

RURAL INDUSTRIES RESEARCH AND DEVELOPMENT CORPORATION

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RURAL INDUSTRIES RESEARCH AND DEVELOPMENT CORPORATION

Section 1: Overview

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

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

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

- new rural industries
- established rural industries
- national rural issues.

The National and Rural Research Priorities of the Australian Government provide an overarching framework for public investment in rural research and development. RIRDC's investments are closely aligned with these priorities.

The Corporation's activities are segregated into a 'core' portfolio of R&D programs and R&D programs that relate to industry specific sub-accounts. RIRDC's core activities are funded through indirect Commonwealth funding, the Commonwealth levy contributions (both statutory and voluntary) and where appropriate Commonwealth dollar-for-dollar matching contributions.

The Corporation conducts its business in consultative partnership with industry, government, representative stakeholder organisations (e.g. the National Farmers' Federation), other R&D corporations and the broader community. R&D projects are conducted in accordance with relevant industry and government priorities.

1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOMES

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

Table 1.1: Contribution to outcomes

Outcome	Outputs
To facilitate a more profitable, dynamic and sustainable rural sector.	Output 1 To provide the knowledge for diversification in Australia's rural industries
	Output 2 To provide the knowledge to increase the profitability, resilience and sustainability of RIRDC's established rural industries
	Output 3 To provide the knowledge to address national rural issues

Section 2: Resources for 2007–08

2.1 APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows the Corporation's total resources from all origins for 2007–08, including an indirect appropriation through the Australian Government Department of Agriculture, Fisheries and Forestry.

The total indirect appropriation for the Corporation in the 2007–08 Budget is \$13.415 million.

Table 2.1: Total resources, 2007–08

Source	Total resources \$'000
Funds from industry sources	
– Levies	2,120
Funds from Australian Government	
– Appropriations	13,415
– Commonwealth matching contributions	3,002
Funds from other sources	
– External contributions	4,008
– Other sources	996
Total resources	23,541

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

The Corporation does not receive a direct departmental or administered appropriation from the government.

Table 2.2: Other resources available to be used

Source	Estimated resources 2006–07 \$'000	Budget estimate 2007–08 \$'000
External contributions ^a	3,444	4,008
Interest	801	714
Royalties	106	76
Sale of goods and services	92	108
Other	108	98
Total resources	4,551	5,004
	2006–07	2007–08
Average staffing level (number)	26	27

a Includes contributions from industry, government and other third parties to R&D projects.

2.2 BUDGET MEASURES, 2007–08

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

2.3 OTHER RESOURCE INFORMATION

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

Section 3: Outcomes

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

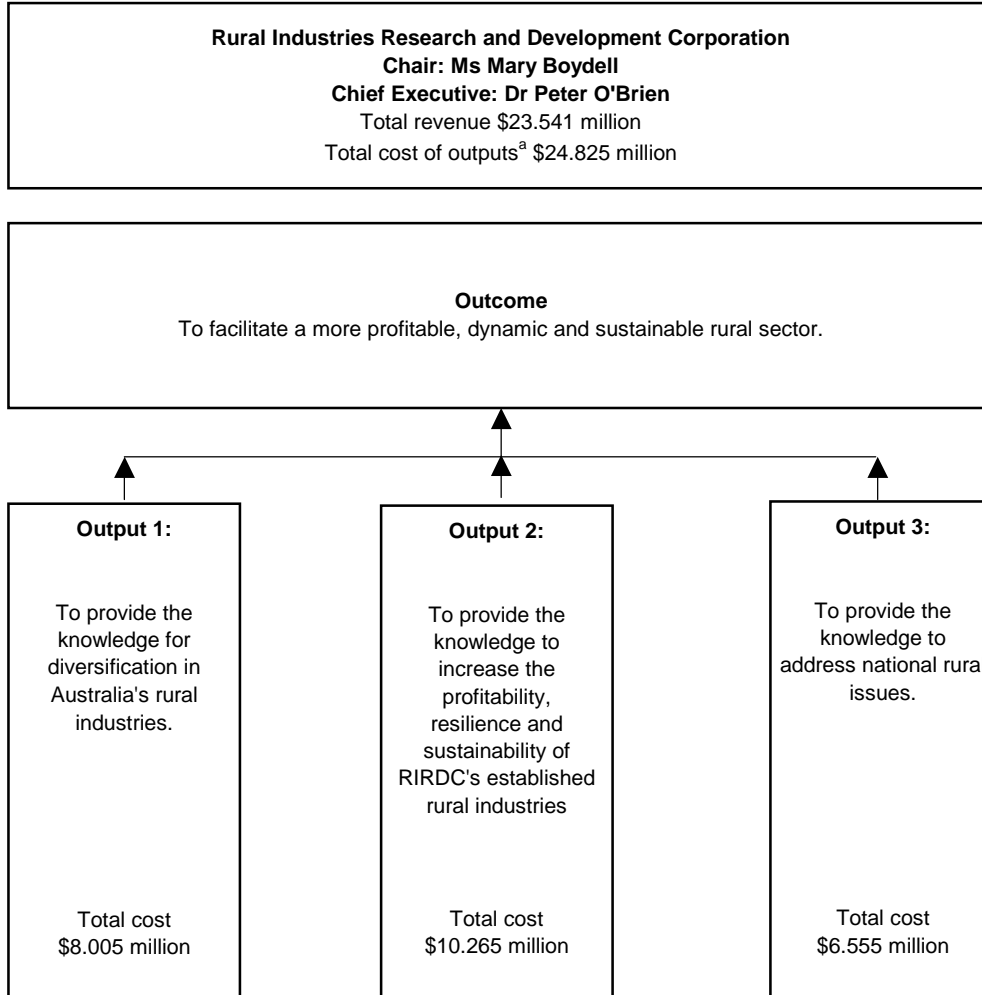
3.1 SUMMARY OF OUTPUTS AND CONTRIBUTION TO OUTCOME

