

Part 5

# Financial Statements





## INDEPENDENT AUDITOR'S REPORT

### To the Minister for Agriculture and Water Resources

#### Opinion

In my opinion, the financial statements of the Department of Agriculture and Water Resources for the year ended 30 June 2018:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Department of Agriculture and Water Resources as at 30 June 2018 and its financial performance and cash flows for the year then ended.

The financial statements of the Department of Agriculture and Water Resources, which I have audited, comprise the following statements as at 30 June 2018 and for the year then ended:

- Statement by the Secretary and Chief Finance Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information.

#### Basis for Opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Department of Agriculture and Water Resources in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

**Key audit matter****Accuracy and completeness of Own Source Revenue**

*Refer to Note 2A 'Sale of Goods and Rendering of Services'; and Note 14 'Regulatory Charging Summary'*

Biosecurity fees are collected across the country for both imports and exports through multiple systems via manual and online applications. In 2017–18, total revenue reported from biosecurity activities was \$400.0 million.

The revenue collected from imports is dependent on information provided by importers via a self-assessment declaration. Agriculture undertake a compliance program to obtain assurance that declarations accurately report the value and nature of goods imported.

I focused on this area due to the value of revenue collected from biosecurity activities, the risk that the self-assessment process results in under-collection of import and export revenue and the complex administrative and IT system arrangements that support the collection of export fees.

**How the audit addressed the matter**

To audit the accuracy and completeness of own source revenue, I performed the following procedures:

- assessed the governance and reporting arrangements at Agriculture to obtain assurance over the completeness of import revenue;
- tested Agriculture's assurance processes over the interface and transfer of data between revenue subsystems and the finance system, including the IT general and application controls for the system that records receipts;
- assessed the design and effectiveness of compliance programs that provide management with assurance over the completeness and accuracy of self-assessment revenue; and
- tested a sample of revenue transactions and year end accrual calculations, validating them to export and import revenue systems and Australian Bureau of Agricultural and Resource Economics and Sciences estimates.

**Key audit matter****Accuracy and completeness of primary industry levies and charges**

*Refer to Note 16A 'Levies Fees and Charges'*

For the 2017–18 reporting period the total levies reported were \$565.9 million.

Levies are collected from primary industry producers and agents using a self-assessment regime.

I considered this area a key audit matter as there is a risk of under-collection arising from the submission of inaccurate levy returns and declarations, whether accidental or deliberate. The rates charged and collected as levies and charges are derived through a complex estimation of anticipated agricultural production.

**How the audit addressed the matter**

To audit the accuracy and completeness of the collection of primary industry levies and charges, I performed the following audit procedures:

- assessed the operating effectiveness of the IT general controls and the application controls specific to the levies IT system including an assessment of the completeness and accuracy of data transferred between the levies IT system and the finance system;
- evaluated the design and effectiveness of, and tested on a sample basis, Agriculture's National Compliance Program which applies a risk based approach to assessing the accuracy and completeness of submitted returns and levies collected;
- tested a sample of revenue transactions to supporting documentation and agreed calculations and sighted approvals;
- agreed all changes of levy rates recorded in the levies IT system to approvals signed by the Minister; and
- assessed the methodology and reasonableness of the inputs used for the estimation of the year end accrual; and tested post year end receipts, on a sample basis, to assess if income was recorded in the correct period.

Key audit matter	How the audit addressed the matter
<p><b>Valuation of Loans to the State and Territory Governments</b></p> <p><i>Refer to Note 17A 'Trade, Taxation and Other Receivables'</i></p> <p>I focused on this area given the significance of this balance to Agriculture's receivable balances and the significant judgement applied to assessing eligibility criteria, limits, lending terms and the complexity of calculations in determining the valuation and impairment of the loan balances, some of which are categorised as concessional loans.</p> <p>For the year ended 30 June 2018 the receivables balance was \$804.9 million.</p>	<p>To audit the valuation of the loans to State and Territory governments I performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• evaluated the application of Agriculture's accounting policy for the recognition and measurement of the fair value of new loans, including any concessional component;</li> <li>• assessed the reasonableness of the impairment assessment supporting the valuation of the loans;</li> <li>• assessed Agriculture's monitoring of loans and service payments collected to assess the accuracy and completeness of information provided by the State and Territory governments; and</li> <li>• performed substantive testing, on a sample basis, including recalculation of interest revenue received and agreed approvals of new loans or variations to existing loans to supporting documentation.</li> </ul>
<p><b>Key audit matter</b></p> <p><b>Valuation of the Jointly Controlled Arrangements: River Murray Operations (RMO) and Living Murray Initiative (LMI)</b></p> <p><i>Refer to Note 18: 'Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles'</i></p> <p>I considered this a key audit matter as the balance is significant to Agriculture's asset balances and the Joint Venture arrangements are managed by another entity on behalf of the joint owners.</p> <p>For the year ended 30 June 2018 the balances that relate to these jointly controlled operations are \$528.5 million infrastructure assets and \$126.5 million water entitlements.</p>	<p><b>How the audit addressed the matter</b></p> <p>I conducted the following procedures:</p> <ul style="list-style-type: none"> <li>• evaluated the governance arrangements supporting management's oversight and information-gathering processes over the balances reported in the joint ventures' financial statements;</li> <li>• obtained the audited joint venture financial statements as at 30 June 2018 and agreed key balances to the associated balances and disclosures in Agriculture's financial statements; and</li> <li>• performed an assessment of the audited financial statements of the joint venture which included considering the regulatory framework under which the financial statements were prepared, the accounting policies adopted and evaluating the competence and objectivity of the audit firm performing the audit and the opinion provided.</li> </ul>

### Accountable Authority's Responsibility for the Financial Statements

As the Accountable Authority of the Department of Agriculture and Water Resources the Secretary is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under that Act. The Secretary is also responsible for such internal control as the Secretary determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary is responsible for assessing the Department of Agriculture and Water Resources' ability to continue as a going concern, taking into account whether the entity's operations will cease as a result of an administrative restructure or for any other reason. The Secretary is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

### Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter

should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Australian National Audit Office

A handwritten signature in black ink that reads "S. Buchanan". The signature is written in a cursive style with a large initial 'S'.

Serena Buchanan  
Senior Executive Director

Delegate of the Auditor-General

Canberra  
31 August 2018

**DEPARTMENT OF AGRICULTURE AND WATER RESOURCES**

**Financial Statements**

*for the period ended 30 June 2018*

**DEPARTMENT OF AGRICULTURE AND WATER RESOURCES  
STATEMENT BY THE SECRETARY AND CHIEF FINANCE OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2018 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Department of Agriculture and Water Resources will be able to pay its debts as and when they fall due.

Signed.....

Daryl Quinlivan  
Secretary

31 August 2018

Signed.....

Scott Brown  
Acting Chief Finance Officer

31 August 2018



## DEPARTMENT OF AGRICULTURE AND WATER RESOURCES

### Overview

#### Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013* (PGPA).

