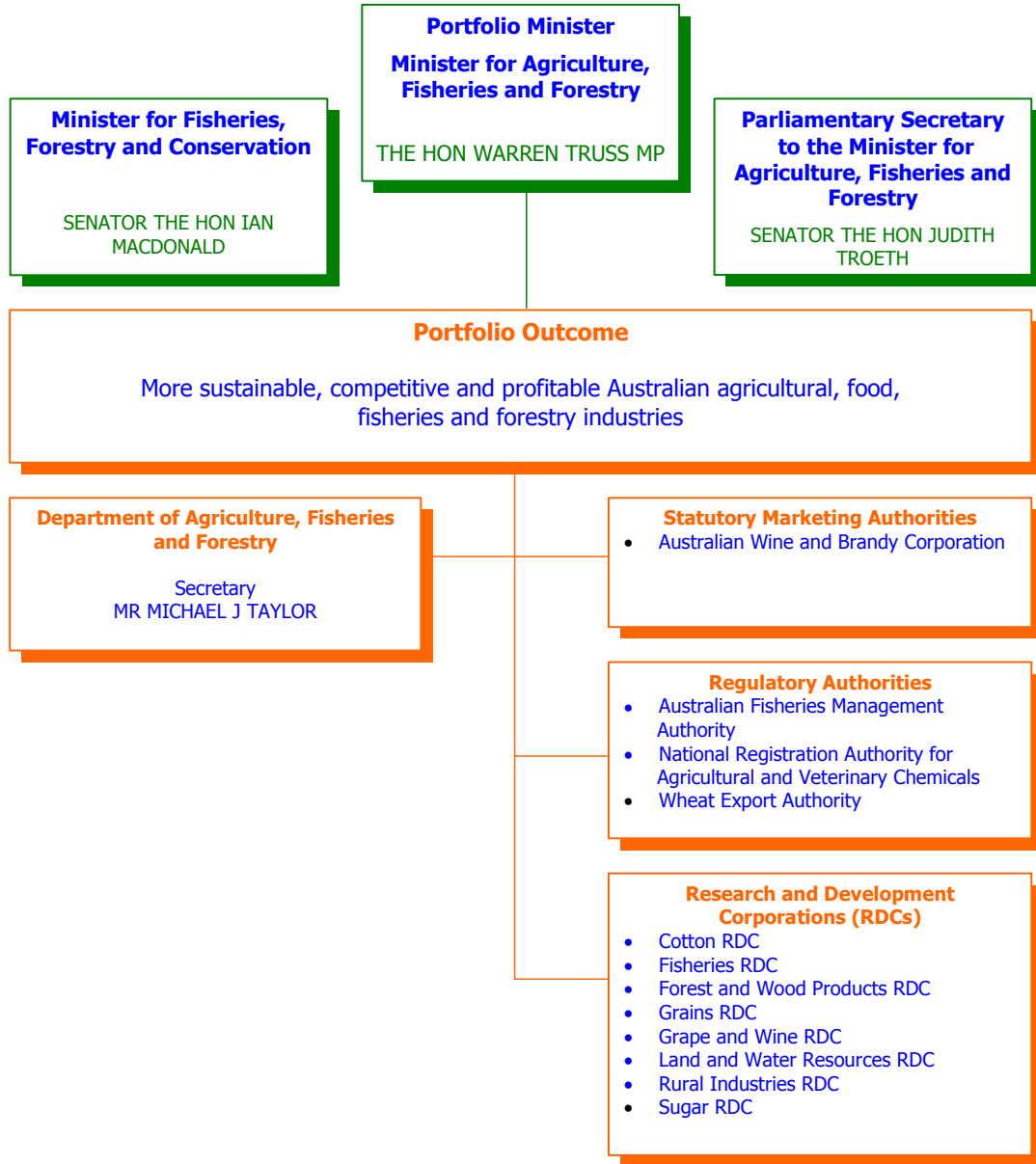
- The Australian Government Department of Agriculture, Fisheries and Forestry (DAFF); and
- 12 portfolio bodies engaged in research and development, regulation and marketing and promotion.

Through these bodies, the Portfolio seeks the Outcome of:

More sustainable, competitive and profitable Australian agricultural, food, fisheries and forestry industries.

Each agency within the Portfolio has an Outcome(s) and Outputs that contribute to the Portfolio Outcome. Details are provided in Part C for the Department and Part D for the Portfolio Bodies.

Map 1: Structure of portfolio outcomes



PART C:

AUSTRALIAN GOVERNMENT DEPARTMENT OF AGRICULTURE, FISHERIES AND FORESTRY BUDGET STATEMENTS

AUSTRALIAN GOVERNMENT DEPARTMENT OF AGRICULTURE, FISHERIES AND FORESTRY

Section 1: Overview, appropriations and budget measures summary

DEPARTMENT OVERVIEW

The Australian Government Department of Agriculture, Fisheries and Forestry (DAFF) is responsible for a wide-range of issues including:

- 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;
- addressing Australia's entire food supply chain, from producer to processor to the consumer;
- quarantine, export inspection and certification and food safety standards activities, essential for maintaining Australia's highly favourable animal and plant health status; and
- improving trading opportunities for Australian agriculture and food industries, while protecting Australia's plant and animal health and environment.

The role of DAFF is to help the Government to achieve its policy objectives and administer legislation in these areas by contributing to the following Outcome:

Australian agricultural, food, fisheries 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.

Details of DAFF's Outputs to achieve this Outcome are provided in Section 2.

APPROPRIATIONS AND RESOURCING

Table 1.1 details the total appropriations of \$2,025,968 million for the Australian Government Department of Agriculture, Fisheries and Forestry for 2004-05 for its single Outcome.

The tables and charts in Section 2 show how appropriations contribute to DAFF's Outputs.

Table 1.1: Appropriations and other revenue ('000)

Outcome	Departmental (price of outputs) ('\$000)					Administered (\$'000)				Total (\$'000)
	Revenue from Government (appropriations)			Revenue from other sources ⁽⁴⁾	Price of outputs ⁽³⁾	Annual appropriations (\$'000)	Special appropriations ⁽⁵⁾	Total administered appropriations	Total appropriations	
	Bill No. 1	Special approps ⁽⁵⁾	Total			Bill No. 1	Bill No. 2 (SPPs & NAOs) ⁽²⁾			
	(A)	(B)	(C = A+B) (C1) ⁽¹⁾	(D)	(E = C+D) (E1) ⁽¹⁾	(F)	(G)	(H)	(I = F+G+H) (I1) ⁽¹⁾	(J=C+I)
Outcome										
More sustainable, competitive and profitable Australian agriculture, food, fisheries and forestry industries.	309,657	-	309,657	199,033	508,690	372,795	464,986	875,057	1,712,838	2,022,495
Total			(K1) ⁽¹⁾						(K2) ⁽¹⁾	
						Departmental capital (equity injections and loans)			(K3) ⁽¹⁾	3,473
								Administered assets and liabilities		(K4) ⁽¹⁾
						Total appropriations				2,025,968

- Cells C1, E1 and I1 refer to information provided in Total Resources for Outcome tables. Amounts K1, K2 refer to Budgeted Statement of Financial Performance, and amounts K3, K4 refer to Capital Budget Statements.
- Under the appropriation structure Bill No. 2 includes Specific Purpose Payments (SPPs), new agency Outcomes (NAOs), administered capital and departmental capital via departmental injections and loans.
- Refer to Budgeted Statement of Financial Performance for application of agency revenue.
- Revenue from other sources includes other revenue from government (for example, resources free of charge) and revenue from other sources (for example, sales of goods and services. Non-appropriated departmental and administered revenues are details in Appendix 1.
- Estimated expenses from individual Special Appropriations are shown in Appendix 2.

Note: Percentage figures indicate the percentage contribution of Revenue from Government (Departmental Appropriations) to the Total Price of Outputs, by outcome.

MEASURES — DEPARTMENT SUMMARY**Table 1.2: Summary of measures disclosed in the 2004-05 Budget**

Measure	Output groups affected	Appropriations budget			Appropriations forward estimate			Appropriations forward estimate			Appropriations forward estimate		
		2004-05			2005-06			2006-07			2007-08		
		(\$'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 Measure													
National Landcare Programme - reprioritisation	1	-2,000	-	-2,000	-2,000	-	-2,000	-	-	-	-	-	-
National Landcare Programme - Extension	1	-	-	-	-	-	-	40,000	-	40,000	40,000	-	40,000
Artesian basin rehabilitation	1	7,900	286	8,186	8,111	284	8,395	8,211	290	8,501	8,384	296	8,680
Douglas Shire Ethanol Project – reprioritisation of funding	1	-350	-	-350	-1,600	-	-1,600	-	-	-	-	-	-
Murray-Darling Basin Commission – contribution	1	5,218	628	5,846	9,001	634	9,635	8,893	647	9,540	8,500	-	8,500
Agriculture – Advancing Australia - FarmHelp	2	34,440	7,247	41,687	42,463	7,122	49,585	25,013	6,252	31,265	7,103	5,201	12,304

Table 1.2: Summary of measures disclosed in the 2004-05 Budget

Measure	Output groups affected	Appropriations budget			Appropriations forward estimate			Appropriations forward estimate			Appropriations forward estimate		
		2004-05			2005-06			2006-07			2007-08		
		(\$'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 Measure													
Agriculture-Advancing Australia - FarmBis	2	12,100	1,495	13,595	16,200	1,478	17,678	16,200	1,610	17,810	16,200	1,434	17,634
Agriculture- Advancing Australia - Rural Financial Counselling Service	2	4,620	1,271	5,891	4,620	1,272	5,892	4,620	1,146	5,766	4,620	1,171	5,791
Agriculture – Advancing Australia - Industry Partnerships	2	4,700	-	4,700	-	-	-	-	-	-	-	-	-
Agricultural Development Partnership - reprioritisation	2	-4,550	-	-4,550	-	-	-	-	-	-	-	-	-
Drought Assistance - interim support	2	594	16	610	-	-	-	-	-	-	-	-	-
Forest Industries Structural Adjustment (Western Australia) Package	3	-	-	-	8,655	-	8,655	-	-	-	-	-	-

Table 1.2: Summary of measures disclosed in the 2004-05 Budget

Measure	Output groups affected	Appropriations budget			Appropriations forward estimate			Appropriations forward estimate			Appropriations forward estimate		
		2004-05			2005-06			2006-07			2007-08		
		(\$'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 Measure													
Forest Industries Structural Adjustment Package - re-allocation of funds	3	723	-	723	-	-	-	-	-	-	-	-	-
Aquaculture Industry Action Agenda – continuation of funding	3	-	997	997	-	-	-	-	-	-	-	-	-
Marine Pest Incursions - national management system	3	-	1,401	1,401	-	1,306	1,306	-	1,005	1,005	-	-	-
Sugar Industry Reform Programme 2004 - sustainability grants	3	73,050	-	73,050	-	-	-	-	-	-	-	-	-
Sugar Industry Reform Programme 2004 - advisory group network	3	2,630	-	2,630	1,780	-	1,780	2,550	-	2,550	550	-	550

Part C: DAFF Budget Statements 2004-05

Table 1.2: Summary of measures disclosed in the 2004-05 Budget

Measure	Output groups affected	Appropriations budget			Appropriations forward estimate			Appropriations forward estimate			Appropriations forward estimate		
		2004-05			2005-06			2006-07			2007-08		
		(\$'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 Measure													
Sugar Industry Reform Programme 2004 - regional and community projects	3	15,000	-	15,000	35,000	-	35,000	25,050	-	25,050	-	-	-
Sugar Industry Reform Programme 2004 - income support	3	12,816	2,228	15,044	-	44	44	-	17	17	-	-	-
Sugar Industry Reform Programme 2004 - administration	3	-	2,701	2,701	-	1,867	1,867	-	1,709	1,709	-	-	-
Sugar Industry Reform Programme 2004 - financial viability assessments	3	9,465	952	10,417	3,109	61	3,170	-	-	-	-	-	-
Sugar Industry Reform Programme 2004 - restructuring grants	3	17,110	825	17,935	19,554	428	19,982	2,444	115	2,559	-	-	-

Table 1.2: Summary of measures disclosed in the 2004-05 Budget

Measure	Output groups affected	Appropriations budget			Appropriations forward estimate			Appropriations forward estimate			Appropriations forward estimate		
		2004-05			2005-06			2006-07			2007-08		
		(\$'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 Measure													
Sugar Industry Reform Programme 2004 - re-establishment grants	3	61,974	600	62,574	23,850	253	24,103	9,415	124	9,539	-	17	17
Sugar Industry Reform Programme 2004 - reprioritisation of funding	3	-24,000	-450	-24,450	-21,500	-464	-21,964	-	-167	-167	-	-	-
Sugar Industry Reform Programme 2004 - retraining and employment assistance	3	733	78	811	733	41	774	733	24	757	-	-	-
Backing Australia's Ability II - New Industries Development Programme Mark III	3	-	-	-	-	-	-	2,580	520	3,100	2,480	520	3,000
Southern Ocean Surveillance (AFMA)	3	-	2,464	2,464	-	2,467	2,467	-	-	-	-	-	-
Detention and Repatriation of illegal Foreign Fishers	3	2,362	-	2,362	-	-	-	-	-	-	-	-	-

Table 1.2: Summary of measures disclosed in the 2004-05 Budget

Measure	Output groups affected	Appropriations budget			Appropriations forward estimate			Appropriations forward estimate			Appropriations forward estimate		
		2004-05			2005-06			2006-07			2007-08		
		(\$'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 Measure													
Agriculture – Advancing Australia - International Agricultural Cooperation	4	650	950	1,600	650	958	1,608	650	978	1,628	650	998	1,648
Quarantine - Safeguarding Australia	4	-	3,536	3,536	-	-	-	-	-	-	-	-	-
Building a National Approach to Animal and Plant Health - extension	5	3,530	1,482	5,012	3,791	2,076	5,867	3,570	1,832	5,402	3,470	1,859	5,329
Avian Influenza - Australia's Response to the Current Outbreak	5	-	6,241	6,241	-	-	-	-	-	-	-	-	-
Livestock export trade: response to Keniry Report	6	1,000	3,314	4,314	1,000	1,372	2,372	1,000	1,317	2,317	1,000	1,335	2,335
Melbourne 2006 Commonwealth Games - contribution	6	-	-	-	-	-	-	-	-	-	-	-	-

Part C: DAFF Budget Statements 2004-05

Table 1.2: Summary of measures disclosed in the 2004-05 Budget

Measure	Output groups affected	Appropriations budget			Appropriations forward estimate			Appropriations forward estimate			Appropriations forward estimate		
		2004-05			2005-06			2006-07			2007-08		
		(\$'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 Measure													
Summary													
		226,465			131,320			97,021			38,882		
Appropriation Bill (No.1)													
Appropriation Bill (No.2)		13,250			22,097			53,908			54,075		
Special Appropriations		-			-			-			-		
Increase / Decrease in Administered Appropriations		239,715			153,417			150,929			92,957		
Increase / Decrease in Departmental Appropriations			38,262			21,199			17,419			12,831	
Total Increase / Decrease in Appropriations				277,977			174,616			168,348			105,788

RECEIPTS FROM INDEPENDENT SOURCES**Table 1.3: Receipts from independent sources**

	Estimated revenue 2003-04 \$'000	Estimated revenue 2004-05 \$'000
DEPARTMENTAL REVENUE		
Sale of goods and services	188,070	191,508
Interest	692	700
Revenue from other sources	10,830	6,825
Total departmental revenue from independent sources	199,592	199,033
ADMINISTERED REVENUE		
Levies		
AFMA Fishing Management Levy	12,449	11,995
Agricultural & Veterinary Chemical Levy	17,861	18,236
All Milk Levy	30,611	31,000
Buffalo Slaughter Export Charge	26	26
Buffalo Slaughter Levy	20	20
Cattle Producers Export Charge	405	405
Cattle Transaction Levy	46,023	46,023
Coarse Grains Levy	16,476	16,497
Cotton Research Levy	3,449	4,449
Dairy Industry Restructure Package Levy	220,554	225,000
Deer Export Charge	5	10
Deer Slaughter Levy	151	160
Deer Velvet Export Charge	35	35
Deer Velvet Levy	15	15
Egg Promotion Levy	2,696	2,700
Farmed Prawns Export Charge	5	5
Farmed Prawns Levy	120	120
Fishing Levy - Commonwealth	1,434	1,376
Fishing Levy - States	4,543	4,360
Fishing Levy - Domestic	300	310
Forestry Import Charge	768	768
Forestry Levies	3,297	3,297
Goat Fibre Levy	26	26
Grain Legumes Levy	3,563	4,003
Grape Research Levy	2,900	3,400
Honey Export Charge	55	55
Honey Levy	178	178
Horticultural Levy	24,087	24,902
Horticultural Export Charge	2,311	2,473
Laying Chicken Levy	800	800
Live Bee Levy	7	14
Live Animal Export Charge	950	3,260
Livestock Transactions Levy	28,716	29,000

Table 1.3: Receipts from independent sources - continued

	Estimated revenue 2003-04 \$'000	Estimated revenue 2004-05 \$'000
Livestock Export Charge - Disease Eradication	6	5
Livestock Slaughter Levy - Disease Eradication	1	1
Macropod Levy	51	55
Manufactured Milk Levy	1	1
Market Milk Levy	1	-
Meat Chicken Levy	1,110	1,142
National Residue Survey (NRS) Levies	5,648	5,648
NRS Game Pigs Levy	18	20
NRS Horse Levy	78	90
NRS Ratite Slaughter Levy	34	39
Oilseeds Levy	5,206	5,206
Pasture Seeds Levy	163	163
Pig Slaughter Levy	13,382	13,500
Rice Levy	800	1,800
Sugar Cane Research Levy	5,198	5,300
Sugar Levy	15,000	22,000
Wheat Levy	40,200	40,200
Wheat Export Charge	1,851	3,714
Wine Export Charge	2,393	2,500
Wine Grapes Levy	7,131	7,500
Wool Levy and Export Charge	40,009	42,000
Sub-total	563,117	585,802
Interest in state & territory debt		
Adelaide Northern Town Water	1,098	1,054
Sewerage Agreements	867	823
Rural Adjustment Scheme	102	112
War Service Land Settlement Loans	1	1
Sub-total	2,068	1,990
Other non-taxation revenue		
War Service Land Settlement - Rent	908	903
<i>Australian Animal Health Council (Livestock Industry) Funding Act 1996</i>	152	362
Sub-total	1,060	1,265
Total administered revenue from independent sources	566,245	589,057

MOVEMENT OF ADMINISTERED FUNDS FROM 2003-04 TO 2004-05

Table 1.4: Movement of administered funds from 2003-04 to 2004-05

M	Movements of funding between years	\$1.862 million
	Forest Industry Structural Adjustment Package	\$0.862 million
	Tasmanian Water infrastructure	\$1.000 million

ADMINISTERED PROGRAMMES**Table 1.5: Estimates of expenses from appropriation bill (no.1)**

	Estimated expenses 2003-04 \$'000	Estimated expenses 2004-05 \$'000
Output 1: Natural resources access and management		
Contribution to Salinity Mitigation	3,409	3,487
Douglas Shire Ethanol Project ¹	400	-
Great Artesian Basin Sustainability Initiative	294	200
Murray-Darling Basin Commission	1,269	6,518
Murray Environmental Flows	-	7,500
National Action Plan for Salinity and Water Quality	4,600	-
National Landcare Programme (for payment to NRM Account)	11,180	10,222
Water Resources Assessment and Research - Grants	175	175
ZeaChem Sugar Research Grant	172	-
Sub-total	21,499	28,102
Output 2: Rural policy and innovation		
Budget Estimates Framework Review (BEFR) Funding	402	-
Drought Relief Package - Interest Rate Relief for Farmers	8,106	13,903
AAA - Farm Help	15,602	34,440
Farm Innovation - the Key to Success	210	-
Industry Leadership - Women and Young People in Rural Industries	655	-
Inland Marketing Corporation	375	-
Interim Income Support Payments	48,211	594
International Organisations Contributions	71	73
Land and Water Resources R&D Corporation	12,221	12,501
AAA - Rural Financial Counselling Service	5,485	4,620
Rural Industries R&D Corporation	12,267	12,539
AAA - Industry Partnerships	-	4,700
Skilling Farmers for the Future	2,988	-
Sub-total	106,593	83,370
Output 3: Industry development		
Eden Regional Adjustment Package	231	-
Fisheries Resources Research	3,770	3,509
For expenditure under the <i>Fisheries Admin Act 1991</i>	11,313	13,698
Forest Industry Structural Adjustment Package	739	7,930
International Organisations Contributions	1,548	1,580
National Food Industry Strategy - Centres of Excellence Programme	2,950	3,500
National Food Industry Strategy - Food Innovation Grants	8,909	10,704
National Food Industry Strategy - Food Safety and Quality Initiative	218	150
New Industries Development Programme Mark II	3,187	3,545
Payment to Meat & Livestock Australia	-	754
Live Animal Export – Cormo Express	8,357	-
Sugar Industry Reform Programme	7,709	-
Sugar Industry Reform Programme 2004	64,937	192,778
Sub-total	113,868	238,148

Table 1.5: Estimates of expenses from appropriation bill (no.1) - continued

	Estimated expenses 2003-04 \$'000	Estimated expenses 2004-05 \$'000
Output 4: Market access and biosecurity		
United Nations Food and Agriculture Organisation (FAO) contribution	10,171	8,090
Keniry Technical Cooperation	-	1,000
AAA - International Agricultural Cooperation	-	650
Sub-total	10,171	9,740
Output 5: Product integrity, animal (including aquatic animal) and plant health		
Building a National Approach to Animal and Plant Health	5,300	3,530
Commonwealth contribution to the operating costs of Animal Health Australia	1,047	1,072
Agricultural and Veterinary Chemicals Minor Use Programme ²	120	122
International Organisations Contributions	393	395
Other Exotic Disease Preparedness Programme	847	876
Ovine Johnes Disease Control & Evaluation Programme	111	-
Payment to CSIRO - Contribution to the operating costs of the AAHL	6,225	6,840
Tuberculosis Freedom Assurance Programme	1,000	600
Sub-total	15,043	13,435
Total estimated expenses from appropriation bill (no. 1)	267,174	372,795

1. This programme was previously categorised under Output 3 in the 2003-04 PBS.
2. This programme was previously known as "Expenditure under the Agricultural and Veterinary Chemicals Act 1992".