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

There have been no changes to the Corporation's outcome from the 2006–07 Portfolio Budget Statements. However, the Corporation has a new Corporate Plan 2007–2012 with a changed output structure. The new Corporate Plan has been developed a year ahead of the conclusion of the previous plan because RIRDC's external operating environment has changed and the Corporation has changed its investment framework and structure. The Corporation's output structure, goals and strategic directions have been redefined to address this new environment.

The Corporation's new output structure appears in Figure 1 below. Output 1 invests in R&D for new rural industries that have significant market opportunities, where Australian industry has a competitive advantage, and provides an opportunity for producers to enter and expand the industry. Output 2 invests in R&D for RIRDC's established rural industries in areas identified by government and industry as high priority, and that promote development and uptake of innovative technologies and solutions. Output 3 invests in R&D in the national interest to support rural policy priorities of government, priorities of rural industries and communities, and topics that are cross-sectoral, or multi-industry.

Figure 1: Contributions to outcomes



a Total cost is shown rather than total price because the agency is primarily funded through indirect Commonwealth appropriation and industry levies rather than on the basis of the price of their outputs.

3.2 OUTCOME PERFORMANCE INFORMATION

3.2.1 Contributions to achievement of Outcome

RIRDC has three outputs which focus on maximising knowledge outcomes from our R&D investments in new rural industries, established rural industries and national rural issues. The three outputs aim to contribute towards a more profitable, dynamic and sustainable rural sector and operationally achieve this through:

- identifying priority research and development using the expertise of our management and R&D advisory committees
- investing in R&D where opportunities and needs are identified
- managing R&D portfolios for performance
- delivering the results of R&D to industries, communities and governments through quality publications, products and services and through workshops, seminars, conferences and regional events
- encouraging and facilitating the adoption of innovations by rural industries
- monitoring RIRDC's R&D impact by regularly evaluating our research investments
- surveying stakeholders and responding to their needs.

3.2.2 Performance information for Outcome 1

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

Table 3.1: Performance information for Outcome

Effectiveness—overall achievement of Outcome	
Outcome component	Effectiveness indicators
A more profitable, dynamic and sustainable rural sector.	<ul style="list-style-type: none"> Improved benefit/cost ratios and internal rates of return on R&D plans that demonstrate strong returns for investments from stakeholders. Sectoral R&D plans are prepared and endorsed in consultation with industry as meeting industry needs. Incorporation of effective adoption strategies in all projects and evaluated in five-year R&D plans.
Performance information by output	
Output	Performance indicators
Output 1: New rural industries	
Diversification in Australia's rural industries.	<ul style="list-style-type: none"> A new program in Bioenergy, Bioproducts and Energy implemented that supports priority R&D for new rural industries in the sector. A strategic review of RIRDC support for R&D for new industries to inform allocation of R&D funds. A New Industries Resource Centre (dependent upon external funding) which provides information to new industries and acts as an effective communications and networking hub.
Output 2: Established rural industries	
Increased profitability, resilience and sustainability of RIRDC's established rural industries.	<ul style="list-style-type: none"> Sustained R&D against five-year plans for drought-affected sectors through prudent investment consistent with RIRDC's Reserves Policy providing sustainability of the programs. Development and uptake of new knowledge that improves profitability, sustainability and resilience. Strong support from industry and government for continuing investment.
Output 3: National rural issues	
National rural issues addressed.	<ul style="list-style-type: none"> Co-investment with other research and development corporations in programs dealing with climate change and farm health and safety. Development of R&D plans for co-investment with other research and development corporations in trade and energy. Convening the first RIRDC National Rural Issues Conference attracting interested parties to identify cross-sectoral R&D needs and plans to address them.