The financial statements have been prepared in accordance with the:

- PGPA Financial Reporting Rule 2015 (FRR) applicable to reporting periods ending on or after 1 July 2017; and
- Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

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

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

#### New Australian Accounting Standards

No accounting standard has been adopted in the current reporting period earlier than the application date as required by the standard.

All new, revised or amended standards and interpretations that were issued prior to the sign-off date and are applicable in the current reporting period did not have a material effect, and are not expected to have a future material effect on the department's financial statements.

#### Comparative Figures

Certain comparative amounts have been reclassified to conform with the current year's reporting presentation.

#### Taxation

The department is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST). Revenues, expenses, assets and liabilities are recognised net of GST except where the amount of GST incurred is not recoverable from the Australian Taxation Office and for receivables and payables.

#### Reporting of Administered activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes. Except where otherwise stated, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

#### Potential Breach of Section 83 of the Constitution

Section 83 (s83) of the Constitution provides that no amount may be paid out of the Consolidated Revenue Fund except under an appropriation made by law. In 2018 the department identified one special appropriation with statutory conditions for payments which could result in potential breaches of s83 of the constitution.

Total expenditure of \$34 752 000 under *the Farm Household Support Act 2014* was made during 2017-18. Of this, overpayments of \$7 394 000 have been recorded as debts as at 30 June 2018 and may be potential breaches. A total of five actual breaches were identified (2017: 11), with a total value of \$2 208 (2017: \$2 052).

It should be noted that it is impossible to completely eliminate the potential for section 83 breaches for payments made by the Department of Human Services on behalf of the department. In the majority of cases, information provided by customers is relied upon to calculate the entitlements paid. This information, provided by customers is not always accurate or is subject to changing circumstances which can result in a breach of s83 of the constitution.

## DEPARTMENT OF AGRICULTURE AND WATER RESOURCES

The department continues to review its processes and controls for all payments to minimise the possibility of future breaches. The department will continue to monitor its level of compliance with s83 of the Constitution across all legislation for which it is administratively responsible. Where possible, amendments to legislation will continue to be progressed.

### Events After the Reporting Period

#### Departmental

There have been no events after the reporting period that had the potential to significantly affect the ongoing structure and financial activities of the department.

#### Administered

There have been no events after the reporting period that had the potential to significantly affect the ongoing structure and financial activities of the department.

**DEPARTMENT OF AGRICULTURE AND WATER RESOURCES  
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**DEPARTMENT OF AGRICULTURE AND WATER RESOURCES**  
**STATEMENT OF COMPREHENSIVE INCOME**

for the period ended 30 June 2018

		2018	2017	Original Budget 2018	Variance 2018
	Notes	\$'000	\$'000	\$'000	\$'000
<b>NET COST OF SERVICES</b>					
<b>Expenses</b>					
Employee benefits	1A	527 498	507 626	501 686	25 812
Suppliers	1B	238 157	242 385	275 250	( 37 093)
Grants	1C	12 654	9 283	4 060	8 594
Depreciation and amortisation	4	31 485	29 634	27 220	4 265
Finance costs	6B	34	120	250	( 216)
Write-down and impairment of assets	1D	5 380	3 700	5 311	69
Other expenses	1E	3 569	9 573	-	3 569
<b>Total expenses</b>		<b>818 777</b>	<b>802 321</b>	<b>813 777</b>	<b>5 000</b>
<b>Own-source income</b>					
<b>Own-source revenue</b>					
Sale of goods and rendering of services	2A	400 004	389 251	389 917	10 087
Interest	2B	767	761	474	293
Other revenue	2C	28 278	30 275	16 182	12 096
<b>Total own-source revenue</b>		<b>429 049</b>	<b>420 287</b>	<b>406 573</b>	<b>22 476</b>
<b>Gains</b>					
Other gains	2D	945	2 290	13 049	( 12 104)
<b>Total gains</b>		<b>945</b>	<b>2 290</b>	<b>13 049</b>	<b>( 12 104)</b>
<b>Total own-source income</b>		<b>429 994</b>	<b>422 577</b>	<b>419 622</b>	<b>10 372</b>
<b>Net cost of services</b>		<b>388 783</b>	<b>379 744</b>	<b>394 155</b>	<b>( 5 372)</b>
Revenue from Government		380 677	375 687	378 380	2 297
<b>Deficit</b>		<b>( 8 106)</b>	<b>( 4 057)</b>	<b>( 15 775)</b>	<b>7 669</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
<b>Items not subject to subsequent reclassification to net cost of services</b>					
Changes in asset revaluation reserves		-	1 631	-	-
<b>Total other comprehensive income</b>		<b>-</b>	<b>1 631</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive loss</b>		<b>( 8 106)</b>	<b>( 2 426)</b>	<b>( 15 775)</b>	<b>7 669</b>

The above statement should be read in conjunction with the accompanying notes.

**DEPARTMENT OF AGRICULTURE AND WATER RESOURCES**  
**STATEMENT OF FINANCIAL POSITION**  
*as at 30 June 2018*

		2018	2017	Original Budget 2018	Variance 2018
	Notes	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	3A	32 069	27 652	3 150	28 919
Trade and other receivables	3B	90 966	95 711	97 695	( 6 729)
Other investments		16 500	16 000	16 000	500
Accrued interest		194	200	203	( 9)
Accrued revenue		6 935	4 693	3 862	3 073
<b>Total financial assets</b>		<b>146 664</b>	<b>144 256</b>	<b>120 910</b>	<b>25 754</b>
<b>Non-financial assets</b>					
Land, buildings and leasehold improvements	4	46 174	39 763	44 373	1 801
Property, plant and equipment	4	32 744	36 672	32 528	216
Intangibles	4	98 764	85 423	126 726	( 27 962)
Inventories		2 275	2 297	2 292	( 17)
Prepayments		8 822	8 086	6 122	2 700
<b>Total non-financial assets</b>		<b>188 779</b>	<b>172 241</b>	<b>212 041</b>	<b>( 23 262)</b>
<b>Total assets</b>		<b>335 443</b>	<b>316 497</b>	<b>332 951</b>	<b>2 492</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	5A	17 800	21 507	24 802	( 7 002)
Other payables	5B	34 977	42 234	52 489	( 17 512)
<b>Total payables</b>		<b>52 777</b>	<b>63 741</b>	<b>77 291</b>	<b>( 24 514)</b>
<b>Provisions</b>					
Employee provisions	6A	150 962	143 459	155 587	( 4 625)
Other provisions	6B	13 459	11 459	6 623	6 836
<b>Total provisions</b>		<b>164 421</b>	<b>154 918</b>	<b>162 210</b>	<b>2 211</b>
<b>Total liabilities</b>		<b>217 198</b>	<b>218 659</b>	<b>239 501</b>	<b>( 22 303)</b>
<b>Net assets</b>		<b>118 245</b>	<b>97 838</b>	<b>93 450</b>	<b>24 795</b>
<b>EQUITY</b>					
Contributed equity		149 357	120 844	145 580	3 777
Asset revaluation reserves		25 665	25 665	24 034	1 631
Industry reserves		54 322	43 931	38 481	15 841
Accumulated deficit		( 111 099)	( 92 602)	( 114 645)	3 546
<b>Total equity</b>		<b>118 245</b>	<b>97 838</b>	<b>93 450</b>	<b>24 795</b>

The above statement should be read in conjunction with the accompanying notes.