Table 1.6: Estimates of expenses from appropriation bill (no. 2)

	Estimated expenses 2003-04 \$'000	Estimated expenses 2004-05 \$'000
Output 1: Natural resources access and management		
Great Artesian Basin Sustainability Initiative - States	7,556	7,700
National Action Plan for Salinity and Water Quality	103,035	147,535
National Landcare Programme - Payments to States	27,944	29,091
Tasmanian Water Infrastructure (previously known as A Stronger Tasmania)	-	2,100
Sub-total	138,535	186,426
Output 2: Rural policy and innovation		
Agricultural Development Partnerships	670	3,012
Exceptional Circumstances	142,028	248,219
AAA - FarmBis ¹	25,688	12,100
Payments to State Authorities in connection with War Service Land Settlement	360	-
Regional Assistance	4,733	-
Sub-total	173,479	263,331
Output 3: Industry development		
Forest Industry Structural Adjustment Package - States	20,789	6,357
Tasmanian Wheat Freight - Shipping	1,200	1,200
Victorian Data Assistance Strategy	940	400
Sub-total	22,929	7,957
Output 5: Product integrity, animal (including aquatic animal) and plant health		
Eradication of Red Imported Fire Ant	20,500	6,900
Exotic Disease Preparedness Programme	2,036	288
Other Exotic Disease Preparedness Programme	92	84
Sub-total	22,628	7,272
Total estimated expenses from appropriation bill (no. 2)	357,571	464,986

1. This programme was previously known as "Skilling Farmers for the Future - States".

Table 1.7: Estimates of expenses from special appropriations

	Estimated expenses 2003-04 \$'000	Estimated expenses 2004-05 \$'000
Output 2: Rural policy and innovation		
<i>Australian Meat & Livestock Act 1997 - Marketing Body</i>	43,843	43,843
<i>Australian Meat & Livestock Act 1997 - Research Body</i>	51,010	51,010
<i>Australian Wine & Brandy Corp Act 1980</i>	5,159	5,159
<i>Dairy Produce Act 1986</i>	47,181	47,275
<i>Egg Industry Service Provision Act 2002</i>	5,714	5,714
<i>Farm Household Support Act 1992 (EC Relief Payment)</i>	156,934	134,403
<i>Horticulture Marketing and Research and Development Services Act 2000</i>	55,365	56,136
<i>Pig Industry Act 2001</i>	17,791	17,791
<i>Plant Health Australia (Plant Industries) Funding Act 2002</i>	385	385
<i>Primary Industries & Energy R&D Act 1989 - Cotton R&D Corp</i>	13,102	13,102
<i>Primary Industries & Energy R&D Act 1989 - Dairy R&D Corp</i>	-	-
<i>Primary Industries & Energy R&D Act 1989 - Fisheries R&D Corp</i>	24,155	23,192
<i>Primary Industries & Energy R&D Act 1989 - Forest & Wood Products R&D Corp</i>	7,664	7,664
<i>Primary Industries & Energy R&D Act 1989 - Grains R&D Corp - Grains - Wheat</i>	64,947	64,947
<i>Primary Industries & Energy R&D Act 1989 - Grains R&D Corp - Other Grains</i>	43,893	43,893
<i>Primary Industries & Energy R&D Act 1989 - Grape and Wine R&D Corp</i>	15,212	15,212
<i>Primary Industries & Energy R&D Act 1989 - Rural Industries R&D Corp</i>	5,130	5,130
<i>Primary Industries & Energy R&D Act 1989 - Sugar R&D Corp</i>	9,649	9,649
<i>Primary Industries & Energy R&D Act 1989 - Tobacco R&D Corp</i>	232	-
<i>Wool Services Privatisation Act 2000</i>	56,583	58,170
Sub-total	623,949	602,675
Output 3: Industry development		
<i>Dairy Industry Restructure Package</i>	220,302	224,000
<i>Fisheries Admin Act 1991</i>	12,749	12,305
<i>Wheat Marketing Act 1989</i>	1,532	3,714
Sub-total	234,583	240,019
Output 5: Product integrity, animal (including aquatic animal) and plant health		
<i>Agricultural and Veterinary Chemicals (Administration) Act 1992</i>	17,861	18,236
<i>Australian Animal Health Council (Livestock Industry) Funding Act 1996</i>	7,722	7,750
<i>National Cattle Disease Eradication Trust Account Act 1991</i>	606	604
<i>National Residue Survey Administration Act 1992</i>	5,773	5,773
Sub-total	31,962	32,363
Total estimated expense	890,494	875,057

SPECIAL ACCOUNTS**Table 1.8: Estimates of special account flows and balances**

	Estimate - 2004-05, Heavy Figures	Opening	Receipts	Payments	Closing
	Estimated Actual - 2003-04. Light figure	Balance			Balance
		2004-05⁽¹⁾	2004-05	2004-05	2004-05
		<i>2003-04⁽¹⁾</i>	<i>2003-04</i>	<i>2003-04</i>	<i>2003-04</i>
		\$'000	\$'000	\$'000	\$'000
Forestry Fund - <i>Forestry and Timber Bureau Act 1989</i> (A)		139	3	-	142
		127	12	-	139
Income Equalisation Deposits Account - <i>Loan (Income Equalisation Deposits) Act 1976</i> (A)		-	-	-	-
		-	-	-	-
National Cattle Disease Eradication Account - <i>National Cattle Disease Eradication Trust Account 1991</i> (A)		12,297	604	1,000	11,901
		14,119	606	2,428	12,297
Natural Resources Management Account - <i>Natural Resources Management (Financial Assistance) Act 1992</i> (A)		662	10,246	10,000	908
		727	10,205	10,270	662
National Action Plan for Salinity and Water Quality (National Activities) Special Account (A)		454	1,900	2,155	199
		-	3,027	2,573	454
Australian Quarantine and Inspection Service Account - <i>Financial Management and Accountability Act 1997</i> (D)		43,735	285,149	289,358	39,526
		21,732	271,862	249,859	43,735
Federation Fund Account - <i>Financial Management and Accountability Act 1997</i> (D)		-	-	-	-
		-	-	-	-
Meat and Inspection Service Account - <i>Financial Management and Accountability Act 1997</i> (D)		-	-	-	-
		-	42,729	42,729	-

Table 1.8: Estimates of special account flows and balances - continued

	Estimate - 2004-05, Heavy Figures	Opening	Receipts	Payments	Closing
	Estimated Actual - 2003-04. Light figure	Balance			Balance
		2004-05⁽¹⁾	2004-05	2004-05	2004-05
		2003-04 ⁽¹⁾	2003-04	2003-04	2003-04
		\$'000	\$'000	\$'000	\$'000
National Residue Survey - <i>National Residue Survey Administration Act 1992</i> (D)		11,784	7,800	10,800	8,784
		14,784	7,300	10,300	11,784
Other Trust Monies Account - <i>Financial Management and Accountability Act 1997</i> (D)		-	-	-	-
		-	-	-	-
Services and projects for other government and non-departmental bodies - <i>Financial Management and Accountability Act 1997</i> (D)		50	302	352	-
		34	240	224	50
Total Special Accounts		69,121	306,004	313,665	61,460
		51,523	335,981	318,383	69,121

D = Departmental, A = Administered **Budget Estimate - 2004-05 Heavy Figures** Set Actual - 2003-04 Light figures

(1) Note 1 The Opening Balance for 2004-05 is the same as the closing balance for 2003-04.

ADMINISTERED CAPITAL AND DEPARTMENTAL EQUITY INJECTIONS AND LOANS

The Department of Agriculture, Fisheries and Forestry did not receive an appropriation for a departmental equity injection or loan or an appropriation for administered capital in 2003-04. The Department however will be appropriated \$3.473 million in 2004-05 which relates to accrued revenue from previous years outputs.

Section 2: Outcome and Outputs information

OUTCOME AND OUTPUT GROUPS

DAFF's business is described in terms of a Mission statement, an Outcome and eight Outputs.

The Mission statement, the aspiration for all DAFF's business is:

Increasing the profitability, competitiveness and sustainability of Australian agricultural, food, fisheries and forestry industries and enhancing the natural resource base to achieve greater national wealth and stronger rural and regional communities.

The Outcome statement, that is the overall impact DAFF is seeking to achieve is:

Australian agricultural, food, fisheries, and forestry industries that are based on the 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 eight interlinking Output groups are:

- 1. Natural resources access and management;**
- 2. Rural policy and innovation;**
- 3. Industry development;**
- 4. Market access and biosecurity;**
- 5. Product integrity, animal (including aquatic animal) and plant health;**
- 6. Quarantine and export services;**
- 7. Scientific advice; and**
- 8. Economic research.**

Map 2 shows the relationship between the Portfolio Outcome, the Department's Mission statement, Outcome and contributing Outputs.

Map 2: Outcome and Output groups

Department of Agriculture, Fisheries and Forestry
 Secretary: Mr Michael J Taylor

Total Price of Outputs - \$508.690 million
 Departmental Outcomes Appropriation - \$309.657 million
 Total Admin Expenses - \$1,712.838 million

Portfolio Outcome
 More sustainable, competitive and profitable Australian agricultural, food, fisheries and forestry industries.

Departmental Outcome
 Australian agricultural, fisheries, food and forestry industries that are based on the 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.

Departmental Outputs

<p>1. Natural resources access and management</p> <p>Total price: \$43.494m Dept: \$26.645m Admin exp: \$214.528m</p>	<p>2. Rural policy and innovation</p> <p>Total price: \$39.857m Dept: \$32.229m Admin exp: \$949.376m</p>	<p>3. Industry development</p> <p>Total price: \$46.973m Dept: \$39.684m Admin exp: \$486.124m</p>	<p>4. Market access and biosecurity</p> <p>Total price: \$36.879m Dept: \$35.577m Admin exp: \$9.740m</p>
<p>5. Product integrity, animal (including aquatic animal) and plant health</p> <p>Total price: \$27.744m Dept: \$17.804m Admin exp: \$53.070m</p>	<p>6. Quarantine and export services</p> <p>Total price: \$307.215m Dept: \$155.264m Admin exp: \$0m</p>	<p>7. Scientific advice</p> <p>Total price: \$3.015m Dept: \$1.705m Admin exp: \$0m</p>	<p>8. Economic research</p> <p>Total price: \$3.514m Dept: \$0.750m Admin exp: \$0m</p>

These Outputs can be considered from a market supply-chain perspective (as shown in Chart 1 below).

Chart 1: Outputs from a Market Supply Chain perspective

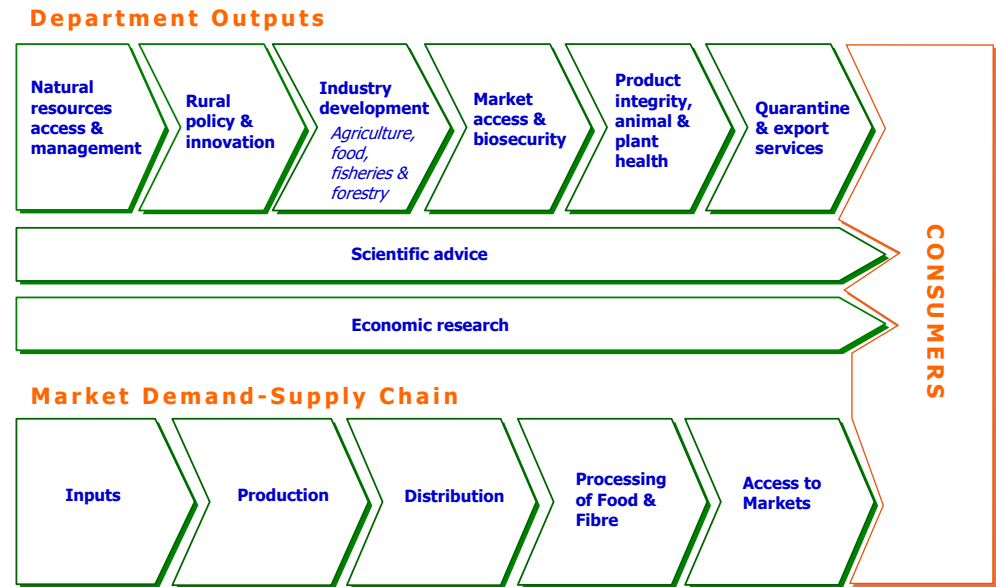


Chart 2: Total 2004-05 Appropriations

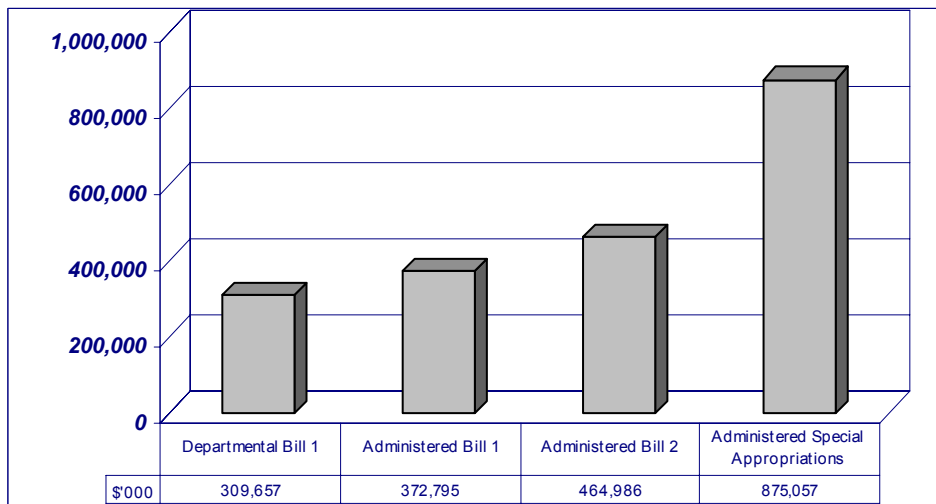


Chart 3: Administered Appropriations - Payments made to portfolio bodies

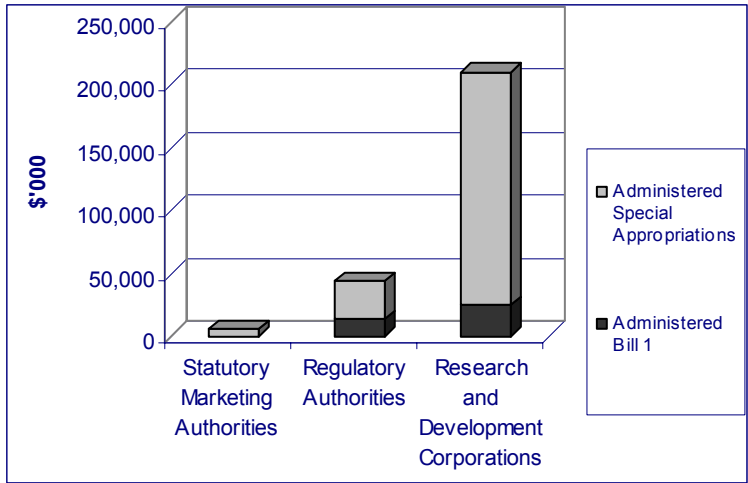


Chart 4: Departmental Appropriation by Output 2004-05

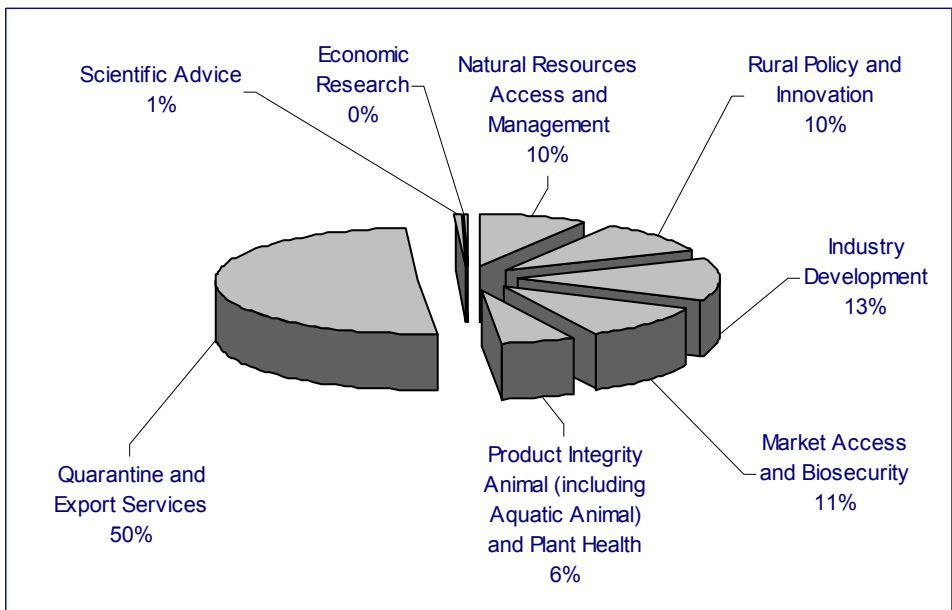
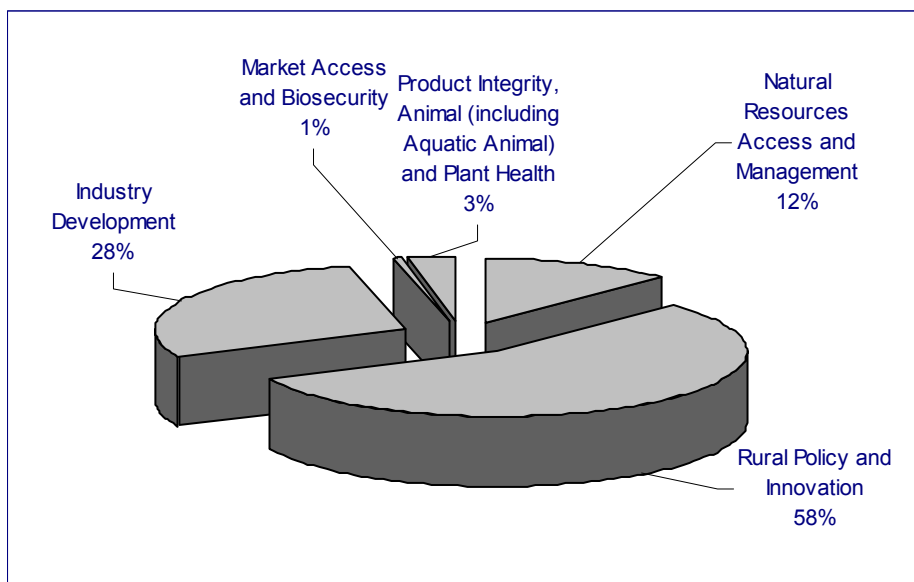


Chart 5: Administered Appropriations by Output 2004-05



Output cost attribution

DAFF has a cost allocation model that allocates corporate costs to all departmental Outputs on the basis of estimated resources consumed using a number of cost drivers. The resulting allocations are then further divided in direct proportion to their split of appropriation funding and cost recovered revenue.