3.2.3 Evaluations for Outcome

Over the last eight years RIRDC has been conducting a program of evaluations of the impact of its research investments. The benefit/cost methodology used was developed by the Centre for International Economics in a joint project for RIRDC and the Grains Research and Development Corporation. RIRDC has subsequently applied a rolling program of ex-post benefit-cost analysis at project and program level. Learning from this evaluation program has informed program and portfolio planning.

In the last year the Corporation has developed a new investment framework as a basis for its investment decision making. In conjunction with the Corporation's new Corporate Plan 2007-2012, this provides a new framework for evaluating the impact of our R&D investments.

Each of our industries has or will develop an R&D plan that clearly identifies and prioritises the industry needs and R&D objectives. The contribution that the program makes will be assessed against these plans on an annual basis with a full evaluation of the benefit cost in the fourth year of lapsing five-year R&D plans.

With other R&D corporations, RIRDC is participating in a program of ex-post benefit-cost analysis to build a comprehensive picture of return on government and industry investments through the RDC model.

Section 4: Other reporting requirements

4.1 PURCHASER–PROVIDER ARRANGEMENTS

Cross-agency overview

The Corporation contracts R&D services from research providers across a number of Commonwealth, state, university and industry agencies. It brokers and manages a range of collaborative programs and joint projects. As part of its risk management framework the Corporation appoints reputable R&D service providers to deliver contractually specified outputs. Since each of these arrangements are not material in the context of the Corporation's total R&D program and do not singularly impact on meeting its outcome, the details of each arrangement are not specified here.

Responsibility

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

Control arrangements

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

Resourcing

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

Performance against outcomes of purchased outputs

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

4.2 COST RECOVERY ARRANGEMENTS

The Corporation produced a summary of its Cost Recovery Impact Statement (CRIS) in the 2003-04 Portfolio Budget Statements. There have been no significant changes to cost recovery arrangements for RIRDC since 2003-04 and therefore the Corporation is not producing a CRIS summary for 2007-08.

One key activity that relates to cost recovery is the sale of publications. This cost recovery activity is done in accordance with the Australian Government's cost recovery policy.

The major means of transferring outputs into industry and rural adoption is by way of dissemination of research projects. As the Australian Government is the Corporation's major stakeholder and primary funder, the Corporation seeks to make these research reports as accessible as possible. It does so in electronic and hard copy format.

As disclosed in Table 2.2, RIRDC has budgeted publication sales of \$108,000 during 2007-08 (2006-07: \$92,000).

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE

RIRDC has no indigenous expenditure.

Section 5: Budgeted financial statements

5.1 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Budgeted departmental income statement

RIRDC's overall revenue in 2007–08 is budgeted to be \$23.541 million, a decrease of nearly \$2 million on the estimated 2006–07 revenue. This decrease is largely due to reduced levy revenue, especially for the Rice program, resulting from the continuing impact of drought on production in RIRDC's established industries. This is partially offset by an increase in external contributions to the new rural industries portfolio.

Total expenditure is budgeted to be \$24.825 million, an increase of \$0.673 million on the estimated 2006–07 expenditure. This increase is largely due to additional expenditure on R&D from additional funding to the new rural industries portfolio.

RIRDC is budgeting a deficit of \$1.284 million in 2007–08, which will see programs within the established industries draw on reserves to sustain R&D investments.

Revenue and expenditure across the forward years is estimated to be at similar levels with increases to revenue predominantly attributable to expected increases in levy revenue and total expenditure delivering small surpluses through to 2010–11.