**DEPARTMENT OF AGRICULTURE AND WATER RESOURCES**  
**STATEMENT OF CHANGES IN EQUITY**  
*for the period ended 30 June 2018*

	Asset revaluation						Total equity	
	Accumulated deficit		reserves		Industry reserves		Contributed equity	
	2018	2017	2018	2017	2018	2017	2018	2017
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening balance</b>								
Balance carried forward from previous period	( 92 602)	( 83 095)	25 665	24 034	43 931	38 481	120 844	96 384
<b>Adjusted opening balance</b>	<b>( 92 602)</b>	<b>( 83 095)</b>	<b>25 665</b>	<b>24 034</b>	<b>43 931</b>	<b>38 481</b>	<b>120 844</b>	<b>96 384</b>
<b>Comprehensive income</b>								
Surplus / (deficit) for the period	( 8 106)	( 4 057)	-	-	-	-	-	-
Other comprehensive income	-	-	1 631	-	-	-	-	-
<b>Total comprehensive income</b>	<b>( 8 106)</b>	<b>( 4 057)</b>	<b>1 631</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>( 8 106)</b>	<b>( 4 057)</b>
<b>Transactions with owners</b>								
<b>Contributions by owners</b>								
Equity injection - Appropriations	-	-	-	-	-	-	16 777	12 703
Departmental capital budget	-	-	-	-	-	-	11 736	9 940
Assets transferred from Department of Finance	-	-	-	-	-	-	-	1 817
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28 513</b>	<b>24 460</b>
Transfers between equity components	( 10 391)	( 5 450)	-	-	10 391	5 450	-	-
<b>Closing balance as at 30 June</b>	<b>( 111 099)</b>	<b>( 92 602)</b>	<b>25 665</b>	<b>25 665</b>	<b>54 322</b>	<b>43 931</b>	<b>149 357</b>	<b>120 844</b>
							<b>118 245</b>	<b>97 838</b>

Accounting policy  
Equity injections  
 Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

Industry Reserves  
 Each cost recovered program holds a separate industry reserve. In years where the costs from these programs exceed revenue, the shortfall is first met from the individual industry reserve balance and then from other retained earnings.

Restructuring of Administrative Arrangements  
 Net assets/ liabilities received from or relinquished to another Government entity under a restructuring of administrative arrangements are recognised at their net book value directly against contributed equity.

The above statement should be read in conjunction with the accompanying notes.

**DEPARTMENT OF AGRICULTURE AND WATER RESOURCES**  
**CASH FLOW STATEMENT**  
*for the period ended 30 June 2018*

			Original Budget 2017 \$'000	Variance 2018 \$'000
	Notes	2018 \$'000	2017 \$'000	
<b>OPERATING ACTIVITIES</b>				
<b>Cash received</b>				
Appropriations		384 001	366 609	4 337
Sale of goods and rendering of services		395 182	378 120	10 910
Interest		351	331	( 123)
GST received		22 477	23 258	( 7 533)
Other		24 506	24 225	8 747
<b>Total cash received</b>		<b>826 517</b>	<b>792 543</b>	<b>16 338</b>
<b>Cash used</b>				
Employees		520 507	510 417	20 220
Suppliers		265 729	269 230	( 16 240)
Grants		13 822	9 364	9 762
Other		1 161	1 091	1 161
<b>Total cash used</b>		<b>801 219</b>	<b>790 102</b>	<b>14 903</b>
<b>Net cash from operating activities</b>		<b>25 298</b>	<b>2 441</b>	<b>1 435</b>
<b>INVESTING ACTIVITIES</b>				
<b>Cash received</b>				
Proceeds from sales of property, plant and equipment		37	40	37
Proceeds from sales of investments		16 000	14 500	-
Interest		422	426	422
<b>Total cash received</b>		<b>16 459</b>	<b>14 966</b>	<b>459</b>
<b>Cash used</b>				
Purchase of land and buildings		11 517	3 246	( 283)
Purchase of property, plant and equipment		6 287	9 073	( 2 200)
Purchase of intangibles		26 862	19 870	( 3 738)
Purchase of investments		16 500	16 000	500
<b>Total cash used</b>		<b>61 166</b>	<b>48 189</b>	<b>( 5 721)</b>
<b>Net cash used by investing activities</b>		<b>( 44 707)</b>	<b>( 33 223)</b>	<b>6 180</b>
<b>FINANCING ACTIVITIES</b>				
<b>Cash received</b>				
Contributed equity		11 631	6 062	( 3 657)
Departmental capital budget		12 195	9 481	459
<b>Total cash received</b>		<b>23 826</b>	<b>15 543</b>	<b>( 3 198)</b>
<b>Net cash from financing activities</b>		<b>23 826</b>	<b>15 543</b>	<b>( 3 198)</b>
<b>Net increase / (decrease) in cash held</b>		<b>4 417</b>	<b>( 15 239)</b>	<b>4 417</b>
Cash and cash equivalents at the beginning of the reporting period		27 652	42 891	24 502
<b>Cash and cash equivalents at the end of the reporting period</b>	3A	<b>32 069</b>	<b>27 652</b>	<b>28 919</b>

The above statement should be read in conjunction with the accompanying notes.

## DEPARTMENT OF AGRICULTURE AND WATER RESOURCES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Budget Variance Commentary

The following tables provide a comparison of the original budget as presented in the 2017-18 Portfolio Budget Statements (PBS) to the 2017-18 final outcome as presented in accordance with Australian Accounting Standards for the department. The Budget is not audited. Explanations of major variances are provided below.

Variances are considered to be 'major' based on the following criteria:

- the variance between budget and actual is greater than +/- 10% of the original budget and \$10 million for a line item; or
- the variance between budget and actual is greater than 2% of the relevant sub-total (i.e. total expenses, total income, total assets or total liabilities) and \$10 million; or
- an item below this threshold but is considered important for the reader's understanding or is relevant to an assessment of the discharge of accountability and to an analysis of performance of the department.