The Australian Quarantine and Inspection Service (AQIS) has an overarching fees and charges policy document and individual charging guidelines that apply to each of the AQIS cost recovered programmes. The Australian Bureau of Agricultural and Resource Economics (ABARE) and the Bureau of Rural Sciences (BRS) have internal charging guidelines that provide for full cost recovery. The National Residue Survey (NRS) is funded from statutory NRS levies collected on the commodities of participating industries.

CHANGES TO OUTCOME AND OUTPUTS

There are no changes to the Departmental Outcome and Outputs however, DAFF has recently reviewed its performance information including the Overall Effectiveness Indicators, Output Objectives and Output Performance Indicators to improve performance reporting.

TRENDS IN RESOURCING ACROSS OUTCOMES

Chart 6: Trends in Appropriation Revenue for Outcome

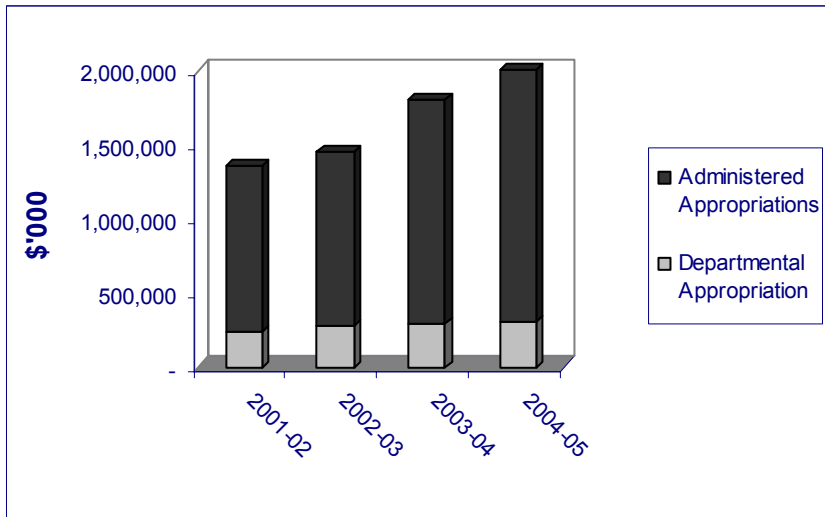


Chart 7: Trends in Total Resourcing for Outcome

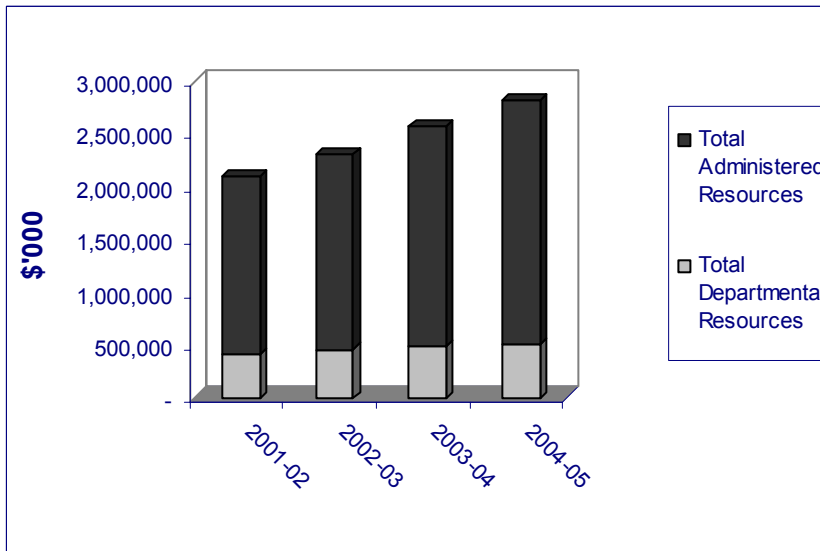


Table 2.1: Total resources for the Department's Outcome

	Estimated actual 2003-04 \$'000	Budget estimate 2004-05 \$'000
Administered appropriations		
Administered Items- Appropriation Bill No.1	267,174	372,795
Administered Items- Appropriation Bill No.2	357,571	464,986
Administered Items- Special Appropriations	890,494	875,057
Total administered appropriations	1,499,174	1,712,838
from Special Accounts (estimated payments from Special Account balances)⁽¹⁾		
Forestry Fund - <i>Forestry and Timber Bureau Act 1989</i>	-	-
Income Equalisation Deposits Account - <i>Loan (Income Equalisation Deposits) Act 1976</i>	-	-
National Cattle Disease Eradication Account - <i>National Cattle Disease Eradication Trust Account 1991</i>	2,428	1,000
Natural Resources Management Account - <i>Natural Resources Management (Financial Assistance) Act 1992</i>	10,270	10,000
National Action Plan for Salinity and Water Quality (National Activities) Special Account	2,573	2,155
Total Special Account Outflows	15,271	13,155
Departmental appropriations		
Output Group 1 - Natural resources access and management	26,383	26,645
Output Group 2 - Rural policy and innovation	40,527	32,229
Output Group 3 - Industry development	32,031	39,684
Output Group 4 - Market access and biosecurity	32,860	35,577
Output Group 5 - Product integrity, animal (including aquatic animal) and plant health	15,484	17,804
Output Group 6 - Quarantine and export services	138,442	155,264
Output Group 7 - Scientific advice	623	1,705

Table 2.1: Total resources for the Department's Outcome - continued

	Estimated actual 2003-04 \$'000	Budget estimate 2004-05 \$'000
Administered appropriations		
Output Group 8 - Economic research	3,333	750
Total revenue from government (appropriations) Contributing to price of departmental outputs	289,683	309,657 (C1) ⁽²⁾
	Estimated actual 2003-04 \$'000	Budget estimate 2004-05 \$'000
Revenue from other sources		
Goods and services	188,070	191,508
Interest	692	700
Other	10,830	6,825
Total revenue from other sources	199,592	199,033
Total price from departmental outputs (Total revenue from government and from other sources)	489,275	508,690 (E1) ⁽²⁾

Table 2.1: Total resources for the Department's Outcome - continued

	Estimated actual 2003-04 \$'000	Budget estimate 2004-05 \$'000
from Special Accounts (estimated payments from Special Account balances) ⁽¹⁾		
Australian Quarantine Inspection Service Account - <i>Financial Management and Accountability Act 1997</i>	249,859	289,358
Fund Account - <i>Financial Management and Accountability Act 1997</i>	-	-
Meat and Inspection Service Account - <i>Financial Management and Accountability Act 1997</i>	42,729	-
National Residue Survey - <i>National Residue Survey Administration Act 1992</i>	10,300	10,800
Trust Monies Account - <i>Financial Management and Accountability Act 1997</i>	-	-
Services and projects for other government and non-departmental bodies - <i>Financial Management and Accountability Act 1997</i>	224	352
Total Departmental Special Account outflows	303,112	300,510
Total estimated resourcing for Outcome 1 (Total price of outputs and administered appropriations)	2,004,514	2,221,528
	2003-04	2004-05
Average staffing level (number)	3,756	3,796

(1) The estimated payments from special account balances are provided by way of note only and do not form part of the total estimated resourcing. (2) See Table 1.1

OVERALL EFFECTIVENESS INDICATORS – ACHIEVEMENT OF THE DEPARTMENT’S OUTCOME

The Department’s Outcome – Australian agricultural, food, fisheries and forestry industries that are based on the 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.

Outcome Components	Indicator	Responsible Output
Sustainable management of resources:	<ul style="list-style-type: none"> • Increased awareness and understanding of natural resources issues; • Adoption of sustainable practices by land/fishery/forestry managers and the general community; and • Increased opportunities to secure and access resources with certainty and on a sustainable basis. 	Natural Resources Access and Management
Competitive Portfolio Industries:	<ul style="list-style-type: none"> • Commercially sustainable industries with improved responsiveness to market conditions; • Portfolio industries responsive to evolving global markets and the adoption of new and innovative approaches along the value chain; • Change and adjustment strategies and programmes developed and implemented effectively; and • Food safety regulations built on a through chain approach which facilitate industry innovation and competitiveness 	Industry Development
Self-reliant and Innovative Portfolio Industries:	<ul style="list-style-type: none"> • 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. 	Rural Policy and Innovation

Outcome Components	Indicator	Responsible Output
Access to markets:	<ul style="list-style-type: none"> • Maintaining existing markets and creating new and improved trade opportunities for Portfolio industries; • Enhancing international agricultural cooperation to facilitate increased trading opportunities; and • Maintaining the integrity and delivery of inspection and certification services, standards setting, technical market maintenance and public awareness. 	<p>Market Access and Biosecurity</p> <p>Quarantine and Export Services</p>
Pest and disease protection:	<ul style="list-style-type: none"> • 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 scientific and technical advice underpins import risk analyses and the development of national quarantine policy; and • Maintaining the integrity and delivery of inspection and certification services, standards setting, technical barrier protection and public awareness. 	<p>Product Integrity, Animal (including aquatic animal) and Plant Health</p> <p>Market Access and Biosecurity</p> <p>Quarantine and Export Services</p>
Scientific advice:	<ul style="list-style-type: none"> • The extent to which scientific advice is reflected in national policy decisions or related public information; and • The degree to which scientific advice is utilised by Ministers and industry. 	Scientific Advice
Economic research:	<ul style="list-style-type: none"> • Economic research findings reflected in national and international agendas and in uptake by Ministers and industry. 	Economic Research
Policy advice:	<ul style="list-style-type: none"> • 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. 	All Outputs

OUTPUT 1 – NATURAL RESOURCES ACCESS AND MANAGEMENT

OUTPUT OBJECTIVE

To advance the sustainable use and management of Australia's natural resources – land, water, fisheries and forestry – and security of access to them by providing high quality and timely policy advice and services, by delivering effective programmes and by consulting and working with stakeholders.

DESCRIPTION OF OUTPUT ACTIVITIES

Sustainable use and management of natural resources underpins Australia's agricultural, food, fisheries and forestry industries. Profitable and competitive agricultural, food, fisheries and forestry industries need access to natural resources on a known and secure basis. The long-term future of resource-reliant industries and the rural and regional communities that depend on them requires the resource base to be managed in a sustainable way. Currently, Australia faces major challenges to the sustainability of our resource base from land and water degradation. Meeting these challenges of profitability, sustainability and improved resource condition will require innovative solutions using a range of biophysical, economic, legislative, institutional reform and market-driven tools. A focus of attention is better managing public resources, in particular water. Salinity and water quality decline and water allocation are key issues that are being addressed.

Key areas of activity include:

- administering programmes that strategically invest in activities that promote and facilitate greater adoption of sound natural resource management practices particularly at the catchment or regional scale;
- developing and implementing national policy frameworks, strategies and agreements for achieving sustainable resource management and use in agriculture, forestry and fisheries, in particular, frameworks for secure access to natural resources for sustainable use of public resources of water, vegetation and fisheries while meeting the needs of the environment and reconciling differences among competing resource uses;
- building the information bases to support improved natural resource management including products and processes that integrate economic, scientific, social and environmental information in a consistent and transparent manner, allow improved understanding of the costs and benefits of different resource management options and support monitoring and reporting on natural resources management performance;

- providing information products, decision support, monitoring and reporting tools to enhance the management of Australia's natural resources and support Australian objectives for responding to climate change and variability;
- contributing to building institutions, communities and resource managers that have the capacity to develop and implement strategic and integrated approaches to improved natural resources management; and
- ensuring Portfolio and Australian Government priorities and perspectives are taken into account in policies and strategies related to natural resources that are developed outside the Portfolio both domestically and internationally.

Key programmes to support these activities are: the Natural Heritage Trust, including the Australian Government Envirofund, and the National Action Plan for Salinity and Water Quality, (National Action Plan) with additional specific programmes for the National Landcare Programme, Great Artesian Basin and Murray-Darling Basin.

The major investment mechanism of both the National Action Plan and the extension of the Natural Heritage Trust is regional natural resource management plans developed and implemented by community based regional bodies. Governments will continue to support this approach through funding for strategic actions specified in catchment plans and through technical assistance, skills enhancement and the provision of information and data.

Other key investment strategies particularly under the National Landcare Programme are focusing on partnerships with industry to encourage the uptake and adoption of sustainable resource use and to support landcare in engaging communities in addressing natural resource management issues at the local level. The Natural Heritage Trust is also promoting Environmental Management Systems (EMS) and other environmental assurance systems as tools, which contribute to achieving sustainable agricultural production and better natural resource management.

EXPENSE MEASURES

NATIONAL LANDCARE PROGRAMME — REPRIORITISATION				
Expense (\$m)	2004-05	2005-06	2006-07	2007-08
Department of Agriculture, Fisheries and Forestry	-2.0	-2.0	-	-

Explanation

The Government will reduce administrative overheads in the National Landcare Programme. Of the total reduction of \$4 million over two years, the Government will reallocate \$1 million in 2004-05 to the Aquaculture Industry Action Agenda and \$1 million in 2004-05 to the Quarantine – Safeguarding Australia Programme.

See also the related expense measures titled *Aquaculture Industry Action Agenda – continuation* and *Quarantine – Safeguarding Australia* in the Agriculture, Fisheries and Forestry portfolio.

NATIONAL LANDCARE PROGRAMME — EXTENSION				
Expense (\$m)	2004-05	2005-06	2006-07	2007-08
Department of Agriculture, Fisheries and Forestry	-	-	40.0	40.0

Explanation

The Government will provide \$80 million over two years to extend the National Landcare Programme until 30 June 2008. The programme aims to build the awareness, skills and capacity of landholders and local communities to adopt improved natural resource management practices.

Provision for funding of \$39.3 million in 2004-05 and \$40.2 million in 2005-06 has already been included in the forward estimates

Performance Information

- Projects at the national level which contribute to sustainable use and management of the natural resource base.
- Landcare projects that result in sustainable natural resource management through enhanced community and landholder capacity, and institutional change as measured by individual project assessment and programme activity evaluations.

MURRAY-DARLING BASIN COMMISSION — ADDITIONAL CONTRIBUTION				
Expense (\$m)	2004-05	2005-06	2006-07	2007-08
Department of Agriculture, Fisheries and Forestry	5.9	9.6	9.5	8.5

Explanation

The Government will provide an additional \$67 million over four years to the Murray-Darling Basin Commission to fund capital works, administration and education activities, and to establish a 'renewals annuity' for capital replacement and major cyclical maintenance. Funding of \$33.5 million over three years will be absorbed within the existing resourcing of the Natural Heritage Trust.

This funding is in addition to \$19.5 million over four years allocated to the Murray-Darling Basin Commission and already included in the forward estimates.

The Commission is responsible for managing assets such as dams and weirs, overseeing salinity mitigation works, and providing strategic direction and support for natural resource management initiatives in the Murray-Darling Basin.

Performance Information

- Improving coordinated management and sustainable use of natural resources in the MDB measured by the extent to which:
 - Commission initiated policies and strategies are reflected in Basin state, regional and catchment plans and policies;
 - services provided to MDB Ministerial Council are effective, efficient and accountable; and
 - management of shared water resources of the River Murray system is equitable and sustainable.

ARTESIAN BASIN REHABILITATION				
Expense (\$m)	2004-05	2005-06	2006-07	2007-08
Department of Agriculture, Fisheries and Forestry	8.2	8.4	8.5	8.7

Explanation

The Government will provide funding of \$42.7 million over five years (including \$8.9 million in 2008-09) to continue the Great Artesian Basin Sustainability Initiative.

The programme provides grants to the States to restore artesian pressure and reduce water wastage through the capping of old, free-flowing bores and replacing wasteful earth bore drains with pipes.

The Great Artesian Basin covers one fifth of Australia and extends across New South Wales, Queensland, South Australia and the Northern Territory. Part of this funding will complete the rehabilitation of the Carnarvon Artesian Basin in Western Australia.

Performance Information

- National component activity that provides a consultative mechanism as well as physical, social and economic data that contributes to the targeting and assessment of the Initiative as well as promotion of the Great Artesian Basin (GAB).
- Bore capping and bore drain replacement increasing artesian water pressure in the GAB as measured by progress towards target pressures in priority areas. Rehabilitation of remaining wasteful bores in the Carnarvon Artesian Basin.

DOUGLAS SHIRE ETHANOL PROJECT — REPRIORITISATION				
Expense (\$m)	2004-05	2005-06	2006-07	2007-08
Department of Agriculture, Fisheries and Forestry	-0.4	-1.6	-	-

Explanation

The Government has revised the level of funding for the Douglas Shire Ethanol Project to reflect delays in its implementation. Of the total reduction of \$2 million over two years, the Government will reallocate \$0.4 million in 2004-05 to the Quarantine - Safeguarding Australia Programme and \$1.3 million in 2005-06 to the Marine Pest Incursions – National Management System Programme.

See also the related expense measures titled *Quarantine – Safeguarding Australia* and *Marine Pest Incursions – National Management System Programmes* in the Agriculture, Fisheries and Forestry portfolio.

Table 2.2.1: Performance information for Output 1

DEPARTMENTAL ITEMS		
High quality policy advice on natural resources access and management as measured by:	<ul style="list-style-type: none"> Influence on national and international strategies and actions, measured by the extent to which decisions and actions of ministerial councils and other government and industry committees and agencies take account of Portfolio policies and priorities. Progress on programme implementation, which contributes to improved natural resource management. Commonwealth capital investment results in additional financial and other investments from public and private organisations. 	
ADMINISTERED ITEMS *		
Contribution to Salinity Mitigation	<ul style="list-style-type: none"> Performance of joint salinity works and measures in the Murray-Darling Basin to remove salt and meet river salinity targets. 	AB1

<p>Murray-Darling Basin (MDB) Commission</p>	<ul style="list-style-type: none"> • Improving coordinated management and sustainable use of natural resources in the MDB measured by the extent to which: <ul style="list-style-type: none"> - Commission initiated policies and strategies are reflected in Basin state, regional and catchment plans and policies; - services provided to MDB Ministerial Council are effective, efficient and accountable; and - management of shared water resources of the River Murray system is equitable and sustainable. 	<p>AB1</p>
<p>Joint Government Enterprise (JGE) - Murray Environmental Flows</p>	<ul style="list-style-type: none"> • Extent to which Joint Government Enterprise (Trading as Water for Rivers) activities and investments contribute to the Australian government's environmental flow priorities for the Murray River 	<p>AB1</p>
<p>Great Artesian Basin (GAB) Sustainability Initiative</p>	<ul style="list-style-type: none"> • National component activity that provides a consultative mechanism as well as physical, social and economic data that contributes to the targeting and assessment of the Initiative as well as promotion of the GAB. 	<p>AB1</p>
<p>Great Artesian Basin Sustainability Initiative – States</p>	<ul style="list-style-type: none"> • Bore capping and bore drain replacement increasing artesian water pressure in the GAB as measured by progress towards target pressures in priority areas. Rehabilitation of remaining wasteful bores in the Carnarvon Artesian Basin. 	<p>AB2</p>

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National Action Plan for Salinity and Water Quality (National Action Plan)	<ul style="list-style-type: none"> • Number of regional / catchment natural resource management plans that are accredited as the basis for investment. Number of investment strategies that are prepared, evaluated and for which funding is agreed and specified in Partnership Agreements. Strategic Plans are in place and being implemented for the non-regional elements of the National Action Plan. • Integrated regional / catchment natural resource management plans are developed and being implemented, or are being developed, according to agreed accreditation criteria. Activities agreed under implementation arrangements for non regional elements of the National Action Plan meet priority needs in strategic plans. • A monitoring and evaluation strategy is in place at each level of the National Action Plan delivery. The administration of the National Action Plan meets benchmarks for comparable grants and natural resource management programmes. 	AB2
National Landcare Programme (for payment to Natural Resources Management Account)	<ul style="list-style-type: none"> • Projects at the national level which contribute to sustainable use and management of the natural resource base. 	AB1
National Landcare Programme – Payments to the States	<ul style="list-style-type: none"> • Landcare projects that result in sustainable natural resource management through enhanced community and landholder capacity, and institutional change as measured by individual project assessment and programme activity evaluations. 	AB2
Water Resources Assessment and Research – Grants	<ul style="list-style-type: none"> • Grants are made for consultancies and projects, which promote the sustainable use and management of water resources. 	AB1
Tasmanian Water Infrastructure (previously “A Stronger Tasmania”)	<ul style="list-style-type: none"> • Commonwealth funding together with a mix of other public and private funds results in construction of dams on the Meander and Macquarie rivers. 	AB2

*Key

AB1 = Appropriation Bill No. 1

AB2 = Appropriation Bill No. 2

SAB = Special Appropriations Bill

EVALUATIONS

MID-TERM REPORT OF THE ENVIRONMENTAL MANAGEMENT SYSTEMS (EMS) NATIONAL PILOT PROGRAMME

Objectives

The Mid-Term Report of the EMS National Pilot Programme will focus on the early learnings from across the 15 pilot projects that comprise the Programme. The report will include the following elements:

- Commentary on individual pilots and a discussion of outcomes and outputs to date;
- Full analysis of evaluation information collected by pilots (including Benefit-Cost Analysis); and
- Preliminary summary of the effectiveness of EMS and different approaches used by the pilots in relation to overall Programme objectives.