Budgeted departmental balance sheet

The decrease in net assets of \$1.283 million for 2007–08 reflects the draw-down on cash reserves due to the continuing impact of drought on the Rice program; maximising the utilisation of reserves for other established industry programs; and finalisation of a number of collaborative programs in the national rural issues portfolio.

Budgeted departmental statement of cash flows

The Corporation is budgeting to decrease cash reserves in 2007–08 by \$1.420 million to \$7.742 million and then maintain cash balances of approximately \$7.9 million to \$8.0 million through to 2010–11.

5.2 BUDGETED FINANCIAL STATEMENTS TABLES

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

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
INCOME					
Revenue					
Revenues from government	20,966	18,537	19,297	19,537	20,057
Goods and services	92	108	98	115	84
Fees and fines	-	-	-	-	-
Interest	800	714	645	605	627
Dividends	-	-	-	-	-
Rents	-	-	-	-	-
Royalties	106	76	78	80	82
Other	3,553	4,106	4,160	3,752	4,037
Total revenue	25,517	23,541	24,278	24,089	24,887
Gains					
Foreign exchange gains	-	-	-	-	-
Reversals of previous asset write-downs	-	-	-	-	-
Sale of assets	-	-	-	-	-
Other	-	-	-	-	-
Total gains	-	-	-	-	-
Total income	25,517	23,541	24,278	24,089	24,887
EXPENSE					
Employees	3,075	3,267	3,423	3,586	3,758
Suppliers	3,514	3,379	3,404	3,339	3,443
Grants	17,418	18,034	17,226	16,949	17,528
Depreciation and amortisation	145	145	120	120	120
Finance costs	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-
Losses from sale of assets	-	-	-	-	-
Foreign exchange losses	-	-	-	-	-
Other	-	-	-	-	-
Total expenses	24,152	24,825	24,173	23,994	24,849
Share of operating results of associates and joint ventures accounted for using the equity method	-	-	-	-	-

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

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
Surplus (Deficit) before income tax	1,365	(1,284)	105	95	38
Income tax expense	-	-	-	-	-
Surplus/(Deficit)	1,365	(1,284)	105	95	38
Minority interest in surplus (deficit)	-	-	-	-	-
Surplus (deficit) attributable to the Australian Government	1,365	(1,284)	105	95	38

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

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
ASSETS					
Financial assets					
Cash and equivalents	9,162	7,742	7,872	7,935	7,973
Trade and other receivables	1,160	1,321	1,321	1,353	1,353
Investments accounted for under the equity method	-	-	-	-	-
Investments	-	-	-	-	-
Other investments	-	-	-	-	-
Tax assets	-	-	-	-	-
Other	-	-	-	-	-
Total financial assets	10,322	9,063	9,193	9,288	9,326
Non-financial assets					
Land and buildings	-	-	-	-	-
Infrastructure, plant and equipment	363	346	329	336	343
Investment properties	-	-	-	-	-
Inventories	-	-	-	-	-
Intangibles	168	160	152	145	138
Biological assets	-	-	-	-	-
Other	75	75	75	75	75
Total non-financial assets	606	581	556	556	556
Assets held for sale	-	-	-	-	-
Total assets	10,928	9,644	9,749	9,844	9,882
LIABILITIES					
Interest bearing liabilities					
Loans	-	-	-	-	-
Leases	-	-	-	-	-
Deposits	-	-	-	-	-
Other	-	-	-	-	-
Total interest bearing liabilities	-	-	-	-	-
Provisions					
Employees	394	394	394	394	394
Other	47	47	47	47	47
Total provisions	441	441	441	441	441
Payables					
Suppliers	339	339	339	339	339
Grants	1,169	1,169	1,169	1,169	1,169
Dividends	-	-	-	-	-
Other	681	681	681	681	681
Total payables	2,189	2,189	2,189	2,189	2,189
Liabilities included in disposal groups held for sale	-	-	-	-	-
Total liabilities	2,630	2,630	2,630	2,630	2,630
Net assets	8,298	7,014	7,119	7,214	7,252

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

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
EQUITY^a					
Parent entity interest					
Contributed equity	-	-	-	-	-
Reserves	211	211	211	211	211
Retained surpluses or accumulated deficits	8,087	6,803	6,908	7,003	7,041
Total parent entity interest	8,298	7,014	7,119	7,214	7,252
Minority interest					
Contributed equity	-	-	-	-	-
Reserves	-	-	-	-	-
Retained surpluses or accumulated deficits	-	-	-	-	-
Total minority interest	-	-	-	-	-
Total equity	8,298	7,014	7,119	7,214	7,252
Current assets	10,397	9,138	9,268	9,363	9,401
Non-current assets	531	506	481	481	481
Current liabilities	2,457	2,551	2,551	2,551	2,551
Non-current liabilities	173	79	79	79	79