### Major variances and explanations

### Affected line items

#### Statement of Comprehensive Income

Total expenses were \$5.0 million higher than the original budget estimate as a result of:

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• Higher than budgeted employee benefits expenses of \$25.8 million due to the misallocation of \$26.1 million to the original budget for suppliers.</li> </ul>  | <ul style="list-style-type: none"> <li>• Total expenses</li> <li>• Employee benefits expense</li> </ul> |
| <ul style="list-style-type: none"> <li>• After adjusting for the misallocation above, supplier expenses was underspent by \$11.0 million primarily due to reduced contractor and consultant expenditure as well as delays to expenditure for the establishment of the Regional Investment Corporation.</li> </ul> | <ul style="list-style-type: none"> <li>• Suppliers expense</li> </ul>                                   |
| <ul style="list-style-type: none"> <li>• Higher than budgeted grant expenses of \$8.6 million were primarily due to delays in establishing the Regional Investment Corporation (RIC) which resulted in the departmental transfer of establishment funding as grants.</li> </ul>                                   | <ul style="list-style-type: none"> <li>• Grants expense</li> </ul>                                      |

Total own-source income was \$10.4 million higher than the original budget as a result of higher than budgeted sale of goods and rendering of services of \$10.1 million primarily due to increased collections from Cost Recovery Arrangements.

- Total own-source income
- Sale of goods and rendering of services

The variance for other gains and other revenue was largely attributable to the recognition of resources received free of charge of \$11.5 million as other gains in the budget and as other revenue for actuals.

- Other gains
- Other revenue



## DEPARTMENT OF AGRICULTURE AND WATER RESOURCES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Statement of Financial Position

Cash and cash equivalents balance was \$28.9 million higher compared with the original budget. The variance predominantly relates to the change in reporting requirements to reclassify special account balances from Trade and other receivables to Cash and cash equivalents, which occurred after the preparation of the budget.

- Cash and cash equivalents
- Trade and other receivables

The greater than budgeted revenue for cost recovery arrangements also contributed to the higher than budgeted cash balance and industry reserve equity balance.

- Industry reserves

Intangibles balance was \$28.0 million lower than the original budget due predominantly to a lower opening balance based on information available at the time of the budget preparation.

- Intangibles

Total payables balance was \$24.5 million lower than the original budget due to the timing of employee and supplier payments.

- Total payables
- Supplier payables
- Other payables

### Cash Flow Statement

The net change in cash held during 2017-18 was \$4.4 million higher than the balanced position in the original budget. The change was driven by delays in expenditure on capital items.

- Net increase/(decrease) in cash held

**DEPARTMENT OF AGRICULTURE AND WATER RESOURCES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 1: Expenses**

	2018	2017
	\$'000	\$'000
<b>Note 1A: Employee Benefits</b>		
Wages and salaries	387 716	373 117
Superannuation		
Defined contribution plans	39 587	37 304
Defined benefit plans	35 693	38 656
Leave and other entitlements	48 348	37 254
Separation and redundancies	4 070	3 632
Other employee expenses	<u>12 084</u>	<u>17 663</u>
<b>Total employee benefits</b>	<u>527 498</u>	<u>507 626</u>

**Accounting policy**

Accounting policies for employee related expenses are contained in Note 6A.

**Note 1B: Suppliers**

**Goods and services supplied or rendered**

Analytical testing	11 337	9 552
Contractors and consultants	36 297	43 715
IT services	47 191	46 562
Legal expenditure	4 087	2 399
Office equipment, stores and consumables	6 107	5 521
Travel	24 478	23 955
Property operating expense	18 623	18 222
Quarantine services	3 359	1 833
Staff development and recruitment	8 215	10 108
Other	<u>13 085</u>	<u>13 606</u>
<b>Total goods and services supplied or rendered</b>	<u>172 779</u>	<u>175 473</u>

Goods supplied	15 360	13 802
Services rendered	<u>157 419</u>	<u>161 671</u>
<b>Total goods and services supplied or rendered</b>	<u>172 779</u>	<u>175 473</u>

**Other suppliers**

Operating lease rentals	53 740	54 158
Workers compensation expenses	<u>11 638</u>	<u>12 754</u>
<b>Total other suppliers</b>	<u>65 378</u>	<u>66 912</u>
<b>Total suppliers</b>	<u>238 157</u>	<u>242 385</u>

## DEPARTMENT OF AGRICULTURE AND WATER RESOURCES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Leasing commitments

The department in its capacity as lessee holds the following significant leasing arrangements:

- Leases of motor vehicles for operations - from 1 February 2013, the department is a party to the Fleet Services Contract with SG Fleet Pty Ltd. An individual fixed rate is defined for each sub-agreement (vehicle). Retention of the vehicle past expiry date may result in a new lease sub-agreement; and
- Leases for office, laboratory or other accommodation – lease contracts for accommodation are subject to adjustment on an annual fixed basis, to market values and to consumer price index (CPI) increases. Renewal options vary from 1 to 5 years.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2018 \$'000	2017 \$'000
Within 1 year	38 308	40 114
Between 1 to 5 years	95 035	118 513
More than 5 years	10 739	9 341
<b>Total operating leasing commitments</b>	<b>144 082</b>	<b>167 968</b>

### Accounting policy

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

### Note 1C: Grants

Public sector:

Australian Government entities (related parties)	7 900	1 099
State and Territory Governments	1 419	1 726

Private sector:

Non-profit organisations	2 733	4 533
For profit organisations	99	1 026
Overseas	503	899

<b>Total grants</b>	<b>12 654</b>	<b>9 283</b>
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### Note 1D: Write-Down and Impairment of Assets

Impairment on financial instruments	4 320	1 117
Impairment of intangibles and leasehold improvements	654	1 639
Write-off of property, plant and equipment	406	944
<b>Total write-down and impairment of assets</b>	<b>5 380</b>	<b>3 700</b>

### Note 1E: Other Expenses

Official Development Assistance	212	1 084
Remission of fees	3 297	8 482
Other	60	7
<b>Total other expenses</b>	<b>3 569</b>	<b>9 573</b>

**DEPARTMENT OF AGRICULTURE AND WATER RESOURCES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 2: Income**

	2018 \$'000	2017 \$'000
<b>Own-Source Revenue</b>		
<b><u>Note 2A: Sale of Goods and Rendering of Services</u></b>		
Sale of goods	9	16
Rendering of services	<u>399 995</u>	<u>389 235</u>
<b>Total sale of goods and rendering of services</b>	<u>400 004</u>	<u>389 251</u>

**Accounting policy**

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer; and
- the department retains no managerial involvement or effective control over the goods.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred as at 30 June bear to the estimated total costs of the transaction.

The department is responsible for the collection of fees for regulatory charging under the *Export Control Act 1982* and the *Biosecurity Act 2015*. Regulatory charging disclosure is included at Note 14.

**Note 2B: Interest**

Deposits	422	426
Penalties	<u>345</u>	<u>335</u>
<b>Total interest</b>	<u>767</u>	<u>761</u>

**Accounting policy**

Interest revenue is recognised using the effective interest method.

## DEPARTMENT OF AGRICULTURE AND WATER RESOURCES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### **Note 2C: Other Revenue**

Levies	10 427	10 341
State contributions	1 765	1 764
Sub-lease rental	1 041	921
Resources received free of charge - Mickleham Post Entry Quarantine Facility	9 691	9 360
Resources received free of charge - airport accommodation	1 155	2 977
Resources received free of charge - ANAO fees	570	565
Other	3 629	4 347
<b>Total other revenue</b>	<b>28 278</b>	<b>30 275</b>

### **Accounting policy**

#### Resources Received Free of Charge

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government entity as a consequence of a restructuring of administrative arrangements or as a contribution by owners in accordance with Resource Management Guide (RMG) 123.