Start Date

December 2004 (approximately)

End Date

31 March 2005

Intended audience for findings

Natural Heritage Ministerial Board, Minister, Commonwealth and State/Territory governments and relevant departments, community and agricultural industries.

REVIEW OF THE NATIONAL ACTION PLAN FOR SALINITY AND WATER QUALITY

Objectives

Monitoring and evaluation of the National Action Plan for Salinity and Water Quality is structured under the National Resource Management Monitoring and Evaluation Framework established under the Natural Resource Management Ministerial Council. Evaluations will assess the effectiveness and efficiency of processes used to support the development of regional plans and investment strategies.

Start and end dates

Ongoing from 2004 - 2008

Intended audience for findings

Australian and State/Territory Governments and relevant departments and the Natural Resource Management Ministerial Council.

OUTPUT 2 – RURAL POLICY AND INNOVATION

OUTPUT OBJECTIVE

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.

DESCRIPTION OF OUTPUT ACTIVITIES

The Output aims to support portfolio industries and enterprises in becoming more self-reliant, competitive, profitable and sustainable by:

- developing and implementing policies and programmes to build rural business capacity and self-reliance. This includes initiatives for rural women, young farmers and indigenous people and the provision of targeted support and services for rural producers;
- ensuring that research and development (R&D) funded through the rural R&D corporations and related companies continues to promote the competitiveness and sustainability of portfolio industries and rural and regional Australia;
- participating in the development of national and international approaches to biotechnology and its applications in accordance with the Biotechnology Strategy for Agriculture, Food and Fibre;
- ensuring portfolio industry perspectives are taken into account in developing domestic innovation, science and technology strategies and programmes;
- providing policy advice on a range of economic, taxation, regulatory and other rural issues; and
- encouraging the development and commercialisation of new plant varieties through the granting of intellectual property rights.

EXPENSE MEASURES

AGRICULTURE — ADVANCING AUSTRALIA — EXTENSION

Explanation

The Government will provide funding of \$236 million over four years to continue the *Agriculture – Advancing Australia* package of measures. This package continues the Government's commitment to helping Australian primary producers to become more competitive, sustainable and profitable.

The package includes measures to assist eligible primary producers obtain income support, improve their business skills, access financial counselling, pursue new export opportunities and adjust to import competition.

These measures are in addition to programmes from previous *Agriculture – Advancing Australia* packages, which will continue, including the *Farm Management Deposits* scheme, which provides tax advantages to farmers who save money in profitable years for use during periods of reduced income, and *Exceptional Circumstances* assistance, which provides income support and interest rate relief to farmers affected by drought.

Expense (\$m)

	2004-05	2005-06	2006-07	2007-08	Total
	\$m	\$m	\$m	\$m	\$m
Expense Measures					
FarmHelp	41.7	49.6	31.3	12.3	134.9
FarmBis	13.6	17.7	17.8	17.6	66.7
Rural Financial Information Service	5.9	5.9	5.7	5.8	23.3
International Agricultural Cooperation	1.6	1.6	1.6	1.6	6.4
Industry Partnerships	4.7	-	-	-	4.7
Total additional expense	67.5	74.8	56.4	37.3	236.0

Note: Total funding for FarmHelp is \$136.9 million over five years, including \$2 million in 2008-09.

AGRICULTURE — ADVANCING AUSTRALIA — FARMBIS

Expense (\$m)

	2004-05	2005-06	2006-07	2007-08
Department of Agriculture, Fisheries and Forestry	13.6	17.7	17.8	17.6

Explanation

The Government will provide \$66.7 million over four years to continue the FarmBis programme, which helps primary producers to manage risk and make productive and profitable changes to their farm businesses. FarmBis provides subsidies for eligible primary producers to obtain training in areas such as business and leadership skills, marketing and natural resource management.

The FarmBis programme will continue to be delivered in cooperation with the States, which provide matching funding.

Performance Information

- Level of awareness of *FarmBis* amongst potential participants.
- Proportion of potential participants that access the *FarmBis* programme (by industry, State and equity group).

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- Level of satisfaction of participants with service of *FarmBis* staff, training providers and course content.
- Proportion of participants that indicate: training was relevant and met their expectations, a commitment to continuous learning behaviour, they have incorporated course outcomes into their business and natural resource management practices.

AGRICULTURE — ADVANCING AUSTRALIA — FARMHELP

Expense (\$m)	2004-05	2005-06	2006-07	2007-08
Department of Agriculture, Fisheries and Forestry	41.7	49.6	31.3	12.3

Explanation

The Government will provide \$136.9 million over five years (including \$2 million in 2008-09) to continue the FarmHelp programme. The programme assists those eligible primary producers who are experiencing financial hardship by providing income support for up to one year, financial assistance to obtain professional advice and training, and a re-establishment grant.

This funding includes \$21.1 million over five years for Centrelink to administer elements of the FarmHelp programme.

Performance Information

- The income support is provided to farm families in need.

AGRICULTURE — ADVANCING AUSTRALIA — RURAL FINANCIAL COUNSELLING SERVICE

Expense (\$m)	2004-05	2005-06	2006-07	2007-08
Department of Agriculture, Fisheries and Forestry	5.9	5.9	5.8	5.8

Explanation

The Government will provide \$23.3 million over four years to continue the Rural Financial Counselling Service Programme. This funding will be used to assist rural communities to employ financial counsellors. The counsellors provide advice to farm families who are in financial difficulty and help them to make better decisions about their future business directions.

Performance Information

- Number of clients assisted.
- Number of referrals to other services.

AGRICULTURE — ADVANCING AUSTRALIA — INDUSTRY PARTNERSHIPS

Expense (\$m)	2004-05	2005-06	2006-07	2007-08
Department of Agriculture, Fisheries and Forestry	4.7	-	-	-

Explanation

The Government will provide \$4.7 million in 2004-05 for an Industry Partnerships programme to assist agricultural industries that are subject to import competition or adjustment and regulatory pressures. This funding will develop training products, and provide support for trade missions and industry workshops.

Performance Information

- At least five industry partnership projects are initiated by December 2004.
- Scoping of industry risks, opportunities and weaknesses is completed by December 2004.
- All projects involve agreed contribution from industry to resourcing, designing and delivering key actions.

AGRICULTURAL DEVELOPMENT PARTNERSHIP — REPRIORITISATION

Expense (\$m)	2004-05	2005-06	2006-07	2007-08
Department of Agriculture, Fisheries and Forestry	-4.6	-	-	-

Explanation

The Government will wind down the Agricultural Development Partnership (ADP) Programme from 30 June 2004 to reflect a lower uptake of the programme. Existing agreements with the States will not be affected. The ADP Programme funds projects to achieve better market orientation by industries in regions experiencing problems affecting farm profitability and sustainability.

The Government will reallocate \$2.2 million in 2004-05 from the ADP Programme to the Quarantine – Safeguarding Australia programme. A further \$2.4 million in 2004-05 will be reallocated to the National System for the Prevention and Management of Marine Pest Incursions Programme.

See also the related expense measures titled *Quarantine – Safeguarding Australia* and *Marine Pest Incursions – National Management System Programme* in the Agriculture, Fisheries and Forestry portfolio.

DROUGHT ASSISTANCE — INTERIM INCOME SUPPORT

Expense (\$m)

	2004-05	2005-06	2006-07	2007-08
Department of Agriculture, Fisheries and Forestry	0.6	-	-	-

Explanation

The Government will provide \$0.6 million in 2004-05 to primary producers in regions that have been declared eligible for interim income support since December 2003. Overall, the Government expects to provide \$74.3 million in interim support over the period 2002-03 to 2005-06.

Once a fully completed application for a particular region is received by the Australian Government and is deemed to show a prima facie case for an Exceptional Circumstances declaration, interim income support is made available to eligible primary producers on conditions equivalent to the Exceptional Circumstances Relief Payment.

Access to interim income support is available for up to six months while the Exceptional Circumstances application is assessed by the National Rural Advisory Council. Should the Government declare Exceptional Circumstances in that region, interim income support ceases and standard Exceptional Circumstances assistance arrangements commence.

Performance Information

- *Interim Income Support* and *Business Support* are provided in accordance with existing delivery arrangements for *Exceptional Circumstances* and *Interim Business Support* is also delivered by Centrelink.
- Farmers in the areas are assisted to meet day-to-day family needs. Eligible, viable farm businesses also receive *Business Support* for new and additional loans.
- Delivered by Centrelink in accordance with standard procedures.

Table 2.2.1: Performance information for Output 2

DEPARTMENTAL ITEMS	
Effective Programme Administration.	<ul style="list-style-type: none"> • Delivery of programmes in accordance with programme guidelines and government prudential requirements. • Client awareness of programmes and their purpose.

ADMINISTERED ITEMS *		
<p><i>Primary Industries and Energy Act 1989</i></p> <p>Cotton RDC Dairy RDC Fisheries RDC Forest and Wood Products RDC Grains RDC Grape and Wine RDC Land and Water Resources RDC Rural Industries RDC Sugar RDC</p> <p><i>Horticultural Marketing and Research and Development Services Act 2000</i> R&D Payments</p> <p><i>Pig Industry Act 2001</i> R&D Payments</p> <p><i>Wool Services Privatisation Act 2000</i> R&D Payments</p> <p><i>Australian Meat and Livestock Act 1997</i> R&D Payments</p>	<ul style="list-style-type: none"> In consultation with the Research and Development Corporations and companies (RDCs), the Department produces a report entitled 'Innovating Rural Australia's Research and Development Corporation Outcomes', which highlights the collective benefits of the RDCs. The individual RDCs will continue to report their activities to the Parliament and their industries through their annual reports. 	SAB
<p><i>Australian Wine and Brandy Corporation Act 1980</i></p>	<ul style="list-style-type: none"> Promote and control export of Australian wine. Promote the sale of Australian wine domestically. 	SAB
<p><i>Dairy Produce Act 1986</i></p>	<ul style="list-style-type: none"> Enhancing the profitable production and marketing of Australian dairy produce. 	SAB
<p><i>Farm Household Support Act 1992</i> (Exceptional Circumstances Relief Payment)</p>	<ul style="list-style-type: none"> Welfare support provided to farm families experiencing severe financial difficulties in Exceptional Circumstances areas. Services provided by Centrelink as specified in the memorandum of understanding and in accordance with the relevant guidelines. 	SAB
<p>Exceptional Circumstances</p>	<ul style="list-style-type: none"> Number of long-term viable farmers assisted by EC Interest Rate Subsidies. Services provided by the States are as specified in the memorandum of understanding and in accordance with the relevant guidelines. 	AB2

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International Organisation Contributions (part item)	<ul style="list-style-type: none"> The development of technical, legal and administrative procedures for the international registration of (i) Australian bred varieties (including native species) and (ii) other vital crops on which the agricultural sector relies (eg wheat, cotton, rice, soybean, canola and sub clover). 	AB1
Interim Income Support Payments	<ul style="list-style-type: none"> Assistance meets the welfare needs of farm families experiencing severe financial difficulties in EC prima facie areas. Services provided by Centrelink as specified in the memorandum of understanding and in accordance with the relevant guidelines. 	AB1
Drought Relief Package – interest rate relief for farmers	<ul style="list-style-type: none"> Assistance meets the business support needs of long-term viable farmers and small businesses. Services provided by Centrelink are in accordance as specified in the memorandum of understanding and in accordance with the relevant guidelines. 	AB1
Agricultural Development Partnerships (ADP)	<ul style="list-style-type: none"> Demonstrate local community ownership; partnership between communities and governments; and fundamental issues being addressed. Each ADP proposal will have its own set of performance indicators. 	AB2

* Key:

AB1 = Appropriation Bill No. 1

AB2 = Appropriation Bill No. 2

SAB = Special Appropriations Bill

EVALUATIONS

DROUGHT ASSISTANCE

Objectives

To evaluate the effectiveness of implementation of Australian Government drought assistance programmes available during the 2002-2004 drought, including consideration of:

- ANAO performance audit;
- ABARE study of recipients and non-recipients in Exceptional Circumstances-declared areas; and
- Drought Review Panel Report and Drought Roundtable.

Start Date

Second quarter 2004-05.

End Date

Fourth quarter 2004-05 (subject to timing of ANAO audit).

Intended audience for findings

Minister and Department.

REVIEW OF THE RURAL FINANCIAL COUNSELLING SERVICE

Objectives

To review the performance of Rural Financial Counselling Services across Australia with a view to determining the efficiency, timeliness and suitability of current administrative and community management structures and delivery mechanisms.

Start Date

Preliminary work will begin in September 2004.

End Date

The final report will be due by February 2005.

Intended audience for findings

Minister and Departmental programme managers.

OUTPUT 3 – INDUSTRY DEVELOPMENT

OUTPUT OBJECTIVE

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.

DESCRIPTION OF OUTPUT ACTIVITIES

The objective of this Output is contributed to by two of the Department's Businesses: Food and Agriculture, and Fisheries and Forestry. The Output addresses industry development issues in a proactive, planned manner and contributes to the achievement of the Department's Outcome by:

- providing policy advice and support for the Government;
- promoting sustainable access to, and management of, fisheries, forestry and agricultural resources;
- improving the commercial focus of portfolio industries;
- removing impediments to competition and market access;
- improving integration and strategic alliances within various industry sectors; and
- facilitating growth and development of Australian food industries and encouraging adoption of innovation along the value chain.

In particular, key areas of activity are:

Agricultural industries: working closely with agricultural service provision bodies, responsible for marketing and research and development, to achieve the improved export and innovation objectives of the business. Other activities include the provision of industry-specific adjustment and assistance programmes where necessary.

Food industries: overseeing the implementation of the National Food Industry Strategy (including support for the Minister as chair of the National Food Industry Council) and delivering specific initiatives relating to international food standards and product integrity. Administer the *New Industries Development Programme* which seeks to grow new and innovative agri-business. Develop, in conjunction with the Department of Health and Ageing, Australian Government policy positions on national food safety regulations.

Fisheries and Forestry: development of fisheries and forestry policy; participation in international negotiations to ensure the management of, and continued Australian

industry access to, high seas resources; engagement in international and regional fisheries, aquaculture and forests processes; the management of regional forest agreements; and development of competitive and sustainable fisheries and forestry industries. The Business also commissions research and analytical work from other Businesses and external suppliers to support these activities.

EXPENSE MEASURES

FOREST INDUSTRY STRUCTURAL ADJUSTMENT PACKAGE (WESTERN AUSTRALIA)

Expense (\$m)	2004-05	2005-06	2006-07	2007-08
Department of Agriculture, Fisheries and Forestry	-	8.7	-	-

Explanation

The Government will provide \$15 million over two years to meet its commitment under the Regional Forest Agreement to a development assistance programme for the Western Australian forest industry. The programme will assist the industry, and communities dependent on the industry, to adjust to changes in timber availability.

Provision for funding of \$6.3 million in 2004-05 has already been included in the forward estimates.

Performance Information

- Number of businesses assisted and jobs created.
- Extent of new investment in forest industries.

FOREST INDUSTRY STRUCTURAL ADJUSTMENT PACKAGE — REALLOCATION OF FUNDS

Expense (\$m)	2004-05	2005-06	2006-07	2007-08
Department of Agriculture, Fisheries and Forestry	0.7	-	-	-

Explanation

The Government will reallocate \$0.7 million from 2003-04 to 2004-05 within the Forest Industry Structural Adjustment Package. This funding will be provided to the Forest Industry Structural Adjustment Programme for South-east Queensland, which aims to develop the Queensland native forest timber industry and generate sustainable employment.

Performance Information

- Number of businesses and employees assisted and extent of new investment in forest industries.
- Assistance given within agreed timeframes.

AQUACULTURE INDUSTRY ACTION AGENDA — CONTINUATION

Expense (\$m)	2004-05	2005-06	2006-07	2007-08
Department of Agriculture, Fisheries and Forestry	1.0	-	-	-

Explanation

The Government will provide \$1 million in 2004-05 to continue activities under the Aquaculture Industry Action Agenda. Initiatives under the Action Agenda will encourage aquaculture production and the development of aquaculture projects in Indigenous communities.

This funding is in addition to the \$2.5 million provided in the 2003-04 Budget measure *Aquaculture Industry Action Agenda*.

Performance Information

- The extent to which the aquaculture industry supports the Action Agenda and the level to which its strategic initiatives are implemented.

SOUTHERN OCEAN SURVEILLANCE

Expense (\$m)	2004-05	2005-06	2006-07	2007-08
Australian Customs Service	44.3	38.9	-	-
Department of Agriculture, Fisheries and Forestry	2.5	2.5	-	-

Explanation

The Government will provide additional funding of \$89.2 million over two years (including \$1.1 million capital funding) to conduct armed patrols of the Heard and McDonald Islands' exclusive economic zone.

These patrols are aimed at suppressing the activities of vessels engaged in illegal fishing, as well as protecting Australia's sovereign interests in, and the environmental values of, the Southern Ocean.

The capital funding will meet the cost of equipment and facilities required to support Australian Customs Service staff on patrol in the Heard and McDonald Islands' exclusive economic zone.

Performance Information

- Number of illegal, unregulated and unreported (IUU) fishing vessels sighted and identified in Australia's Exclusive Economic Zone (EEZ) in the Southern Ocean
- Number of IUU fishing vessels boarded in the Southern Ocean
- Number of IUU fishing vessels apprehended in the Southern Ocean.

FISHERIES — COMBATING ILLEGAL ACTIVITIES IN NORTHERN AUSTRALIAN WATERS

Expense (\$m)

	2004-05	2005-06	2006-07	2007-08
Department of Immigration and Multicultural and Indigenous Affairs	0.6	-	-	-
Department of Agriculture, Fisheries and Forestry	2.4	-	-	-

Explanation

The Government will provide \$3 million in 2004-05 to enable the continued apprehension and investigation of illegal foreign fishers in remote localities, implementation of their rapid repatriation, and the continuation of broader fisheries compliance activities.

The Government will further examine long-term arrangements for the apprehension and detention of illegal fishers in Australia's northern waters.

Performance Information

- Processing and repatriation arrangements for illegal foreign fishers in northern Australia are more efficient.

MARINE PEST INCURSIONS — NATIONAL MANAGEMENT SYSTEM PROGRAMME

Expense (\$m)

	2004-05	2005-06	2006-07	2007-08
Department of Agriculture, Fisheries and Forestry	1.4	1.3	1.0	-

Explanation

The Government will provide \$3.7 million over three years to develop a single national management system to address risks to Australia's natural resources and associated industries arising from the introduction of exotic marine pests.