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

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

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	91	108	98	82	84
Appropriations	-	-	-	-	-
Interest	801	714	646	606	626
Dividends	-	-	-	-	-
Other	24,625	22,557	23,559	23,369	24,177
Total cash received	25,517	23,379	24,303	24,057	24,887
Cash used					
Employees	3,075	3,267	3,423	3,587	3,758
Suppliers	3,514	3,378	3,404	3,339	3,443
Grants	17,404	18,034	17,226	16,948	17,528
Borrowing costs	-	-	-	-	-
Other	-	-	-	-	-
Income taxes paid	-	-	-	-	-
Total cash used	23,993	24,679	24,053	23,874	24,729
Net cash from or (used by) operating activities	1,524	(1,300)	250	183	158
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	30	30	30	30	30
Proceeds from sales of financial instruments	-	-	-	-	-
Investments	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	30	30	30	30	30
Cash used					
Purchase of property, plant and equipment	150	150	150	150	150
Purchase of financial instruments	-	-	-	-	-
Investments	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	150	150	150	150	150
Net cash from or (used by) investing activities	(120)	(120)	(120)	(120)	(120)

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

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
FINANCING ACTIVITIES					
Cash received					
Appropriations – contributed equity	-	-	-	-	-
Proceeds from issuing financial instruments	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Repayments of debt	-	-	-	-	-
Dividends paid	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from or (used by) financing activities	-	-	-	-	-
Net increase or (decrease) in cash held	1,404	(1,420)	130	63	38
Cash at the beginning of the reporting period	7,758	9,162	7,742	7,872	7,935
Effect of exchange rate movements on cash at the beginning of reporting period	-	-	-	-	-
Cash at the end of the reporting period	9,162	7,742	7,872	7,935	7,973

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

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2007					
Balance carried forward from previous period	8,087	211	-	-	8,298
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	8,087	211	-	-	8,298
Income and expense					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	-	-	-	-	-
Sub-total income and expense	-	-	-	-	-
Surplus (deficit) for the period	(1,284)	-	-	-	(1,284)
Total income and expenses recognised directly in equity	(1,284)	-	-	-	(1,284)
Transactions with owners					
<i>Distribution to owners</i>					
Returns on capital					
Dividends	-	-	-	-	-
Returns of capital					
Restructuring	-	-	-	-	-
Other	-	-	-	-	-
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	-	-
Other:					
Restructuring	-	-	-	-	-
Sub-total transactions with owners	-	-	-	-	-
Transfers between equity components	-	-	-	-	-
Estimated closing balance as at 30 June 2008	6,803	211	-	-	7,014

Table 5.5: Departmental capital budget statement

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	-	-	-	-
Total loans	-	-	-	-	-
Total capital appropriations	-	-	-	-	-
Represented by:					
Purchase of non-financial assets	-	-	-	-	-
Other	-	-	-	-	-
Total represented by	-	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally by departmental resources	150	150	150	150	150
Total	150	150	150	150	150

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

	Land	Investment property	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2007									
Gross book value	-	-	-	-	611	-	212	-	823
Accumulated depreciation	-	-	-	-	(248)	-	(44)	-	(292)
Opening net book value	-	-	-	-	363	-	168	-	531
Additions:									
by purchase	-	-	-	-	150	-	-	-	150
by finance lease	-	-	-	-	-	-	-	-	-
internally developed	-	-	-	-	-	-	-	-	-
from acquisitions of entities or operations (including restructuring)	-	-	-	-	-	-	-	-	-
Revaluations and impairment through equity	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	-	-	-	(137)	-	(8)	-	(145)
Impairments recognised in operating result	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-	-
Disposals:									
from disposal of entities or operations (including restructuring)	-	-	-	-	-	-	-	-	-
other disposals	-	-	-	-	(30)	-	-	-	(30)
As at 30 June 2008									
Gross book value	-	-	-	-	731	-	212	-	943
Accumulated depreciation	-	-	-	-	(385)	-	(52)	-	(437)
Estimated closing net book value	-	-	-	-	346	-	160	-	506