### **Gains**

### **Note 2D: Other Gains**

Gain from asset sales:		
Proceeds from sale	37	40
Carrying value of assets sold	( 23)	( 6)
Gain on derecognition of makegood:		
Carrying value of liability derecognised	274	482
Carrying value of asset derecognised	( 15)	( 219)
Workers compensation refund	-	1 523
Other	672	470
<b>Total other gains</b>	<b>945</b>	<b>2 290</b>

### **Accounting policy**

#### Sale of Assets

Gains from the disposal of assets are recognised when control of the asset has passed to the buyer.

#### Other Gains

Gains may be realised or unrealised and are recognised on a net basis.

#### Revenue from Government

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the department gains control of the appropriation. Appropriations receivable are recognised at their nominal amounts.

**DEPARTMENT OF AGRICULTURE AND WATER RESOURCES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 3: Financial Assets**

	2018	2017
	\$'000	\$'000
<b>Note 3A: Cash and Cash Equivalents</b>		
Cash in special accounts	30 087	25 638
Cash on hand or on deposit	<u>1 982</u>	<u>2 014</u>
<b>Total cash and cash equivalents</b>	<u><b>32 069</b></u>	<u><b>27 652</b></u>
<b>Note 3B: Trade and Other Receivables</b>		
<b>Goods and services receivables in connection with</b>		
Goods and services	<u>20 222</u>	<u>21 949</u>
<b>Total goods and services receivables</b>	<u><b>20 222</b></u>	<u><b>21 949</b></u>
<b>Appropriations receivables</b>		
Existing programs	49 112	52 741
Departmental capital budget	-	459
Equity injection	<u>16 390</u>	<u>11 244</u>
<b>Total appropriations receivable</b>	<u><b>65 502</b></u>	<u><b>64 444</b></u>
<b>Other receivables</b>		
Statutory receivables	4 607	4 283
Departmental supplementations	-	3 458
Other	<u>1 753</u>	<u>2 785</u>
<b>Total other receivables</b>	<u><b>6 360</b></u>	<u><b>10 526</b></u>
<b>Total trade and other receivables (gross)</b>	<u><b>92 084</b></u>	<u><b>96 919</b></u>
<b>Less impairment allowance</b>		
Goods and services	<u>( 1 118)</u>	<u>( 1 208)</u>
<b>Total impairment allowance</b>	<u><b>( 1 118)</b></u>	<u><b>( 1 208)</b></u>
<b>Total trade and other receivables (net)</b>	<u><b>90 966</b></u>	<u><b>95 711</b></u>
<b>Reconciliation of the Impairment Allowance Account:</b>		
<b>Movements in relation to goods and services impairment</b>		
<b>Opening balance</b>	( 1 208)	( 942)
Amounts written off	-	144
Amounts recovered and reversed	680	474
Decrease recognised in net cost of services	<u>( 590)</u>	<u>( 884)</u>
<b>Closing balance</b>	<u><b>( 1 118)</b></u>	<u><b>( 1 208)</b></u>

**DEPARTMENT OF AGRICULTURE AND WATER RESOURCES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****Accounting policy****Loans and Receivables**

Trade receivables have fixed or determinable payments that are not quoted in an active market and are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account.

**Accounting Judgements and Estimates**

Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

**DEPARTMENT OF AGRICULTURE AND WATER RESOURCES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 4: Non-Financial Assets**

**Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles**

	Land <sup>1</sup> \$'000	Buildings <sup>1</sup> \$'000	Leasehold Improvements <sup>1</sup> \$'000	Other property, plant & equipment <sup>1</sup> \$'000	Computer Software <sup>2</sup> \$'000	Total \$'000
<b>As at 1 July 2017</b>						
Gross book value	2 205	1 629	34 373	33 590	121 029	192 826
Work in progress	-	-	3 699	3 826	24 495	32 020
Accumulated depreciation and impairment	-	-	(2 143)	(744)	(60 101)	(62 988)
<b>Total as at 1 July 2017</b>	<b>2 205</b>	<b>1 629</b>	<b>35 929</b>	<b>36 672</b>	<b>85 423</b>	<b>161 858</b>
<b>Additions</b>						
By purchase or internally developed	-	-	15 258	6 287	26 862	48 407
Impairments recognised in the operating result	-	-	(219)	-	(435)	(654)
Reclassification	-	-	837	(701)	(136)	-
Depreciation expense	-	(69)	(9 227)	(9 239)	(12 950)	(31 485)
Other movements <sup>3</sup>	-	-	(15)	-	-	(15)
Disposals						
By write-off	-	-	(154)	(252)	-	(406)
By sale	-	-	-	(23)	-	(23)
<b>Total as at 30 June 2018</b>	<b>2 205</b>	<b>1 560</b>	<b>42 409</b>	<b>32 744</b>	<b>98 764</b>	<b>177 682</b>
<b>Total as at 30 June 2018 represented by:</b>						
Gross book value	2 205	1 629	50 008	38 814	124 070	216 726
Work in progress	-	-	3 353	3 854	44 428	51 635
Accumulated depreciation and impairment	-	(69)	(10 952)	(9 924)	(69 734)	(90 679)
<b>Total as at 30 June 2018</b>	<b>2 205</b>	<b>1 560</b>	<b>42 409</b>	<b>32 744</b>	<b>98 764</b>	<b>177 682</b>

<sup>1</sup> These classes of assets are all held at fair value.

<sup>2</sup> The carrying amount of computer software included \$20 012 314 purchased software and \$78 751 804 internally generated software.

<sup>3</sup> Other movements of \$15 025 relates to de-recognition of a make-good asset at Roseberry Regional Office.

No significant items of property, plant and equipment are expected to be sold or disposed of within the next 12 months.

**Contractual commitments for the acquisition of property, plant, equipment and intangible assets**

There were no contractual commitments for the acquisition of property, plant and equipment as at 30 June 2018.



## DEPARTMENT OF AGRICULTURE AND WATER RESOURCES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Accounting policy

Assets are recorded at cost on acquisition except as stated. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Non-financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

#### Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position. The department applied the following asset recognition thresholds:

	2018	2017
Land and buildings	\$0	\$0
Leasehold improvements	\$150 000	\$150 000
Property, plant and equipment	\$5 000 individual purchases/ \$50 000 group purchases	\$5 000 individual purchases/ \$50 000 group purchases
Internally developed software	\$200 000	\$200 000
Purchased software	\$150 000	\$150 000

Purchases under the applied thresholds are expensed in the year of acquisition.

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in property leases taken up by the department where an obligation exists to restore the property to its original condition. These costs are included in the value of the department's leasehold improvements with a corresponding provision for the 'make good' recognised.

The department's intangible assets comprise internally developed software and purchased software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

#### Revaluations and fair value measurement

All property, plant and equipment assets are measured at fair value.