Performance Information

- Development and implementation of a single National System for the prevention and management of marine pest incursions over three years in accordance with the timetable agreed by the Natural Resource Management Ministerial Council, in consultation with the States/Northern Territory, industry and other stakeholders.

BACKING AUSTRALIA'S ABILITY — NEW INDUSTRIES DEVELOPMENT PROGRAMME MARK III

Expense (\$m)	2004-05	2005-06	2006-07	2007-08
Department of Agriculture, Fisheries and Forestry	-	-	3.1	3.0

Explanation

The Government will provide \$14 million over five years from 2006-07 for the New Industries Development Programme Mark III.

The objective of the programme is to enable small to medium size Australian agribusinesses to gain the financial assistance and business skills required to commercialise their new products, services and technologies.

Performance Information

- Australian agribusiness enterprises gain the business skills and resources required to successfully commercialise new agribusiness products, technologies and services as measured through:
 - minimum of 25 Pilot Commercialisation projects are approved and effective monitoring of existing projects;
 - 10 scholarships are awarded and effective monitoring of existing scholarships; and
 - dissemination of lessons learned from projects in a variety of media.

SUGAR INDUSTRY REFORM PROGRAMME 2004

Explanation

The Government will provide \$444.4 million over five years (including \$82.6 million in 2003-04) to assist reform and restructure of the Australian sugar industry. This package incorporates and extends measures from the 2002 Sugar Industry Reform Package including income support, exit grants and funding for regional adjustment. The interest rate relief component of the 2002 package will not be continued. Existing resources of \$78.8 million under the Sugar Industry Reform Package will be used to partially fund the new package.

The package includes grants to sustain the industry through a transition phase, to encourage sugar regions to diversify their economic base, and to assist sugar farms to

rationalise, restructure or diversify. An advisory network will be established to oversee the reform process.

Other measures to assist growers and harvesters include income support for eligible recipients and assistance with financial viability assessments. Re-establishment grants and retraining assistance will be available to growers and harvesters who wish to leave the industry, and sugar farm families will have access to crisis counselling. Eligible sugar farmers will have the option of being able to access the Age or Service Pension without the existing gifting rules applying to the transfer of their farm to the next generation.

Table 1: Sugar industry reform assistance package: Summary of measures

	2004-05	2005-06	2006-07	2007-08	Total
	\$m	\$m	\$m	\$m	\$m
Expense Measures					
Sustainability grant	73.1	-	-	-	73.1
Advisory group network	2.6	1.8	2.6	0.5	7.5
Regional and community projects	15.0	35.0	25.0	-	75.0
Income support and administration costs	17.8	1.9	1.7	-	21.4
Financial viability assessments	10.4	3.2	-	-	13.6
Restructuring grants	17.9	20.0	2.6	-	40.5
Re-establishment grants	62.6	24.1	9.5	-	96.2
Retraining assistance	0.8	0.8	0.8	-	2.4
Total additional expense	200.2	86.8	42.2	0.5	329.7

Performance Information

Refer to individual measures.

SUGAR INDUSTRY REFORM PROGRAMME 2004 — SUSTAINABILITY GRANTS

Expense (\$m)

	2004-05	2005-06	2006-07	2007-08
Department of Agriculture, Fisheries and Forestry	73.1	-	-	-

Explanation

The Government will provide \$146.1 million over two years (including \$73 million in 2003-04) for grants to sugar growers and sugar mills to sustain them through this transitional phase of reform and restructuring in the sugar industry.

The sustainability grants will be paid through the industry payment system in Queensland and existing contract arrangements in the other states. The distribution between growers and millers will differ between regions and between states, consistent with local arrangements. The grants will be paid in two tranches: the first in June 2004 and the second in January 2005, with the latter subject to satisfactory progress being demonstrated in relation to industry reform.

Funding of \$73 million in 2003-04 will be sourced from current resourcing for the Departments of Agriculture, Fisheries and Forestry and Transport and Regional Services.

Performance Information

- Before payment of the first instalment, the peak industry groups sign a Statement of Intent to undertake reform.
- Before payment of the second instalment, the Australian Government receives advice from the Industry Oversight Group that progress is occurring with industry reform.

SUGAR INDUSTRY REFORM PROGRAMME 2004 — ADVISORY GROUP NETWORK

Expense (\$m)

	2004-05	2005-06	2006-07	2007-08
Department of Agriculture, Fisheries and Forestry	2.6	1.8	2.6	0.5

Explanation

The Government will provide \$8 million over five years (including \$0.5 million in 2003-04) to establish an advisory group network comprising a five-member Industry Oversight Group and several regional groups to oversee the implementation of the sugar industry reform process. The Industry Oversight Group will also be responsible for making recommendations to the Minister for Agriculture, Fisheries and Forestry on priorities for regional industry and community projects.

Performance Information

- Industry Oversight Group successfully progresses industry reform priorities, develops a strategic industry vision and undertakes to align regional plans with that vision.
- Regional Advisory Groups successfully facilitate a regional focus for industry operations.
- The Industry Oversight Group and the Regional Advisory Groups successfully contribute to the assessment process of Regional and Community Projects.

SUGAR INDUSTRY REFORM PROGRAMME 2004 — REGIONAL AND COMMUNITY PROJECTS

Expense (\$m)

	2004-05	2005-06	2006-07	2007-08
Department of Agriculture, Fisheries and Forestry	15.0	35.0	25.0	-

Explanation

The Government will provide \$75 million over three years for a competitive grants programme for projects which promote rationalisation, aggregation or diversification in the sugar industry, and for projects for community development.

The Minister for Agriculture, Fisheries and Forestry will allocate grants on the recommendation of the Industry Oversight Group. Funds will be allocated for projects that are consistent with regional plans for the sugar industry or which encourage economic diversification within a region.

Performance Information

- Regionally based, targeted projects developed that stimulate necessary change to facilitate the medium to longer term restructuring of the sugar industry.
- Timely and efficient delivery of assistance.

SUGAR INDUSTRY REFORM PROGRAMME 2004 — INCOME SUPPORT

Expense (\$m)

	2004-05	2005-06	2006-07	2007-08
Department of Agriculture, Fisheries and Forestry	15.0	-

Explanation

The Government will provide \$20.6 million over four years (including \$5.5 million in 2003-04) for income support to eligible cane growers and harvesters. Income support will be available for twelve months, at a rate equivalent to the Newstart Allowance, and will be subject to an income and assets test — with farm assets excluded. Recipients of income support are required to undertake financial viability assessments, which will be administered by Centrelink.

Funding includes \$3.5 million over four years to Centrelink to meet administration costs.

Performance Information

- Number of farmers and harvesters assisted to remain in the sugar industry through short-term income support.
- Timely and efficient delivery of assistance.

SUGAR INDUSTRY REFORM PROGRAMME 2004 — ADMINISTRATION

Expense (\$m)

	2004-05	2005-06	2006-07	2007-08
Department of Agriculture, Fisheries and Forestry	2.7	1.9	1.7	-

Explanation

The Government will provide \$7.6 million over four years (including \$1.3 million in 2003-04) for the Department of Agriculture, Fisheries and Forestry to administer the Sugar Industry Reform Programme 2004.

Performance Information

- Number of farmers and harvesters assisted to remain in the sugar industry through short-term income support.
- Timely and efficient delivery of assistance.

SUGAR INDUSTRY REFORM PROGRAMME 2004 – FINANCIAL VIABILITY ASSESSMENTS

Expense (\$m)

	2004-05	2005-06	2006-07	2007-08
Department of Agriculture, Fisheries and Forestry	10.4	3.2	-	-

Explanation

The Government will provide \$15.2 million over three years (including \$1.6 million in 2003-04) to assist growers, harvesters and mills to develop business plans.

Funding will include \$5.6 million for recipients of income support. Sugar growers and harvesters not in receipt of income support will be able to access business planning assistance at a cost of \$7.2 million. Cooperative and single site mills will also be able to access assistance of \$0.1 million each, at a cost of \$1.2 million.

This funding includes \$1.2 million over three years for Centrelink to administer the grower and harvester component of this measure. The Department of Agriculture, Fisheries and Forestry will administer the cooperative and single site mill component.

Performance Information

- Number of farmers and harvesters assisted to assess their situation and options for the future through developing a business plan and, as appropriate, remain in the sugar industry or re-establish outside the sugar industry.
- Number of cooperative milling groups and single site mill businesses assisted to obtain professional advice to assist the mill business identify restructure opportunities, develop mill business plans, and/or align existing mill business plans with regional industry plans.

- Timely and efficient delivery of assistance.

SUGAR INDUSTRY REFORM PROGRAMME 2004 — RESTRUCTURING GRANTS

Expense (\$m)				
	2004-05	2005-06	2006-07	2007-08
Department of Agriculture, Fisheries and Forestry	17.9	20.0	2.6	-

Explanation

The Government will provide \$40.5 million over three years for grants to encourage farmers electing to remain in the industry to improve farm productivity. The grants will be provided to farmers according to the land area they use to grow sugar cane and will be capped at \$15,000 per grower.

Funding includes \$1.4 million to Centrelink to meet administration costs.

Performance Information

- Number of growers assisted to improve their farm management practices and/or engage in alternative business structures and/or diversify their enterprise base.
- Timely and efficient delivery of assistance.

SUGAR INDUSTRY REFORM PROGRAMME 2004 — RE-ESTABLISHMENT GRANTS

Expense (\$m)				
	2004-05	2005-06	2006-07	2007-08
Department of Agriculture, Fisheries and Forestry	62.6	24.1	9.5	

Explanation

The Government will provide \$96.2 million over four years for one-off re-establishment grants to encourage and support unviable growers and harvesters who wish to leave the sugar industry. Re-establishment grants for growers are a form of sugar industry exit grants under the Sugar Industry Reform Package and are tax-free for growers who undertake to exit agriculture. Growers will be eligible for one-off grants of up to \$100,000 if they exit the industry in 2004-05, up to \$75,000 in 2005-06, and up to \$50,000 in 2006-07.

Harvesters for whom sugar cane harvesting is the primary source of income will be eligible for a one-off re-establishment grant of up to \$50,000 in any of the three years. Grants will be conditional on the harvester undertaking to leave the sugar industry. All growers and harvesters who access the re-establishment grant will be eligible to access retraining assistance under current Government programmes.

Funding includes \$1 million over four years for Centrelink to meet administration costs.

Performance Information

- Number of growers choosing to diversify into other agricultural commodities or leave agriculture altogether.
- Timely and efficient delivery of assistance.

SUGAR INDUSTRY REFORM PROGRAMME 2004 — RETRAINING AND EMPLOYMENT ASSISTANCE				
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Expense (\$m)	2004-05	2005-06	2006-07	2007-08
Department of Agriculture, Fisheries and Forestry	0.8	0.8	0.8	-
Department of Employment and Workplace Relations	2.1	1.6	0.9	-
Department of Education, Science and Training	-	-	-	-

Explanation

The Government will provide \$7 million over three years to assist the retraining and re-employment of growers who exit the industry and sugar industry workers who lose their jobs as a result of the reform process. Retraining and employment assistance will be delivered through current programmes administered by the Departments of Employment and Workplace Relations, Education, Science and Training, and Agriculture, Fisheries and Forestry. Funding for Department of Education, Science and Training programmes will be fully absorbed from within existing resourcing.

This funding includes \$0.1 million for the Department of Agriculture, Fisheries and Forestry to be paid to Centrelink to meet administration costs.

Performance Information

- Number of industry participants that choose to leave or are displaced that are assisted to undertake retraining activities.
- Timely and efficient delivery of assistance.

SUGAR INDUSTRY REFORM PROGRAMME 2004 — REPRIORITISATION OF FUNDING

Expense (\$m)

	2004-05	2005-06	2006-07	2007-08
Department of Agriculture, Fisheries and Forestry	-24.4	-22.0	-0.2	-

Explanation

The Government will reallocate funding of \$78.8 million over four years (including \$32.2 million in 2003-04) from the 2002 *Sugar Industry Reform Package* to partially fund the Sugar Industry Reform Programme 2004.

Table 2.2.1: Performance information for Output 3

DEPARTMENTAL ITEMS		
Efficient and effective programme administration as measured by:	<ul style="list-style-type: none"> • Delivery of programmes in accordance with programme guidelines and government prudential requirements. • Client awareness of programmes and their purpose. • Effective management of contractual obligations with outsourced service providers. 	
ADMINISTERED ITEMS *		
For expenditure under the <i>Fisheries Administration Act 1991</i>	<ul style="list-style-type: none"> • Efficient operation of the Australian Fisheries Management Authority in the stewardship of Commonwealth fisheries. 	AB1
<i>Fisheries Administration Act 1991</i>	<ul style="list-style-type: none"> • Efficient operation of the Australian Fisheries Management Authority in the stewardship of Commonwealth fisheries. 	SAB
Forest Industry Structural Adjustment Package	<ul style="list-style-type: none"> • Number of businesses and employees assisted and extent of new investment in forest industries. • Assistance given within agreed timeframes. 	AB1
Victorian Data Assistance Strategy	<ul style="list-style-type: none"> • Finalisation of an agreed schedule between Victoria and the Commonwealth to accelerate forest data collection and assessment • Finalise arrangements with Victoria for independent reviews of aggregate sawlog licence volumes in a sample of Victorian Forest Management Areas. 	AB2

Part C: DAFF Budget Statements 2004-05

Fisheries Resources Research Fund (FRRF)	<ul style="list-style-type: none"> • Appropriate organization of FRRF funds to progress policy through research into fisheries and aquaculture. 	AB1
International Organisations Contributions (Part item)	<ul style="list-style-type: none"> • Membership payments made accurately and on time, consistent with Australia's obligations under international treaties. • Work programmes which further the achievement of Australia's international fisheries, agricultural and wine trade policy objectives. • Level of industry support for government involvement. 	AB1
New Industries Development Programme Mark II	<ul style="list-style-type: none"> • Australian agribusiness enterprises gain the business skills and resources required to successfully commercialise new agribusiness products, technologies and services as measured through: <ul style="list-style-type: none"> - a minimum of 30 Pilot Commercialisation projects are approved and effective monitoring of existing projects; and - a minimum of 15 scholarships are awarded and effective monitoring of existing scholarships. • 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. 	AB1
National Food Industry Strategy (NFIS) – Centres of Excellence programme	<ul style="list-style-type: none"> • The Department's contract management facilitates achievement by NFIS Ltd against programme performance indicators and programme operation within expected budget and timeframe. • Management of contract meets best practice governance requirements. • Increase in number of global food corporations which conduct their R&D in Australia. • Increase in number of collaborative research partnerships between Australian R&D organizations and Australian/international companies. 	AB1

Part C: DAFF Budget Statements 2004-05

National Food Industry Strategy - Food Innovation Grants programme	<ul style="list-style-type: none"> The Department's contract management facilitates achievement by NFIS Ltd against programme performance indicators and programme operation within expected budget and timeframe. Management of contract meets best practice governance requirements. Introduction to the market of food products and adoption of production processes that incorporate scientific discoveries and technological applications funded and supported by the programme. Extent to which the programme generates processed food and enabling technology activities that are innovative. Increased numbers of processed food firms with improved knowledge, understanding and uptake of innovation through grants and projects funded under the programme. Firms have increased levels of strategic investment in firm based R&D and increased linkages with public R&D activities. 	AB1
National Food Industry Strategy – Food Safety and Quality Systems Initiative	<ul style="list-style-type: none"> Effective contribution to the substantial removal of duplication and inconsistency of commercial and regulatory food safety and quality systems. 	AB1
Payment to Meat & Livestock Australia (MLA)	<ul style="list-style-type: none"> Timely payments to MLA 	AB1
Tasmanian Wheat Freight Shipping	<ul style="list-style-type: none"> Payments made to Tasmanian Government accurately and on time within terms of agreement. The programme meets a proportion of the differential shipping costs for wheat from the mainland to Tasmania. 	AB2
Forest Industry Structural Adjustment Package - States	<ul style="list-style-type: none"> Industry development funds leveraged from the private sector. 	AB2
Dairy Industry Restructure Package	<ul style="list-style-type: none"> Ongoing timely and efficient implementation of the Dairy Structural Adjustment Programme/Supplementary Dairy Assistance (DSAP/SDA) measures. 	SAB

* Key:

AB1 = Appropriation Bill No. 1

AB2 = Appropriation Bill No. 2
SAB = Special Appropriations Bill

EVALUATIONS

REVIEW OF THE FOREST AND WOOD PRODUCTS COUNCIL

Objectives

To determine whether the Council should continue to exist and, if so, what should be its functions and procedures. This is required under Section 11 of the *Regional Forest Agreements Act 2002*.

The Council provides the forum for the Minister and stakeholders to: consult together; exchange advice and information; formulate advice in relation to the Forest and Wood Products Action Agenda, and promote cooperation between different sectors of the forest and wood products industry.

Start Date

1 July 2004.

End Date

31 December 2004.

Intended audience for findings

The forest and wood products industry and the Australian Parliament. The resulting report must be tabled in both Houses.

MID-TERM EVALUATION OF THE NATIONAL FOOD INDUSTRY STRATEGY

Objectives

The mid-term evaluation of the National Food Industry Strategy will focus on progress of each of the elements of the Strategy and of the Strategy as a whole in achieving its objectives. The evaluation will be undertaken against an evaluation framework, which has been agreed by the National Food Industry Council.

Start Date

July 2004.

End Date

June 2005.

Intended audience for findings

National Food Industry Council, National Food Industry Strategy Ltd Board, Australian and State/Territory governments, the food industry and the community.

OUTPUT 4 – MARKET ACCESS AND BIOSECURITY

OUTPUT OBJECTIVE

To make Australia's agricultural, fisheries, food and forestry industries more competitive by:

- providing sound policy and technical advice to maintain and improve market opportunities and by participating in market access negotiations, trade agreements and international forums.
- facilitating trade while protecting our plant and animal (including aquatic animal) health and environment through scientifically based biosecurity policy.

DESCRIPTION OF OUTPUT ACTIVITIES

Market Access and Biosecurity (MAB) will continue to address its core business requirements of enhancing trade opportunities and ensuring safe and less distorted trade. Its priorities will evolve to meet the challenges confronting Australian industry and the community through changes to the world trading environment; multilateral, bilateral and regional agricultural relationships; technological advances; and emerging pest and disease issues both in Australia and internationally.

In the sanitary and phytosanitary area, building on the principles set by the Government in 1997 for effective quarantine systems, MAB priorities are directed at:

- Transparent and scientifically-based biosecurity policy;
- Building a partnership approach with stakeholders;
- The development and review of biosecurity policies and procedures; and
- Independent scientific involvement.

Concerning agricultural trade policy, MAB develops strategies and priorities to encourage trade by addressing policy and technical barriers to trade that impact on Australia's agricultural trading interests. This includes:

- maximising trade opportunities arising from Australia's rights and obligations under relevant World Trade Organisation (WTO) agreements, including the Agriculture Agreement, the Agreement on the Application of Sanitary and Phytosanitary Measures and the Agreement on Technical Barriers to Trade, with a particular emphasis on completing the Doha Round of negotiations and engagement in agriculture related dispute resolution;
- working with stakeholders to identify and target market access priorities where the Department can contribute to removing technical and other barriers to trade;

- contributing to international standard setting and policy development activities through strategic involvement in and research of the work of relevant international organisations including the Organisation for Economic Cooperation and Development (OECD), the United Nations Food and Agriculture Organisation (FAO), the Office International des Epizooties (OIE), the Codex Alimentarius Commission (Codex) and the bodies established under the International Plant Protection Convention (IPPC);
- contributing to the achievement of technical market access for the Government's *National Food Industry Strategy*; and
- pursuing trade facilitation activities through enhancing agricultural cooperation with key trading partners, including through assisting in the negotiation of free trade agreements and economic partnerships.

EXPENSE MEASURES

AGRICULTURE — ADVANCING AUSTRALIA — INTERNATIONAL AGRICULTURAL COOPERATION PROGRAMME

Expense (\$m)	2004-05	2005-06	2006-07	2007-08
Department of Agriculture, Fisheries and Forestry	1.6	1.6	1.6	1.6

Explanation

The Government will provide \$6.4 million over four years to continue the International Agricultural Cooperation Programme, formerly Farm Growth Through Export Growth. This funding will promote rural exports by building upon existing and implementing new bilateral (government-to-government) frameworks, facilitating contact with potential international customers and providing technical assistance to targeted trading partners.

Performance Information

- Market access and market development achievements attributed to cooperation agreements.
- New International Agricultural Cooperation (IAC) projects approved or successfully implemented.
- Successful outcomes generated by IAC projects.

QUARANTINE — SAFEGUARDING AUSTRALIA

Expense (\$m)	2004-05	2005-06	2006-07	2007-08
Department of Agriculture, Fisheries and Forestry	3.5	-	-	-

Explanation

The Government will provide \$5.5 million over two years (including \$2 million in 2003-04) to expedite the risk analysis undertaken in relation to potential imports to Australia.

This funding will also be used to promote better understanding of Australia's science-based quarantine system amongst our trading partners, and to fund the legal defence against any aspect of our quarantine system that is challenged in the World Trade Organisation.

This funding is in addition to the \$46.7 million over four years provided in the 2001-02 Budget measure, *Continuation of Nairn funding for quarantine activities*.

Performance Information

Development of scientifically based biosecurity policy, in line with Government policy, the *Quarantine Act 1908* and international obligations as measured by:

- Development of high quality scientifically based evidentiary material for use in dispute settlement cases against Australia's quarantine system.
- Number of import risk assessments (IRAs) and import policy reviews completed and/or progressed.
- Number of successful appeals compared to opportunities to appeal.

Table 2.2.1: Performance information for Output 4

DEPARTMENTAL ITEMS	
High quality policy and technical advice on trade policy, market access and biosecurity as measured by:	<ul style="list-style-type: none"> • Acceptance or acknowledgment of policy and technical advice by stakeholders. • Number of issues/markets addressed.
Effective participation in trade policy and market access negotiations that are responsive to national priorities as measured by:	<ul style="list-style-type: none"> • Adoption or acknowledgment of Australian positions by overseas governments and agencies. • Adoption by international organisations of policies/positions that reflect Australia's interest. • Number of market access achievements (gained, improved, maintained). • Number of consultations with clients on priorities and performance.

<p>Development of scientifically-based biosecurity policy, in line with Government policy, the <i>Quarantine Act 1908</i> and international obligations as measured by:</p>	<ul style="list-style-type: none"> • Number of meetings with Portfolio participation. • Number of successful international agricultural cooperation activities. • Regular survey of registered stakeholders. • Acceptance by appointed scientific reviewers that policy is based on scientific principles. • Development of high quality scientifically based evidentiary material for use in dispute settlement cases against Australia’s quarantine system. • Number of import risk assessments (IRAs) and import policy reviews completed and/or progressed. • Number of successful appeals compared to opportunities to appeal. • Rate of incursions attributable to biosecurity policy.
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ADMINISTERED ITEMS *

<p>United Nations Food and Agriculture Organisation (FAO) Contribution as measured by:</p>	<ul style="list-style-type: none"> • Work programmes which further the achievement of Australia’s national and international agricultural, fisheries, forestry and food interests. (Appropriations Bill 1) 	<p>AB1</p>
<p>Agriculture – Advancing Australia: International Agricultural Cooperation as measured by:</p>	<ul style="list-style-type: none"> • Number of successful international agricultural cooperation activities. 	

*Key

AB1 = Appropriation Bill No. 1

AB2 = Appropriation Bill No. 2

SAB = Special Appropriations Bill

EVALUATIONS

CONTINUATION OF NAIRN FUNDING FOR QUARANTINE ACTIVITIES (2001-02 TO 2004-05) AND SAFEGUARDING AUSTRALIA'S QUARANTINE SYSTEM (2004-05)

Objectives

To evaluate the effectiveness and efficiency of both these measures in providing enhanced import risk assessments, scientifically based biosecurity policy in line with Government policy, the *Quarantine Act 1908* and international obligations and scientifically based evidentiary material for use in quarantine dispute settlements.

The Government will review funding for these activities.

Start Date

July 2004.

End Date

October 2004 (approximately).

Intended audience for findings

The Government and stakeholders.

OUTPUT 5 – PRODUCT INTEGRITY, ANIMAL (INCLUDING AQUATIC ANIMAL) AND PLANT HEALTH

OUTPUT OBJECTIVE

To minimise the impact of pests, diseases and contaminants on Australian agriculture, fisheries and forestry, and contribute to the health and welfare of production animals, and health of plants by: leadership in the prevention and management of national emergencies; providing leadership in veterinary public health; enhancing the security of national infrastructure and policies; and advancing Australia's interests internationally.

DESCRIPTION OF OUTPUT ACTIVITIES

Product Integrity, Animal and Plant Health (PIAPH) works with government, industry, and other community groups to manage animal (including aquatic animal) health and welfare, plant health and protection, residues, food safety and agricultural and veterinary chemicals. PIAPH leads national responses to significant pest, disease and food contaminant emergencies.

Australia currently enjoys a highly favourable pest and disease free status but faces a number of potentially disastrous threats to this including Foot and Mouth Disease (FMD), Bovine Spongiform Encephalopathy (BSE), Karnal Bunt and exotic fruit flies. Australia's pest and disease status underwrites agriculture and fishery exports. Should FMD, for example, be detected in Australia, there would be an immediate loss of trade for wool meat, dairy and live exports in the region of over \$10 billion.

Core activities for the Output include:

- Developing and implementing national policies and programmes, and maintaining and enhancing supporting infrastructure that improve Australia's capacity to manage pests, diseases and contaminants and contribute to good health and welfare practice in agriculture;
- Leading national responses to emergencies arising from contamination incidents, or emergency pest or disease outbreaks;
- Administering national legislation for the governance of agricultural and veterinary chemicals registration and residue monitoring and surveillance;
- Promoting Australia's interests in international fora dealing with animal health, plant health and food standards; assisting neighbouring countries in the region to manage pests and diseases; and engaging in bilateral discussion where significant trade problems occur; and
- Providing high level technical and scientific support and advice.

EXPENSE MEASURES

BUILDING A NATIONAL APPROACH TO ANIMAL AND PLANT HEALTH — EXTENSION				
Expense (\$m)	2004-05	2005-06	2006-07	2007-08
Department of Agriculture, Fisheries and Forestry	5.0	5.9	5.4	5.3

Explanation

The Government will provide \$21.6 million over four years to continue the Building a National Approach to Animal and Plant Health Programme.

This funding will enhance Australia's response to emergencies and biosecurity threats in the agricultural and food sectors by improving national animal and plant health infrastructure and industries' disease prevention and awareness capabilities.

Performance Information

- To enhance Australia's animal and plant health infrastructure and capacity to respond to emergencies

PERFORMANCE INDICATORS

Table 2.2.1: Performance information for Output 5

DEPARTMENTAL ITEMS	
Facilitate ongoing improvement to Australia's national capacity for managing pests, diseases and contaminants of agriculture, aquaculture and forestry, as measured by:	<ul style="list-style-type: none"> • Meeting agreed project milestones.
Identification and treatment of risks that may impact on Australia's ability to manage its response to emergency incidents, as measured by:	<ul style="list-style-type: none"> • Regular assessment of risks and relevant mitigation strategies. • Joint industry/government reviews or post mortems of incidents.
Strengthen the Department's ability to respond to emergency incidents, as measured by:	<ul style="list-style-type: none"> • Adequate number of appropriately trained staff. • Plans are current, accepted and activated for all incidents.
Contribute to the provision of timely and accurate advice to trading partners and international fora which maintains credibility, as measured by:	<ul style="list-style-type: none"> • The degree to which Australia's representations are accepted in bilateral or multilateral negotiations.
Influence upon the development of international standards, as measured by:	<ul style="list-style-type: none"> • The quality of participation and representation in international fora. • The extent to which outcomes match Australia's objectives.

Progress in developing the ability of neighbouring countries to manage agricultural and fishery pests, diseases and contaminants as measured by:	<ul style="list-style-type: none"> Implementation of agreed milestones for bilateral projects. 	
ADMINISTERED ITEMS *		
Securing the Future: Protecting our Industries from Biological, Chemical and Physical Risks.	<ul style="list-style-type: none"> In accordance with funding agreements, completion of agreed activities to enhance Australia's animal and plant health infrastructure and capacity to respond to emergencies. 	AB1
Agriculture and Veterinary Chemicals Minor Use Programme	<ul style="list-style-type: none"> Enhanced community access to minor use agvet chemicals. 	AB1
International Organisations Contributions	<ul style="list-style-type: none"> Timely payment of the Office International des Epizooties and International Vaccine Bank memberships. 	AB1
Other Exotic Disease Preparedness Programmes	<ul style="list-style-type: none"> Delivery of agreed exotic animal disease preparedness projects. 	AB1
Ovine Johnes Disease (OJD) Control and Evaluation Programme	<ul style="list-style-type: none"> Delivery of research projects and surveillance activities specified in National Ovine Johnes Disease Programme Business Plan. Effective participation and representation of Commonwealth positions to Programme Advisory Committee and Technical Advisory Group. Timely payments of invoices. 	AB1
Payment for National Residue Survey Community Service Obligations	<ul style="list-style-type: none"> Quality policy and technical advice on residues and contaminants provided to Ministers and other stakeholders. Participation in Codex and other related national and international fora. Efficient management of legislation and other government business. 	AB1
Payment to CSIRO: Contribution to the operating costs of the Australian Animal Health Laboratory	<ul style="list-style-type: none"> Completion of agreed programme activities to improve national diagnostic capability for emerging animal diseases. Delivery of diagnostic services during emergency animal disease outbreaks of national significance. 	AB1
Plant Disease Eradication	<ul style="list-style-type: none"> Funds received and disbursed as required. 	AB1

Tuberculosis Freedom Assurance Programme	<ul style="list-style-type: none"> • Delivery of the National Granuloma Submission Programme and the National Tuberculosis Reference Laboratory. • Maintenance of Australia's Tuberculosis free status in accordance with international requirements. 	
Exotic Disease Preparedness Programme	<ul style="list-style-type: none"> • Quality of reports and application of findings to State and National wildlife exotic disease planning. • Quality of regular reports on wildlife disease network. 	AB2
Other Exotic Disease Preparedness Programmes	<ul style="list-style-type: none"> • Number of non-government veterinarians achieving national training competencies. • Exotic Animal Disease Bulletins published quarterly in the Australian Veterinary Journal. 	AB2
Eradication of Red Imported Fire Ant	<ul style="list-style-type: none"> • Completion of baiting and surveillance activities as specified in the national eradication strategy. • Co-ordination of the National Consultative Committee, which provides effective oversight of the Programme. 	AB2
Agricultural and Veterinary Chemicals (Administration) Act 1992	<ul style="list-style-type: none"> • Funds received and disbursed as required. 	SAB
Australian Animal Health Council Funding Act 1996	<ul style="list-style-type: none"> • Funds received and disbursed as required. 	SAB
National Cattle Disease Eradication Trust Account Act 1991	<ul style="list-style-type: none"> • Funds received and disbursed as required. 	SAB
National Residue Survey (NRS) Admin Act 1992	<ul style="list-style-type: none"> • Funds received and disbursed as required. 	SAB

*Key

AB1 = Appropriation Bill No. 1

AB2 = Appropriation Bill No. 2

SAB = Special Appropriations Bill

EVALUATIONS

There are no planned evaluations for this Output for 2004-05.

OUTPUT 6 – QUARANTINE AND EXPORT SERVICES

OUTPUT OBJECTIVE

To protect Australia's animal, plant and human health status and maintain market access through the delivery of quarantine and export services.

DESCRIPTION OF OUTPUT ACTIVITIES

The Australian Quarantine and Inspection Service (AQIS) contributes to the achievement of the Department's Outcome, in particular the protection of Australia's animal, plant and human health status and maintenance of market access. This is achieved through:

- maintaining Australia's quarantine integrity through appropriate border control arrangements for international passengers, cargo, mail, aircraft and other vessels entering Australia and through post entry plant and animal quarantine arrangements;
- facilitating Australian exports by providing export inspection, auditing and certification services to the meat, horticulture, grain, fish, dairy, live animal exports and organic industries to ensure compliance with importing country requirements;
- developing and implementing communications that raise awareness of quarantine and promote compliance with quarantine requirements, with individuals or businesses within Australia and among overseas residents who may travel to or trade with Australia;
- developing and maintaining a partnership approach with stakeholders; and
- delivering a high level of service to industry and other external clients.

AQIS' import and export inspection, certification and food safety standard activities are essential to maintaining Australia's highly favourable animal, plant and human health status and export market access. These activities are important elements in the international regulatory framework that governs trade between nations.

AQIS has a vital role in implementing and administering strict quarantine controls at Australia's borders to minimise the risk of exotic pests and disease incursions. With support from industry and the community, AQIS will continue to respond to potential quarantine threats to maintain Australia's animal, plant and human health status and protect Australia's agricultural industries.

Maintaining access for Australian agricultural and food products to a large number of markets around the world is essential. Export inspection, auditing and certification

services contribute to the generation of a very substantial export income by the meat, horticulture, grain, fish, dairy, organic and live animal export industries.

AQIS also undertakes a policy role in relation to several export functions. In partnership with industry and our trading partners, AQIS works to gain, improve and/or maintain market access for meat and meat products, processed foods and animal products. This is achieved by negotiating suitable export conditions and protocols and by actively participating in international standard setting fora to develop policies and standards for trade in food products.

EXPENSE MEASURES

LIVESTOCK EXPORT TRADE — RESPONSE TO THE KENIRY REPORT				
Expense (\$m)	2004-05	2005-06	2006-07	2007-08
Department of Agriculture, Fisheries and Forestry	4.3	2.4	2.3	2.3

Explanation

The Government will provide \$11.3 million over four years to implement its response to the Keniry Report on Australia's livestock export trade. This includes the licensing of exporters, implementing a new Australian Livestock Export Code, and increasing Australian Quarantine and Inspection Service audits and inspections at all points of the trade.

The Government will also station a veterinary counsellor in the Middle East, and encourage technical cooperation in importing countries to improve animal welfare practices and handling procedures.

Performance Information

- Implementation of the Government's response to recommendations as specified in the Keniry Report of the Livestock Export Trade Review.

AVIAN INFLUENZA — ENHANCED QUARANTINE ARRANGEMENTS

Expense (\$m)

	2004-05	2005-06	2006-07	2007-08
Department of Agriculture, Fisheries and Forestry	6.2	-	-	-

Explanation

The Government will provide \$8.3 million over two years (including \$2.1 million in 2003-04) to the Australian Quarantine Inspection Service for enhanced border controls to prevent entry of avian influenza (bird flu) into Australia.

The funding will provide for screening of all passengers and baggage from avian influenza affected countries until 30 June 2005. Additional awareness campaigns will be conducted at Australian airports and surveillance increased in northern Australia.

The funding period is consistent with medical and veterinary advice that protection against the current outbreak will require enhanced border controls until the end of the next influenza season.

Performance Information

- Increased levels of intervention of passengers from Avian Influenza affected flights/vessels
- Increased surveillance in Northern Australia and increase in awareness campaigns

MELBOURNE 2006 COMMONWEALTH GAMES — CONTRIBUTION

Expense (\$m)

	2004-05	2005-06	2006-07	2007-08
Department of Agriculture, Fisheries and Forestry	-	-	-	-
All Agencies	8.0	90.3	1.3	-

Note: AQIS will recover \$0.1m in 2005-06 in relation to overseas pre-clearance and onshore inspection of cargo and Commonwealth Games teams.

Explanation

The Government will provide a package of assistance totalling \$272.5 million over four years from 2003-04 to 2006-07 to contribute to the staging of the Melbourne Commonwealth Games (M2006) to be held from 15-26 March 2006.

The assistance package includes \$139.8 million (including \$40 million in 2003-04) in new funding over the four years as a contribution to meeting the costs of the Games. The Government will also provide \$132.7 million in services and support which will be absorbed within existing resources.

Funding includes a grant of \$102.9 million to the Victorian Government for specific M2006 initiatives. These include \$40 million for the Opening and Closing Ceremonies, \$15 million for the Queen's Baton Relay, \$18.2 million for the M2006 Volunteer Programme, \$10 million for the Elite Athletes with a Disability Programme, \$7.5 million to provide airfare subsidies for athletes from developing countries participating in M2006, and \$6 million towards the costs of the M2006 Cultural Programme.

Funding of \$84.8 million will be provided over three years to provide security services and support to ensure a safe and secure M2006. Of this, \$56.5 million will be funded from existing resources.

Funding of \$27.1 million (including capital of \$0.2 million) over three years will be provided for non-security related services associated with staging M2006, of which \$18.5 million will be provided from existing resources. Activities involved include pre-event drug testing of international athletes, sporting programmes for people with disabilities, provision of aviation safety information and increased trade and investment promotion activities.

The Australian Sports Commission will provide an estimated \$55.3 million in direct assistance for M2006 sports through existing programmes over two years from 2004-05. Significant indirect assistance is also provided to support athletes, coaches and support staff of M2006 sports.

Visa application costs will be waived for Commonwealth Games Family Members, resulting in revenue forgone of \$1.4 million. Exemptions from Income and Withholding Tax for the Commonwealth Games Federation, estimated at \$1 million, were recorded as a measure, *Income tax exemption for the Commonwealth Games Federation*, in the 2002-03 Mid-Year Economic and Fiscal Outlook.

Performance Information

- The primary performance criteria for the measure will be maintaining Australia's quarantine integrity during the hosting of the 2006 Commonwealth Games

PERFORMANCE INDICATORS

Table 2.2.1: Performance information for Output 6

DEPARTMENTAL ITEMS	
Delivery of effective AQIS quarantine services as measured by:	<ul style="list-style-type: none">• Quarantine intervention levels at the border.• Quarantine risk effectiveness at the border.• Level of awareness of AQIS quarantine services.
Delivery of effective AQIS export services as measured by:	<ul style="list-style-type: none">• Number of consignments in export markets where facilitation of release of cargoes is attributed to AQIS involvement.• Rate of rejections of export consignments.• Level of awareness of AQIS export services.
ADMINISTERED ITEMS	
There are no Administered Items that contribute to this Output.	

*Key

AB1 = Appropriation Bill No. 1

AB2 = Appropriation Bill No. 2

SAB = Special Appropriations Bill

EVALUATIONS

ANAO FOLLOW-UP AUDIT - MANAGING FOR QUARANTINE EFFECTIVENESS

Objective

The ANAO Managing for Quarantine Effectiveness follow up audit will assess the effectiveness of AQIS actions to implement the eight recommendations of ANAO Report No.47 of 2000-01, Managing for Quarantine Effectiveness. This includes the effectiveness of measures taken with the additional funds provided.

Start Date

The ANAO determines its own timetable but it is expected that the audit will commence early in the 2004-05 financial year.

End Date

The ANAO determines its own timetable and the audit's completion date will be affected by a range of other audit activities and external factors.

Intended Audience for Findings

Governments, the Parliament, relevant import and export industries and the community, particularly in rural and regional Australia.

MANAGEMENT OF EXPORT CERTIFICATION SERVICES

Objective

The ANAO Audit of the Management of Export Certification Services will assess the effectiveness of the management of export certification services. This is expected to include:

- Services delivery issues such as risk management and systems support
- Stakeholder relationship management

The audit may also examine cost recovery and the relationship between user pays and effectiveness scrutiny.

Start Date

The ANAO determines its own timetable but it is expected that the audit will commence late in the 2004-05 financial year.

End Date

The ANAO determines its own timetable but it is anticipated that the audit will be completed by the end of the 2004-05 financial year.

Intended Audience for Findings

Governments, the Parliament, relevant export industry stakeholders and the community, particularly in rural and regional Australia.

OUTPUT 7 – SCIENTIFIC ADVICE

OUTPUT OBJECTIVE

To deliver effective, timely, policy-relevant scientific advice, assessments and tools for decision-making to promote more sustainable, competitive and profitable Australian agricultural, food, fisheries and forestry industries.

DESCRIPTION OF OUTPUT ACTIVITIES

This Output provides nationally focussed scientific advice as a foundation for evidence-based policy development and decision-making by the Department, government and portfolio stakeholders. Scientific advice contributes to and aligns with not only the objectives of the Department's other Outputs but also national research priorities and broader Commonwealth objectives.