Following initial recognition at cost, property, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values at the reporting date. Independent revaluations for property, plant and equipment are conducted every three years, however further valuations are undertaken dependent upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus or deficit. Revaluation decrements for a class of assets are recognised in the surplus or deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

**DEPARTMENT OF AGRICULTURE AND WATER RESOURCES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

Recurring and non-recurring fair value measurements – valuation processes

The department engaged the service of Australian Valuation Solutions (AVS) to conduct a detailed external valuation of non-financial assets (excluding intangibles) at 30 June 2017 and has relied upon those outcomes to establish carrying amounts. The revaluation decrement recorded for land in 2017 was \$80 000, decrement for buildings was \$462 000, revaluation increment for leasehold improvements was \$2 742 000 and decrement for other property, plant and equipment was \$1 294 000.

No valuation has been conducted for financial year 2017-18.

Depreciation and amortisation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the department using, in all cases, the straight-line method of depreciation.

Intangible assets are amortised on a straight-line basis over their anticipated useful life.

Depreciation rates (useful lives) and residual values are reviewed at each reporting date and necessary adjustments are recognised as appropriate. Depreciation rates applying to each class of depreciable asset are based on the following useful lives.

	2018	2017
Buildings	40-50 years	40-50 years
Leasehold improvements	Lesser of useful life or lease term	Lesser of useful life or lease term
Property, plant and equipment	3 to 15 years	3 to 15 years
Internally developed software	5 to 10 years	5 to 10 years
Purchased software	3 years	3 years

Depreciation charges for 2018 of \$31 485 063 were:

- funded by cost recovery arrangements of \$13 916 730 (2017: \$12 835 830); and
- unfunded of \$17 568 333 (2017: \$16 798 304).

Impairment

All non-financial assets were assessed for impairment at 30 June 2018. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the entity were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

An impairment loss of \$654 375 (2017: \$2 376 000) was recognised in the operating result.

Inventories

Inventories held for distribution are valued at cost, adjusted for any loss of service potential.

Costs incurred in bringing each item of stores inventory to its present location and condition are recorded at purchase cost and managed on a first-in-first-out basis.

## DEPARTMENT OF AGRICULTURE AND WATER RESOURCES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Note 5: Payables

	2018	2017
	\$'000	\$'000
<b>Note 5A: Suppliers</b>		
Trade creditors and accruals	1 315	3 508
Operating lease payable	<u>16 485</u>	<u>17 999</u>
<b>Total suppliers</b>	<u>17 800</u>	<u>21 507</u>

Settlement is usually made within 30 days.

### Note 5B: Other Payables

Salaries and wages	3 042	3 324
Superannuation	569	572
Separations and redundancies	1 227	895
Accrued expenses	24 662	29 984
Unearned income	1 248	5 156
Statutory payables associated with employees	1 844	480
Other	<u>2 385</u>	<u>1 823</u>
<b>Total other payables</b>	<u>34 977</u>	<u>42 234</u>

#### Accounting policy

##### Separation and Redundancy

Provision is made for separation and redundancy benefit payments. The department recognises a provision for termination when it has developed a detailed formal plan for the terminations, identified the positions affected, assessed expressions of interest from employees and made formal offers.

Separation and redundancy is reported as a payable when an agreement has been reached with the relevant employee.

##### Superannuation

The majority of the department's staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap). However, some staff have elected to be members of other private superannuation funds.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

The department makes employer contributions to the defined benefits superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. The department accounts for the contributions as if they were contributions to defined contribution schemes.

The liability for superannuation recognised at 30 June 2018 represents outstanding contributions.

**DEPARTMENT OF AGRICULTURE AND WATER RESOURCES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 6: Provisions**

	2018 \$'000	2017 \$'000
<b>Note 6A: Employee Provisions</b>		
Leave	<u>150 962</u>	<u>143 459</u>
<b>Total employee provisions</b>	<u>150 962</u>	<u>143 459</u>

**Accounting policy**

Liabilities for 'short-term employee benefits' and termination benefits due within twelve months of the end of the reporting period are measured at their nominal amounts.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will apply at the time the leave is taken, including the department's employer superannuation contribution rates to the extent that leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work of an actuary as at 30 June 2018. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

**Note 6B: Reconciliation Other Provisions**

	Provision for lease incentives \$'000	Provision for restoration \$'000	Total \$'000
<b>As at 1 July 2017</b>	<b>5 791</b>	<b>5 668</b>	<b>11 459</b>
Additional provisions made	5 277	-	5 277
Amounts used	( 1 501)	( 1 810)	( 3 311)
Unwinding of discount or change in discount rate	-	34	34
<b>Total as at 30 June 2018</b>	<b>9 567</b>	<b>3 892</b>	<b>13 459</b>

**Accounting policy**

Provision for Restoration

The department currently recognises 46 (2017: 46) provisions for premises requiring restoration to their original condition at the conclusion of the lease. The provisions reflect the present value of this obligation.

**DEPARTMENT OF AGRICULTURE AND WATER RESOURCES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 7: Restructuring**

	2018	2017
<b>National Water Infrastructure Development Fund The Department of Infrastructure, Regional Development and Cities <sup>1</sup></b>		
	<b>\$'000</b>	<b>\$'000</b>
<b>FUNCTIONS RELINQUISHED</b>		
<b>Assets relinquished</b>		
Trade and other receivables	305	-
<b>Total assets relinquished</b>	<b>305</b>	<b>-</b>
<b>Liabilities relinquished</b>		
Employee provisions	305	-
<b>Total liabilities relinquished</b>	<b>305</b>	<b>-</b>
<b>Net liabilities relinquished</b>	<b>-</b>	<b>-</b>

1. The National Water Infrastructure Development Fund function was relinquished to the Department of Infrastructure, Regional Development and Cities during 2017-18 as a result of the Prime Minister's announcement on 19 December 2017.

2. No administered assets and liabilities were transferred.

3. There were no Administrative Arrangement Order changes related to the department during 2016-17.

## DEPARTMENT OF AGRICULTURE AND WATER RESOURCES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Note 8: Contingent Assets and Liabilities

#### Quantifiable Contingencies

There were no quantifiable contingent assets or contingent liabilities at 30 June 2018 (2017: Nil).

#### Unquantifiable Contingencies

As at 30 June 2018, the department had a number of legal claims lodged against it for damages and costs. The department is responding to these claims in accordance with its obligations under the Legal Services Directions 2017. It is not possible to estimate the amount of any eventual payments in relation to these matters.

As at 30 June 2018, the department was investigating issues with billing of certain cost recovery charges. The department is in the process of assessing any potential liability, and determining what, if any, additional action may be required.

Proceedings have commenced in the Federal Court of Australia seeking compensation for alleged losses due to the temporary suspension of exports of live animals to Indonesia that was put in place on 7 June 2011. The quantum of any damages sought has not been quantified. The Department of Finance, which has responsibility for Comcover (the Australian Government's general insurance fund), has assumed insurance responsibility for the potential claims under its insurance arrangements with the department.