Scientific advice is provided through oral presentations, written briefings, input to and service on committees, computer-based databases and decision-support systems. Scientific advice is also produced in the form of published books, reports and papers in primary literature, the media, conference presentations and workshops.

Scientific advice covers issues such as:

- Water management, quality and use in the Murray-Darling Basin and other catchments; ground water in the Great Artesian Basin and other aquifers;
- Salt hazard mapping and management support for salinity issues at regional and national levels;
- Assessment and mapping of land use, land cover changes and land management practices;
- Commonwealth fisheries; marine protected areas and ecosystems management in fisheries;
- Australian forests; vegetation, biodiversity and forest management;
- Biotechnology and other innovation in agricultural industries;
- Climate risk and adaptation; drought and other exceptional circumstances assessments;
- Feral animals, weeds, pest and disease management; and
- Social impact assessment; social research on community perceptions and values; and integrated social and biophysical regional assessments.

Scientific advice also includes national data and information services that underpin other portfolio outputs. This involves maintaining a library of fundamental data and

coordination with other Australian government agencies. Programmes and systems include:

- Australian Natural Resources Data Library and national data standards;
- National forest and plantation inventories;
- Population and community social data; and
- Community water supply database.

PERFORMANCE INDICATORS

Table 2.2.1: Performance information for Output 7

DEPARTMENTAL ITEMS	
Scientific advice is provided to clients, internal and external, to client satisfaction	<ul style="list-style-type: none"> • Meeting a standard agreed with Ministers. • Biannual client feedback survey.
Scientific advice is relevant to policy agenda	<ul style="list-style-type: none"> • Biannual client feedback survey. • Level of demand for database access, internet access, publications and conference attendance. • Degree of alignment of the work plan with client needs based on consultation. • Evidence of scientific advice used in policy decisions and public information associated with them.
High quality scientific advice	<ul style="list-style-type: none"> • Price of providing scientific advice through briefing, publications, analyses, databases and input and service to committees.
Scientific advice is provided for clients, internal and external, within the agreed timeframes	<ul style="list-style-type: none"> • Quarterly review of business plans and service level agreements. • Biannual client feedback survey. • Meeting milestones contained in business plans and contracts.
ADMINISTERED ITEMS	
There are no Administered Items that contribute to this Output.	

*Key

AB1 = Appropriation Bill No. 1

AB2 = Appropriation Bill No. 2

SAB = Special Appropriations Bill

EVALUATIONS

There are no planned evaluations for this Output for 2004-05.

OUTPUT 8 – ECONOMIC RESEARCH

OUTPUT OBJECTIVE

To provide world class economic policy analysis and forecasts to enhance the competitiveness of Australia's agricultural, fishing, forestry, energy and minerals industries and the quality of the Australian environment.

DESCRIPTION OF OUTPUT ACTIVITIES

Through this Output the Australian Bureau of Agricultural and Resource Economics (ABARE) will make a significant contribution to the Department, government and resource commodity industry stakeholders, by conducting high level policy and economic research.

Economic advice will cover issues such as:

- Natural resource management, including land and vegetation issues;
- Water resource management;
- Fisheries management and the development of a sustainable and competitive aquaculture industry;
- Agricultural industries research, including industry analyses and issues related to recovery from the drought and rural adjustment;
- Food and biosecurity issues, including food market analysis, biotechnology impacts and disease incursion risks;
- Contribute to the Import Risk Assessment process through the provision of sound economic analysis;
- Agricultural trade policy analysis, including to assist in the development of rigorous trade policy and negotiating positions and to inform the international trade reform process;
- Climate change analysis to identify the domestic and international impacts of alternative climate change response policies and to contribute to developing a robust framework for long term solutions to climate change concerns;
- Domestic energy analysis that provides data, forecasts, analysis and advice to government and private sector clients;
- International energy analysis that identifies markets and opportunities that will help to maximise the returns to the Australian energy sector; and

- Minerals sector issues including short and medium term commodity forecasting, land access and regional development issues, and minerals exploration and development concerns.

This will be underpinned by the following ongoing survey and modelling projects which include:

- Survey programme - Through its survey programme ABARE provides the Australian rural and agricultural sector with a unique economic research database that enables not only farmers but also government and industry to analyse a wide variety of issues facing rural and regional Australia.
- Global Modelling - ABARE will continue to develop and maintain its global trade and environment model (GTEM) to provide Australian policy makers and international negotiators with analysis of key international issues such as climate change response policy and trade liberalisation. The analysis undertaken with the model has underpinned ABARE's analysis of international climate change response policy since the negotiation of the Kyoto Protocol and informed analysis of the Doha round of multilateral trade negotiations. ABARE also continues to enhance the credibility of the model for international climate change analysis through its participation in the Stanford University Energy Modelling Forum peer review and model comparison exercises.

PERFORMANCE INDICATORS

Table 2.2.1: Performance information for Output 8

DEPARTMENTAL ITEMS	
High quality economic research and advice as measured by:	<ul style="list-style-type: none"> • Feedback from annual client satisfaction survey.
Timely economic research as measured by:	<ul style="list-style-type: none"> • Forecasts released to pre-arranged schedules. • Completion of core policy research in time to feed into decision-making processes. • Completion of contracted research within negotiated timeframes.
Communication of relevant, professional and independent advice as measured by:	<ul style="list-style-type: none"> • Number of normalised reports produced. • Feedback from annual client satisfaction survey. • Number of national, regional and international conferences held. • Number of website hits. • Media statistics.

ADMINISTERED ITEMS

There are no Administered Items that contribute to this Output.

*Key

AB1 = Appropriation Bill No. 1

AB2 = Appropriation Bill No. 2

SAB = Special Appropriations Bill

EVALUATIONS

There are no planned evaluations for this Output for 2004-05.

Section 3: Budgeted financial statements

DEPARTMENTAL FINANCIAL STATEMENTS

Table 3.1: Budgeted Departmental Statement of Financial Performance

This statement provides a picture of the expected financial results for the Department by identifying full accrual expenses and revenues, which highlights whether the Department is operating at a sustainable level.

Analysis: Revenues from Government decline over the period of the forward estimates reflecting the provisional lapsing of a number of budget measures including *Increased Quarantine Intervention* and *Nairn* programmes. The expected increase in revenues from government during 2004-05 reflects the funding of various budget measures including *Safeguarding of Australia's Quarantine System*, *Australia's response to Avian Influenza Outbreak*, *Sugar Industry Reform Programme 2004* and the continuation of the *Agriculture-Advancing Australia (AAA)* package. The movement in employee and supplier expenses reflect the appropriation decline over the same period.

Table 3.2: Budgeted Departmental Statement of Financial Position

This statement shows the financial position of the Department. It helps decision makers to track the management of the Department's assets and liabilities.

Analysis: Movements in the balance of cash and receivables in 2004-05 reflect the collection of the appropriation receivable at the end of 2003-04, relating to the Government's contribution towards funding for *Australia's response to Avian Influenza Outbreak* and the *Sugar Industry Reform Programme 2004*. Funding for these budget measures in the future years forms part of departmental appropriation as detailed in the Departmental Statement of Financial Performance.

Declining employee and supplier liabilities are the result of a forecast reduction in these expenses in line with the reduction of appropriation outlined above.

Table 3.3: Budgeted Departmental Statement of Cash Flows

This statement provides important information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

Analysis: Movement in net cash – as per analysis commentary in Table 3.2: Budgeted Departmental Statement of Financial Position – above.

Table 3.4: Departmental Capital Budget Statement

This statement shows all planned departmental capital expenditure on non-financial assets, whether funded either through capital appropriations for additional equity or borrowings, or from funds from internal sources.

Analysis: The amount of \$3.473 million relates to a capital appropriation representing the appropriation of accrued revenue for prior year Outputs. This relates to the measures funding provided by Government for costs of *Australia's response to Avian Influenza Outbreak* and the *Sugar Industry Reform Programme 2004*.

Table 3.5: Departmental Non-financial Assets — Summary of Movement

Shows budgeted acquisitions and disposals of non-financial assets during the budget year.

Analysis: The Department has budgeted for the majority of its capital expenditure to be made in respect of information technology purchases (including software) and through the planned relocation and refurbishment of AQIS regional offices.

SCHEDULE OF ADMINISTERED ACTIVITY

Table 3.6: Schedule of Budgeted Revenues and Expenses Administered on behalf of Government

This schedule identifies the main revenues and expenses administered on behalf of the Government

Analysis: The Department will receive administered appropriations totalling \$1.712.838 million in 2004-05 for payments it will administer on behalf of the Government, an increase of \$197.598 million on the estimated actual 2003-04 appropriations. This increase is summarised as follows:

- increase of \$105.621 million in Appropriation Bill (no.1);
- increase of \$107.415 million in Appropriation Bill (no.2); and
- decrease of \$15.437 in Special Appropriations

The Department will administer the collection of other taxes, fees and fines (primarily industry levies) of \$589.057 million, an increase of \$22.812 million from the 2003-04 estimated actual.

Table 3.7: Schedule of Budgeted Assets and Liabilities Administered on behalf of Government

This schedule shows the assets and liabilities administered on behalf of the Government.

Table 3.8: Schedule of Budgeted Administered Cash Flows

This schedule provides important information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

Analysis not required for table 3.8.

Table 3.1: Budgeted Departmental Statement of Financial Performance for the period ended 30 June

	Estimated actual 2003-04 \$'000	Budget estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
REVENUE					
Revenues from ordinary activities					
Revenues from Government	289,683	309,657	207,915	193,035	182,100
Goods and services	188,070	191,508	170,925	170,769	168,744
Interest	692	700	706	715	720
Other	10,830	6,825	11,025	11,220	11,230
Revenues from ordinary activities	489,275	508,690	390,571	375,739	362,794
EXPENSE					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	265,569	276,443	199,270	201,881	194,924
Suppliers	204,475	202,150	158,000	143,906	139,122
Grants	9,713	18,411	18,758	14,798	13,000
Depreciation and amortisation	9,023	11,265	13,773	14,900	15,000
Other	-	-	117	-	-
Expenses from ordinary activities (excluding borrowing costs expense)	488,780	508,269	389,918	375,485	362,046
Operating surplus or (deficit) from ordinary activities	495	421	653	254	748
Gain or (loss) on extraordinary items	-	-	-	-	-
Net surplus or (deficit)	495	421	653	254	748
Outside equity interests in net surplus or (deficit)					
Net surplus or deficit attributable to the Australian Government	495	421	653	254	748
Total changes in equity other than those resulting from transactions with owners as owners	495	421	653	254	748

Table 3.2: Budgeted Departmental Statement of Financial Position as at 30 June

	Estimated actual 2003-04 \$'000	Budget estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
ASSETS					
Financial assets					
Cash	3,056	6,430	6,107	6,818	7,010
Receivables	96,485	96,012	80,222	92,222	91,783
Investments	14,391	14,625	14,685	15,185	15,779
Accrued revenues	8,351	8,351	8,351	8,351	8,909
Other financial assets					
Total financial assets	122,283	125,418	109,365	122,576	123,481
Non-financial assets					
Land and buildings	8,625	8,209	8,007	5,934	5,934
Infrastructure, plant and equipment	4,899	4,420	3,783	2,214	2,214
Inventories	3,979	3,979	3,979	3,979	3,979
Intangibles	11,954	13,648	14,327	9,120	9,120
Other	3,094	3,094	3,093	3,093	3,093
Total non-financial assets	32,551	33,350	33,189	24,340	24,340
Total assets	154,834	158,768	142,554	146,916	147,821
LIABILITIES					
Interest Bearing Liabilities					
Loans					
Leases	-	-	-	-	-
Total Interest Bearing Liabilities	-	-	-	-	-
Provisions					
Employees	78,635	77,601	63,628	64,100	64,548
Other Provisions					
Total provisions	78,635	77,601	63,628	64,100	64,548
Payables					
Suppliers	11,190	11,890	9,436	6,998	7,106
Other Payables	35,823	39,670	39,230	45,304	44,905
Total payables	47,013	51,560	48,666	52,302	52,011
Total liabilities	125,648	129,161	112,294	116,402	116,559
EQUITY					
Contributed equity	14,413	14,413	14,413	14,413	14,413
Reserves	1,855	1,855	1,855	1,855	1,855
Retained surpluses or accumulated deficits	12,918	13,339	13,992	14,246	14,994
Total equity	29,186	29,607	30,260	30,514	31,262

Part C: DAFF Budget Statements 2004-05

	Estimated actual 2003-04 \$'000	Budget estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
Total liabilities and equity	154,834	158,768	142,554	146,916	147,821
Total Assets And Liabilities By Maturity:					
Current Assets	122,283	125,418	109,365	122,576	123,481
Non-Current Assets	32,551	33,350	33,189	24,340	24,340
Current Liabilities	74,535	78,720	70,936	74,737	74,603
Non-Current Liabilities	51,113	50,441	41,358	41,665	41,956

Table 3.3: Budgeted Departmental Statement of Cash Flows for the period ended 30 June

	Estimated actual 2003-04 \$'000	Budget estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	181,608	191,762	184,213	172,563	169,048
Appropriations	288,080	307,228	211,915	181,036	177,468
Interest	692	700	706	715	720
GST input credit receipts	16,066	16,256	13,139	10,651	9,595
Other	10,570	6,555	5,745	10,930	14,667
Total cash received	497,016	522,501	415,718	375,895	371,498
Cash used					
Employees	265,021	277,477	213,243	201,409	194,476
Suppliers	175,896	142,403	106,612	78,072	70,740
Grants	9,713	18,411	18,708	14,746	12,947
GST payments to suppliers	15,664	16,256	12,670	10,651	9,161
Cash to the Official Public Account	55,842	55,755	51,755	63,755	68,388
Total cash used	522,136	510,302	402,988	368,633	355,712
Net cash from or (used by) operating activities	(25,120)	12,199	12,730	7,262	15,786
INVESTING ACTIVITIES					
Cash received					
Other	109	-	620	-	-
Total cash received	109	-	620	-	-
Cash used					
Purchase of property, plant and equipment	10,719	12,064	13,613	6,051	15,000
Other	-	234	60	500	594
Total cash used	10,719	12,298	13,673	6,551	15,594
Net cash from or (used by) investing activities	-10,610	-12,298	-13,053	-6,551	-15,594
FINANCING ACTIVITIES					
Cash received					
Appropriations - Prior Year Outputs	32,180	3,473	-	-	-
Total cash received	32,180	3,473	-	-	-
Net cash from / (used by) financing activities	32,180	3,473	-	-	-
Net increase or (decrease) in cash held	-3,550	3,374	-323	711	192
Cash at the beginning of the reporting period	6,606	3,056	6,430	6,107	6,818
Effect of exchange rate movements on cash at the beginning of reporting period	-	-	-	-	-
Cash At The End Of The Reporting Period	3,056	6,430	6,107	6,818	7,010

Table 3.4: Departmental Capital Budget Statement

	Estimated actual 2003-04 \$'000	Budget estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
CAPITAL APPROPRIATIONS					
Total loans	-	-	-	-	-
Appropriation of previous year accrued revenue (Dept only)	32,180	3,473	-	-	-
Total capital appropriations	32,180	3,473	-	-	-
Represented By:					
Purchase of non-current assets	-	-	-	-	-
Other	32,180	3,473	-	-	-
Total represented by	32,180	3,473	-	-	-
PURCHASE OF NON FINANCIAL ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally by					
Departmental resources	10,719	12,064	13,613	6,051	15,000
Total	10,719	12,064	13,613	6,051	15,000

Table 3.5: Departmental Non-financial Assets — Summary of Movement (Budget year 2004-05)

	Land	Buildings	Total Land and Buildings	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of year	839	7,786	8,625	4,899	-	11,954	-	25,478
Additions	-	2,281	2,281	1,319	-	8,464	-	12,064
Disposals	-	-	-	-	-	-	-	-
Net revaluation increments / decrements	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Depreciation / amortisation expense	-	2,697	2,697	1,798	-	6,770	-	11,265
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Other movements (give details below)	-	-	-	-	-	-	-	-
Carrying amount at the end of year	839	7,370	8,209	4,420	-	13,648	-	26,277
Total additions								
Represented By:								
Self funded	-	2,281	2,281	1,319	-	8,464	-	12,064
Appropriations	-	-	-	-	-	-	-	-
Total	-	2,281	2,281	1,319	-	8,464	-	12,064

Table 3.6: Schedule of Budgeted Revenues and Expenses Administered on behalf of Government for the period ended 30 June

	Estimated actual 2003-04 \$'000	Budget estimates 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
REVENUES					
Taxation					
Other taxes, fees and fines	563,117	585,802	594,399	596,830	588,166
Total taxation	563,117	585,802	594,399	596,830	588,166
Non-Taxation (Revenues from Government)					
Interest	2,068	1,990	1,813	1,676	1,551
Other sources of non-taxation	1,060	1,265	1,195	1,107	1,109
Total non-taxation	3,128	3,255	3,008	2,783	2,660
Total revenues administered on behalf of Government	566,245	589,057	597,407	599,613	590,826
EXPENSES					
Grants	1,274,311	1,435,600	1,136,435	1,052,167	978,971
Personal benefits	240,369	272,938	80,693	37,599	7,101
Depreciation and amortisation	-	4,230	4,492	4,387	4,194
Other	559	70	63	64	65
Extraordinary items	-	-	-	-	-
Total expenses administered on behalf of Government	1,515,239	1,712,838	1,221,683	1,094,217	990,331
Operating Result	-948,994	-1,123,781	-624,276	-494,604	-399,505

Table 3.7: Schedule of Budgeted Assets and Liabilities Administered on behalf of Government as at 30 June

	Estimated actual 2003-04 \$'000	Budget estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
ASSETS					
Financial assets					
Cash	4,580	4,677	100	3,147	2,163
Receivables	75,703	70,912	62,876	57,169	56,281
Investments	567,228	566,744	566,252	566,252	566,252
Accrued revenues	663	680	643	502	82
Total financial assets	648,174	643,013	629,871	627,070	624,778
Non-financial assets					
Other non-financial assets	534	534	534	534	534
Total non-financial assets	534	534	534	534	534
Total assets administered on behalf of Government	648,708	643,547	630,405	627,604	625,312
LIABILITIES					
Interest bearing liabilities					
Loans	2,932	2,932	2,932	2,932	2,932
Total interest bearing liabilities	2,932	2,932	2,932	2,932	2,932
Payables					
Suppliers	24	3	3	3	3
Grants and subsidies	50,707	49,433	37,496	35,976	33,684
Personal benefits payable	2,815	1,296	69	-	-
Other Payables	13	13	13	13	13
Total payables	53,559	50,745	37,581	35,992	33,700
Total liabilities administered on behalf of Government	56,491	53,677	40,513	38,924	36,632
EQUITY					
Contributed equity	-	-	-	-	-
Reserves	484,394	483,910	483,418	483,418	483,418
Retained surpluses or accumulated deficits	107,823	105,960	106,474	105,262	105,262
Total equity	592,217	589,870	589,892	588,680	588,680

Table 3.8: Schedule of Budgeted Administered Cash Flows for the period ended 30 June

	Estimated actual 2003-04 \$'000	Budget estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
OPERATING ACTIVITIES					
Cash received					
Other taxes, fees and fines	563,034	585,755	594,385	596,846	587,746
Interest	1,947	1,973	1,850	1,817	1,971
Cash from Official Public Account	1,503,247	1,712,410	1,227,319	1,095,377	986,988
GST input credit receipts	27,426	30,849	26,133	24,114	22,390
Transfer from other entities (Finance - Whole of Government)					
Other	1,060	1,265	1,195	1,107	1,109
Total cash received	2,096,714	2,332,252	1,850,882	1,719,261	1,600,204
Cash Used					
Grant payments	1,258,320	1,433,149	1,147,137	1,050,343	977,919
Personal benefits	238,799	274,457	81,926	37,671	7,102
Suppliers	941	4,251	4,492	4,387	4,194
GST payments to suppliers	27,426	30,849	26,133	24,114	22,390
Cash to Official Public Account	568,824	590,920	596,893	600,825	590,826
Other	559	70	63	64	65
Total cash used	2,094,869	2,333,696	1,856,644	1,717,404	1,602,496
Net cash from / (Used by) operating activities	1,845	-1,444	-5,762	1,857	-2,292
INVESTING ACTIVITIES					
Cash received					
Other	2,735	1,541	1,185	1,190	1,308
Total cash received	2,735	1,541	1,185	1,190	1,308
Net Cash from / (Used by) Investing Activities	2,735	1,541	1,185	1,190	1,308
Net Increase or (Decrease) In Cash Held					
Cash Held	4,580	97	-4,577	3,047	-984
Cash at beginning of reporting period	-	4,580	4,677	100	3,147
Effect of exchange rate movements on cash at beginning of reporting period	-	-	-	-	-
Cash At End Of Reporting Period	4,580	4,677	100	3,147	2,163

NOTES TO THE FINANCIAL STATEMENTS

DEPARTMENTAL FINANCIAL STATEMENTS AND SCHEDULE OF ADMINISTERED ACTIVITY

Under the Australian Government's accrual-based budgeting framework, and consistent with Australian Accounting Standards, transactions that agencies control (departmental transactions) are separately budgeted for and reported on from transactions agencies do not have control over (Administered transactions). This ensures that agencies are only held fully accountable for the transactions over which they have control.