#### **Accounting policy**

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

## DEPARTMENT OF AGRICULTURE AND WATER RESOURCES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Note 9: Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. This includes those personnel who have temporarily performed the relevant roles for a period of eight weeks or more. The department has determined the key management personnel to be all portfolio Ministers, the Secretary, members of the Executive Management Committee and, their close family members and organisations they control. Key management personnel remuneration is reported in the table below:

	2018	2017
	\$'000	\$'000
Total short-term employee benefits	3 186	2 802
Post-employment benefits	583	522
Other long-term benefits	360	314
<b>Total key management personnel remuneration expenses<sup>1</sup></b>	<b>4 129</b>	<b>3 638</b>

The total number of key management personnel that are included in the above table is 11, being eight substantive officers for the full year, one substantive officer for part of the year and two acting officers for part of the year (2017: 13, being nine substantive officers for the full year, two substantive officers for part of the year and two acting officers for part of the year).

1. The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the entity.

### Note 10: Related Party Disclosures

#### Related party relationships

The department is an Australian Government controlled entity. Related parties to this entity are Key Management Personnel, including the Portfolio Minister and Assistant Ministers, the River Murray Operation (RMO) and Living Murray Initiative (LMO) joint operations as well as other Australian Government entities.

#### Transactions with related parties

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. These transactions have not been separately disclosed in this note.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period, the department has determined there are no related party transactions that require separate disclosure (2017: Nil).

**DEPARTMENT OF AGRICULTURE AND WATER RESOURCES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 11: Financial Instruments**

	2018 \$'000	2017 \$'000
<b>Note 11A: Categories of Financial Instruments</b>		
<b>Financial Assets</b>		
<b>Held-to-maturity investments</b>		
Negotiable securities - certificates of deposit	16 500	16 000
<b>Total held-to-maturity investments</b>	<b>16 500</b>	<b>16 000</b>
<b>Loans and Receivables</b>		
Cash and cash equivalents	32 069	27 652
Trade receivables	19 104	20 741
Other financial assets	7 129	4 893
<b>Total loans and receivables</b>	<b>58 302</b>	<b>53 286</b>
<b>Total financial assets</b>	<b>74 802</b>	<b>69 286</b>
<b>Financial Liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
Trade creditors	1 315	3 508
<b>Total financial liabilities measured at amortised cost</b>	<b>1 315</b>	<b>3 508</b>
<b>Total financial liabilities</b>	<b>1 315</b>	<b>3 508</b>

At 30 June 2018, there are 11 (2017: 11) certificates of deposit maturing at different dates within the next 12 months. Interest rates range from 2.51% to 2.72% (2017: 2.62% to 2.87%), payable upon maturity.

1. The net income from interest revenue for held-to-maturity investments in 2018 is \$422 000 (2017: \$426 000).
2. The net income from interest revenue for loans and receivables in 2018 is \$345 000 (2017: \$335 000).

**Accounting policy**

**Financial assets**

The department classifies its financial assets in the following categories:

- held-to-maturity investments;
- available-for-sale financial assets; and
- loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

**Effective Interest Method**

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except when financial assets are recognised at fair value through profit or loss. The department has no financial assets that are recognised at fair value through profit or loss.



## DEPARTMENT OF AGRICULTURE AND WATER RESOURCES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Held-to-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the department has the positive intent and ability to hold to maturity are classified as 'held-to-maturity investments'. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

The departmental held-to-maturity investments are recognised in the Statement of Financial Position as other investments and are made up of negotiable certificates of deposit.

### Available-For-Sale Financial Assets

'Available-for-sale financial assets' are non-derivatives that are either designated in this category or not classified in any of the other categories.

Available-for-sale financial assets are recorded at fair value. Gains and losses arising from changes in fair value are recognised directly in reserves (equity) with the exception of impairment losses. Interest is calculated using the effective interest method and foreign exchange gains and losses on monetary assets are recognised directly in profit or loss. Where the asset is disposed of or is determined to be impaired, part (or all) of the cumulative gain or loss previously recognised in the reserve is included in the surplus or deficit for the period.

The department recognises administered other investments as available-for-sale.

### Loans and Receivables

Trade receivables and cash and cash equivalents have fixed or determinable payments that are not quoted in an active market and are classified as 'Loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

### Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period.

Financial assets held at amortised cost - If there is objective evidence that an impairment loss has been incurred for receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

Available-for-sale financial assets - If there is objective evidence that an impairment loss on an available-for-sale financial asset has been incurred, the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in expenses, is transferred from equity to the Statement of Comprehensive Income.

Financial assets held at cost - If there is objective evidence that an impairment loss has been incurred, the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

### **Financial liabilities**

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or 'other financial liabilities'. Financial liabilities are recognised and derecognised upon 'trade date'. All of the department's financial liabilities are categorised as other financial liabilities.

### Other Financial Liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The department recognises all financial liabilities at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

**DEPARTMENT OF AGRICULTURE AND WATER RESOURCES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 12: Appropriations**

**Note 12A: Annual and Unspent Appropriations ('Recoverable GST exclusive')**

	2018	2017
	\$'000	\$'000
<b>Ordinary annual services</b>		
<b>Opening unspent appropriation balance</b>	<b>55 214</b>	48 805
Annual Appropriation - Operating	381 223	375 687
Annual Appropriation - Capital budget <sup>1</sup>	11 736	9 940
PGPA Act Section 74 receipts	24 383	28 646
PGPA Act Section 75 transfers <sup>2</sup>	( 546)	-
Prior year PGPA Act section 75 transfers <sup>2</sup>	( 305)	-
<b>Total appropriation available</b>	<b>471 705</b>	463 078
Appropriation applied (current and prior years)	( 420 611)	( 407 864)
<b>Closing unspent appropriation balance</b>	<b>51 094</b>	55 214
<b>Balance comprises appropriations as follows:</b>		
<i>Appropriation Act (No. 1) 2016-17</i>	-	48 286
<i>Appropriation Act (No. 3) 2016-17</i>	-	4 104
<i>Supply Act (No. 1) 2016-17</i>	-	810
<i>Appropriation Act (No. 1) 2017-18</i>	39 684	-
<i>Appropriation Act (No. 3) 2017-18</i>	5 126	-
<i>Appropriation Act (No. 5) 2017-18</i>	4 302	-
Cash on hand	1 982	2 014
<b>Total unspent appropriation - ordinary annual services</b>	<b>51 094</b>	55 214

<sup>1</sup> Departmental Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

<sup>2</sup> Appropriations reduced under Section 75 of the PGPA Act include: \$546 000 relating to the current year and \$305 000 from prior year Departmental items.

The variance between amounts appropriated in 2018 and appropriation applied is \$(4 120 000).