- Departmental items are those assets, liabilities, revenues and expenses 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 items are 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.

BASIS OF ACCOUNTING

The agency budget statements are prepared in compliance with Australian Accounting Standards, Accounting Guidance Releases and having regard to Statements of Accounting Concepts.

APPROPRIATIONS IN THE ACCRUAL BUDGETING FRAMEWORK

Under the Australian Government's 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 in agencies;
- 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

- 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).

ADMINISTERED INVESTMENTS IN CONTROLLED ENTITIES

Each Australian Government Department is required to show an Administered investment in each *Commonwealth Authority and Company (CAC) Act 1997* entity within their portfolio. These Administered investments should be valued at the Australian Government's ownership interest in the net assets of those CAC entities, fixed at a notional acquisition date of 30 June 1997.

ASSET VALUATION

From 1 July 2002 Australian Government agencies and authorities are required to use either the cost basis or the fair value basis to measure Property, Plant and Equipment. The shift from the deprival method of valuation to fair value should occur gradually over a three-year period. Fair value essentially reflects the current market value of an asset.

Section 4: Purchaser-provider and cost recovery arrangements

PURCHASER-PROVIDER ARRANGEMENTS

DEPARTMENT OF AGRICULTURE, FISHERIES AND FORESTRY / DEPARTMENT OF FOREIGN AFFAIRS AND TRADE (DFAT)

CROSS AGENCY OVERVIEW

The Department of Agriculture, Fisheries and Forestry has a purchaser/provider arrangement with the DFAT for the delivery of personnel, office, property, financial and communication services for Departmental overseas posts.

RESPONSIBILITY

The Department pays DFAT based on a schedule included in a Service Level Agreement (SLA).

CONTROL ARRANGEMENTS

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

RESOURCING

All resourcing implications are detailed in the SLA. It is a fee for service arrangement.

PERFORMANCE AGAINST OUTCOMES OF PURCHASED OUTPUTS

Performance measures are outlined in the SLA.

DEPARTMENT OF AGRICULTURE, FISHERIES AND FORESTRY / DEPARTMENT OF FOREIGN AFFAIRS AND TRADE (DFAT)

CROSS AGENCY OVERVIEW

The Department of Agriculture, Fisheries and Forestry has a purchaser/provider arrangement with the DFAT for the delivery of (SATIN) information technology services for In-Confidence Network for DAFF staff at overseas posts and in Canberra.

RESPONSIBILITY

The Department pays DFAT for services provided at posts based on a schedule included in a Memorandum of Understanding (MOU) and a lease agreement for Canberra.

CONTROL ARRANGEMENTS

Services supplied overseas are documented in the MOU and lease arrangements.

RESOURCING

Services provided on a fee for service arrangement.

PERFORMANCE AGAINST OUTCOMES OF PURCHASED OUTPUTS

Performance measures for posts are outlined in the MOU and lease arrangements.

DEPARTMENT OF AGRICULTURE, FISHERIES AND FORESTRY / DEPARTMENT OF
INDUSTRY, TOURISM AND RESOURCES (DITR)

CROSS AGENCY OVERVIEW

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

RESPONSIBILITY

Funds are appropriated to DITR; DITR pays funds to ABARE based on a schedule included in the ABARE/DITR Service Level Agreement (SLA).

CONTROL ARRANGEMENTS

A SLA 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 SLA on a quarterly basis is included in the SLA.

RESOURCING

DITR arranges payments to ABARE based on projects negotiated in the SLA between ABARE and DITR.

PERFORMANCE AGAINST OUTCOMES OF PURCHASED OUTPUTS

Performance outcomes are detailed against each project in the SLA.

DEPARTMENT OF AGRICULTURE, FISHERIES AND FORESTRY / AUSTRALIAN GREENHOUSE OFFICE (AGO)

CROSS AGENCY OVERVIEW

The Department of Agriculture, Fisheries and Forestry provides the Australian Greenhouse Office (AGO) with energy and climate change related economic research, forecasts and statistical services.

RESPONSIBILITY

Funds are appropriated to AGO; AGO pays funds to ABARE based on a schedule included in the ABARE/AGO Service Level Agreement (SLA).

CONTROL ARRANGEMENTS

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

RESOURCING

AGO arranges payments to ABARE based on projects negotiated in the SLA between ABARE and AGO.

PERFORMANCE AGAINST OUTCOMES OF PURCHASED OUTPUTS

Performance outcomes are detailed against each project in the SLA.

CROSS AGENCY OVERVIEW

DEPARTMENT OF AGRICULTURE, FISHERIES AND FORESTRY / CENTRELINK

The Department of Agriculture, Fisheries and Forestry has a purchaser/provider arrangement with Centrelink relating to the delivery of FarmHelp, Drought-related programmes and the *Sugar Industry Reform Programme 2004*.

RESPONSIBILITY

Within the Department, Rural Policy and Innovation Business has responsibility for the FarmHelp and Drought-related programmes, with the Food and Agriculture Business responsible for the *Sugar Industry Reform Programme 2004*.

CONTROL ARRANGEMENTS

Centrelink is located within the Family and Community Services Portfolio and operates under the *Commonwealth Service Delivery Agency Act 1997*. It is subject to the *Financial Management and Accountability Act 1997* (the FMA Act) and is staffed under

the *Public Service Act 1999*. Unlike other government bodies under the FMA Act, Centrelink has a Board with executive powers that is fully accountable to the Minister. It has an independent Chairman (who is also the Chief Executive under the FMA Act) and the majority of the Board members come from private sector backgrounds.

The governance framework allows the direct participation of at least two of the heads of the purchasing agencies on the Centrelink Board. This ensures a strong stewardship for the purchasing agencies and the Government since Centrelink is responsible for the disbursement of large sums of public monies on behalf of its client agencies.

RESOURCING

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

- FarmHelp – \$5.924 million.
- Drought-related programmes- \$6.456 million.
- Sugar Industry Reform Programme 2004 – \$4.683 million.

PERFORMANCE AGAINST OUTCOMES OF PURCHASED OUTPUTS

The performance information on FarmHelp and Drought-related programmes can be found under the Rural Policy and Innovation Output.

The performance information on the *Sugar Industry Reform Programme* can be found under the Industry Development Output.

CROSS AGENCY OVERVIEW

DEPARTMENT OF AGRICULTURE, FISHERIES AND FORESTRY / DEPARTMENT OF THE ENVIRONMENT AND HERITAGE

The Department of Agriculture, Fisheries and Forestry and the Department of the Environment and Heritage have a cross portfolio arrangement in respect of administration of the *National Action Plan for Salinity and Water Quality* (the National Action Plan). The *National Action Plan* is a \$700 million Australian Government investment over seven years that 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.

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; and

- improve water quality and secure reliable allocations for human uses, industry and the environment.

RESPONSIBILITY

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

The Department of Agriculture, Fisheries and Forestry and the Department of the Environment and Heritage have established a cross portfolio unit, the Australian Government Natural Resource Management Team, to jointly implement the *National Action Plan* and the *Natural Heritage Trust*.

CONTROL ARRANGEMENTS

The Department of Agriculture, Fisheries and Forestry is responsible for financial management of the *National Action Plan*.

RESOURCING

Total funding for the National Action Plan in 2004-05 is \$152.7 million, which will be appropriated to the Department of Agriculture, Fisheries and Forestry. The Department of Agriculture, Fisheries and Forestry will provide to the Department of Environment and Heritage (via a transfer under section 31 of the *Financial Management and Accountability Act 1997*) \$1.4 million in 2004-05 to fund the running costs incurred in implementing the *National Action Plan*.

PERFORMANCE AGAINST OUTCOMES OF PURCHASED OUTPUTS

Quantity - Number of regional / catchment natural resource management plans that are credited as the basis for investment. Number of investment strategies that are prepared, evaluated and for which funding is agreed and specified in Partnerships. Strategic Plans are in place and being implemented for the non-regional elements of the *National Action Plan*.

Quality - Integrated regional/catchment natural resource management plans are developed and being implemented, or are being developed, according to agreed accreditation criteria. Activities agreed under implementation arrangements for non-regional elements of the National Action Plan meet priority needs in strategic plans.

Efficiency - A monitoring and evaluation strategy is in place at each level of the National Action Plan delivery. The administration of the *National Action Plan* meets benchmarks for comparable grants and natural resource management programmes.

DEPARTMENT OF AGRICULTURE, FISHERIES AND FORESTRY / DEPARTMENT OF THE ENVIRONMENT AND HERITAGE

The Government will provide over \$1.0 billion to extend the *Natural Heritage Trust* for a further five years, from 2002-03 to 2006-07. The 2004-05 Budget provides for expenditure of \$310 million for the Trust in 2004-05.

The Department of Agriculture, Fisheries and Forestry and the Department of the Environment and Heritage have a cross portfolio arrangement in respect of *Natural Heritage Trust* administration. The Trust expenditure package is a \$2.7 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 Trust has three overarching objectives:

1. 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.
2. 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.
3. 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.

RESPONSIBILITY

Responsibility for *Natural Heritage Trust* administration is vested in a Board consisting of the Minister for Agriculture, Fisheries and Forestry and the Minister for the Environment and Heritage.

CONTROL ARRANGEMENTS

The Department of Agriculture, Fisheries and Forestry and the Department of the Environment and Heritage are jointly responsible for the administration of the Trust extension, which is managed by the joint Australian Government Natural Resource Management Team.

RESOURCING

All the *Natural Heritage Trust* financial resources are included in the agency report of the Environment and Heritage portfolio.

Total funding for the *Natural Heritage Trust* in 2004-05 is \$310 million. The Department of the Environment and Heritage will provide funding to the Department of Agriculture, Fisheries and Forestry (through section 31 of the *Financial Management and Accountability Act 1997*) in 2004-05 to fund the administrative costs incurred in implementing the *Natural Heritage Trust*.

PERFORMANCE AGAINST OUTCOMES OF PURCHASED OUTPUTS

Quantity

- All investments approved by Ministers in 2004-05 are provided with funding, in accordance with Trust accountability and acquittal procedures, to meet Trust objectives.
- Bilateral agreements signed with each State.
- Number of investment strategies that are prepared, evaluated and for which funding is agreed and specified in Partnership Agreements.
- Number of individuals/community groups supported through Australian Government Envirofund Grants.
- Number of on ground actions, by type, supported by the *Natural Heritage Trust*.

Quality

- Investments are approved in accordance with agreed guidelines.
- Bilateral Agreements signed with the states and territories reflect agreed priorities and delivery arrangements for the *Natural Heritage Trust*.
- Integrated Natural Resource Management Regional Plans meet agreed accreditation criteria.

Efficiency

- A monitoring and evaluation strategy is in place at each level of the Trust delivery framework.
- The administration of the Trust meets benchmarks for comparable grants programmes.

DEPARTMENT OF AGRICULTURE, FISHERIES AND FORESTRY / AUSTRALIAN GOVERNMENT ANALYTICAL LABORATORIES (AGAL)

The National Residue Survey engages the Australian Government Analytical Laboratories (AGAL) through a competitive tender process to provide analytical testing services. Services provided are in accordance with individual contracts for each programme for which AGAL is the successful tenderer.

RESPONSIBILITY

All reporting responsibilities relative to AGAL are detailed in the relevant contracts. 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 testing contracts.

RESOURCING

All resourcing implications are spelt out in detail in the contract. It is a fee for service arrangement.

PERFORMANCE AGAINST OUTCOMES AND OUTPUTS

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

DEPARTMENT OF AGRICULTURE, FISHERIES AND FORESTRY / CSIRO – AUSTRALIAN ANIMAL HEALTH LABORATORY (AAHL)

Department of Agriculture, Fisheries and Forestry provides a contribution to the cost of AAHL in order to maintain Australia's capacity to diagnose exotic and emerging animal diseases.

RESPONSIBILITY

AAHL is a business unit within the CSIRO. The CSIRO is an independent statutory authority constituted under the Science and Industry Act 1949 and operating under the Commonwealth Authorities and Companies Act 1997. The CSIRO reports to Parliament through its Board and the Minister for Education Science and Training.

CONTROL ARRANGEMENTS

There is a Memorandum of Understanding (MOU) between the Department of Agriculture, Fisheries and Forestry and the CSIRO. The MOU provides for regular review of joint funded projects.

RESOURCING

The Department provides funding to AAHL through its administered budget. The estimated funding for 2003-04 is \$6.225m. In addition, AAHL provides other services under the MOU on a fee-for-service basis to the Department's business units such as the Australian Quarantine and Inspection Service and Market Access and Biosecurity.

PERFORMANCE AGAINST OUTCOMES AND OUTPUTS

Performance information for AAHL is contained in the 'Portfolio Bodies' section of the Education, Science and Training Portfolio Budget Statement.

NATIONAL BIOTECHNOLOGY STRATEGY

Under *Backing Australia's Ability 2*, funding is provided to the Department of Industry, Tourism and Resources (DITR) for Biotechnology Australia (BA) and two of its partner agencies to support continuation of the National Biotechnology Strategy (NBS). The BA component of the funding will maintain its role in coordinating and managing the NBS and implementing its successful 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 Environment and Heritage 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.

COST RECOVERY ARRANGEMENTS

SUMMARY OF COST RECOVERY IMPACT STATEMENT

The Department is scheduled to complete a Cost Recovery Impact Statement (CRIS) in the 2007-08 financial year.

AQIS has submitted six Cost Recovery Impact Statements (CRIS) to the Department of Finance and Administration. The Executive Director of AQIS has certified each CRIS as applying the Australian Government's policy on cost recovery as stated in the Cost Recovery Guidelines for Regulatory Agencies. Each CRIS has addressed the four stages stated in the guidelines, being initial policy review, design and implementation of the revised fees and charges, ongoing monitoring and periodic review. Details of the proposed amendments to AQIS fees and charges are outlined below.

Organics Programme

Under a co-regulatory arrangement with AQIS, seven AQIS-approved certifying organisations provide inspection and certification services to certified operators, such as organic farmers and processors. To ensure these tasks are completed in accordance with export legislation and importing country requirements, the AQIS Organic and Biodynamic Programme undertakes audits of each approved certifying organisation and selected certified operators annually.

The Programme increased its annual administration fee and its fee for service to recover an increase in programme resources and overhead costs. The net effect of these fee increases is \$18,000. The commencement date for these fees was 14 January 2004.

The Organic Industry Export Consultative Committee (OIECC) was extensively consulted and agreed to the increase in AQIS fees to address resource requirements in light of increased programme output.

Horticulture Exports Programme

The Horticulture Exports Programme's amendments closely align fees with the cost of providing the services. The following clients may be affected by the amendments:

- Businesses or individuals exporting horticultural commodities including:
 - Fresh fruit and vegetables;
 - Fresh cut flowers and foliage;
 - Dried fruits;
 - Nursery stocks;
- Occupiers of facilities seeking AQIS registration; and

- Growers, packers, treatment centres and freight forwarders requiring certification attesting to the plant health status of the export commodity.

Manual and electronic documentation fees have decreased (53% reduction in export permits and 15% reduction in manual documents), reducing the revenue collected for this category by \$550,000. The fee for overnight travel has been deleted and replaced with an increased travel rate per kilometre (30% increase). The net effect of this change is an expected increase in revenue of \$67,000 per annum. Overtime fees have been simplified into two categories – continuous and non-continuous overtime. The net effect is an increase of \$15,000. The overall effect of the fee changes is a reduction of revenue of about \$500,000 per year. The commencement date for these fees was 1 March 2004.

The AQIS/Horticulture Exports Consultative Committee (HECC) was extensively consulted throughout the process of amending the fees and endorsed the structure.

Post Entry Plant Programme

The Post Entry Plant Programme has changed the current complex fee structure to a structure that is much simpler to administer. The new structure is two-tiered and better reflects the actual cost of providing the service. The two tiers comprise of fees for the cost and maintenance of plants and for diagnostic analysis of high-risk material. The anti-smuggling subsidy allocation was also amended. The following clients may be affected by the amendments:

- Commercial nurseries;
- Horticultural/agricultural companies;
- Scientific and research organisations; and
- Hobbyists and individual members of the public importing plants.

The implementation of the amended fees structure is critical to address the current under-recovery situation within the programme. The net effect of these amendments is an increase of about \$0.3m per year. The commencement date for these fees was 1 March 2004.

Extensive consultation was undertaken with representatives of the plant import industry and the Post Entry Plant Industry Consultative Committee.

Grains Programme

The Grain Programme's fee amendments seek to ensure that the costs of service to clients are borne by the client incurring the expense and not socialised across the current fee-for-service, tonnage and documentation charges. The following clients may be affected by the amendments:

- Bulk handling companies;
- Seed/grain merchants;

- Stockfeed/fodder industry;
- Grain cleaners/packers;
- Container operators; and
- Cotton exporters.

The revised fee structure introduced a travel fee and reduced documentation charges. Total revenue for the programme is not expected to change. The commencement date for these fees was 1 March 2004.

The AQIS Grain Industry Consultative Committee (AGICC) was extensively consulted throughout the process of amending the fees and endorsed the structure.

Import Clearance Programme

Due to increasing and unanticipated levels of imports, especially containerised sea cargo and air cargo, the Import Clearance Programme is over-recovering the costs of providing services. In an effort to address this over-recovery, the Programme reduced certain fees for a twelve-month period with the intention of returning over-recovered amounts to industry whilst also limiting further over-recoveries anticipated over the 2004 calendar year. The following clients may be affected by the amendments:

- Importers requiring import permits;
- Shipping companies;
- Air cargo couriers;
- Quarantine Approved Premises and clients lodging quarantine entries; and
- Importers requiring treatment and inspection services.

Fee categories that have been reduced include cargo risk management, entry management and entry management fees for imported foods. The overall effect of the reduction in fees is approximately \$24m. The changes will be in place from 12 January 2004 until 11 January 2005.

The AQIS/Industry Cargo Consultative Committee (AICCC) endorsed these fee reductions.

Fish Exports Programme

The Fish Exports Programme amendments closely align fees with the cost of providing the services. Additional legislative amendments provides for more streamlined charging arrangements and more flexible service delivery in relation to certification. The following clients may be affected by the amendments:

- occupiers of establishments registered to process seafood including vessels where processing occurs on board;
- occupiers of establishments registered to store seafood for export;

- occupiers of vessels and establishments who are not traditionally required to be registered but require certification to gain access for products into overseas markets;
- freight forwarders registered to store seafood for export; and
- freight forwarders, agents, processors and exporters who raise or seek documentation to comply with Australian export requirements and importing country requirements.

The cost of inspection services relating to fish, eggs, processed fruit or vegetables or other goods certified by the Programme has increased where a service is provided at a clients premises (72per cent) but has stayed the same for services delivered at an officer's ordinary place of work. The anticipated increase in revenue from the new inspection fees, based on 2002-03 activity levels is \$136,000. The cost of vessel and land based establishment annual registration has increased by approximately 5per cent and revenue is estimated to increase by \$50,000 overall. Documentation fees remain unchanged.

The commencement date for these fees was 4 March 2004.

The Seafood Exports Consultative Committee (SECC) has endorsed the revised fee structure and fee increases.