**Other Services**

<b>Opening unspent appropriation balance</b>	<b>11 244</b>	4 603
Annual Appropriation - Equity injection	17 017	12 703
Prior years Appropriation Acts repealed <sup>1</sup>	( 240)	-
<b>Total appropriation available</b>	<b>28 021</b>	17 306
Appropriation applied (current and prior years)	( 11 631)	( 6 062)
<b>Closing unspent appropriation balance</b>	<b>16 390</b>	11 244
<b>Balance comprises appropriations as follows:</b>		
<i>Appropriation Act (No. 4) 2013-14<sup>1</sup></i>	-	240
<i>Appropriation Act (No. 2) 2015-16</i>	203	203
<i>Appropriation Act (No. 4) 2015-16</i>	2 756	2 756
<i>Appropriation Act (No. 2) 2016-17</i>	-	2 595
<i>Appropriation Act (No. 4) 2016-17</i>	1 711	5 319
<i>Supply Act (No. 2) 2016-17</i>	-	131
<i>Appropriation Act (No. 2) 2017-18</i>	9 637	-
<i>Appropriation Act (No. 4) 2017-18</i>	2 083	-
<b>Total unspent appropriation - other services</b>	<b>16 390</b>	11 244

<sup>1</sup> Appropriation Act (No.4) 2013-14 was repealed by Appropriation Act (No.4) 2017-18 effective 28 March 2018.

The variance between amounts appropriated in 2018 and appropriation applied is \$5 146 000.

<b>Total unspent appropriation</b>	<b>67 484</b>	66 458
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## DEPARTMENT OF AGRICULTURE AND WATER RESOURCES

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### Note 12B: Special Appropriations ('Recoverable GST exclusive')

	Appropriation applied	
	2018	2017
Authority	\$'000	\$'000
<i>Public Governance, Performance and Accountability Act 2013, s. 58 (National Residue Survey)</i>		
Prior year investments redeemed in current year (\$16 000 000), Redemptions of current year investments (gross) (nil).	( 16 500)	( 16 000)
<b>Total special appropriations applied</b>	<b>( 16 500)</b>	<b>( 16 000)</b>

#### Note 13: Special Accounts

	Australian Quarantine and Inspection Service Special Account (AQIS) <sup>1</sup>		National Residue Survey Account (NRS) <sup>2</sup>	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Balance brought forward from previous period</b>	<b>24 401</b>	36 225	<b>1 237</b>	1 524
<b>Increases:</b>				
Appropriations credited to special account	139 094	132 483	3	9
Other increases	381 127	361 984	27 570	26 205
<b>Total increases</b>	<b>520 221</b>	494 467	<b>27 573</b>	26 214
<b>Available for payments</b>	<b>544 622</b>	530 692	<b>28 810</b>	27 738
<b>Departmental decreases</b>				
Payments made to employees	( 302 921)	( 303 194)	( 1 862)	( 1 880)
Payments made to other	( 212 727)	( 203 097)	( 25 835)	( 24 621)
<b>Total departmental decreases</b>	<b>( 515 648)</b>	( 506 291)	<b>( 27 697)</b>	( 26 501)
Administered	-	-	-	-
<b>Total administered decreases</b>	<b>-</b>	-	<b>-</b>	-
<b>Total decreases</b>	<b>( 515 648)</b>	( 506 291)	<b>( 27 697)</b>	( 26 501)
<b>Total balance carried to the next period</b>	<b>28 974</b>	24 401	<b>1 113</b>	1 237
<b>Balance made up of:</b>				
Cash held in the Official Public Account	26 369	21 548	1 113	1 237
Cash held in entity bank accounts	2 605	2 853	-	-
<b>Total balance carried to the next period</b>	<b>28 974</b>	24 401	<b>1 113</b>	1 237

<sup>1</sup> Appropriation: *Public Governance, Performance and Accountability Act 2013* section 78.

Establishing Instrument: Financial Management and Accountability Determination 2010/11 – Australian Quarantine and Inspection Service Special Account Establishment 2010.

Purpose: For expenditure relating to the provision of quarantine and inspection services and payment of moneys to the Consolidated Revenue Fund as agreed to by the relevant Minister and Minister for Finance.

<sup>2</sup> Appropriation: *Public Governance, Performance and Accountability Act 2013* section 80.

Establishing Instrument: *National Residue Survey Administration Act 1992* section 6 (1).

Purpose: For the purposes of conducting national residue surveys and to provide for collection of the NRS levy imposed by various acts.

**DEPARTMENT OF AGRICULTURE AND WATER RESOURCES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 14: Regulatory Charging Summary**

	2018	2017
	\$'000	\$'000
<b>Amounts applied</b>		
Departmental		
Annual appropriations	80 284	71 987
Own source revenue	<u>392 027</u>	<u>374 805</u>
<b>Total amounts applied</b>	<u>472 311</u>	<u>446 792</u>
<b>Expenses</b>		
Departmental	<u>470 894</u>	<u>463 097</u>
<b>Total expenses</b>	<u>470 894</u>	<u>463 097</u>
<b>Revenue</b>		
Departmental	<u>392 416</u>	<u>391 981</u>
<b>Total revenue</b>	<u>392 416</u>	<u>391 981</u>
<b>Amounts written off</b>		
Departmental	<u>3 980</u>	<u>9 305</u>
<b>Total amounts written off</b>	<u>3 980</u>	<u>9 305</u>

Competitive Neutrality

The department operates a number of cost recovery arrangements across the Biosecurity, Export Certification and other business services areas in accordance with the Australian Government Charging Framework and are not for profit activities. The department is not subject to competitive neutrality arrangements for this reason.

Regulatory Charging Activities:

Dairy Exports Program Services	Meat Export Program Services
Fish and Egg Export Program Services	National Residue Survey Services
Grain and Seed Export Program Services	Non-Prescribed Goods Export Program Services
Horticulture Exports Program Services	Passenger Program Services
Import Clearance Program Services	Post Entry Plant Quarantine Program Services
Levies Revenue Service	Seaports Program Services
Live Animal Export Program Services	Water Efficiency Labelling and Standards Scheme

Documentation (Cost Recovery Implementation Statements) for the above activities is available at:

- Water Efficiency Labelling and Standards Scheme [www.waterrating.gov.au/about/review-evaluation/cost-recovery-impact-statement](http://www.waterrating.gov.au/about/review-evaluation/cost-recovery-impact-statement)
- Other regulatory charging activities [www.agriculture.gov.au/fees/cost-recovery/](http://www.agriculture.gov.au/fees/cost-recovery/)

Industry Rebates and Program Results

Biosecurity, export certification and quota management, and National Residue Survey (NRS) cost recovered activities are maintained on a program basis with many of the programs aligning to an industry sector. The management of each program, including the establishment of the level and structure of fees and charges, is conducted in consultation with an Industry Consultative Committee (ICC), as applicable, and the Department of Finance.

Where fees and charges collected for a cost recovered program exceed its costs during a financial year, the excess revenue is reported in the total comprehensive income (loss) for the period. The amount of excess revenue is transferred from retained earnings into an industry reserve.

**DEPARTMENT OF AGRICULTURE AND WATER RESOURCES  
ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME**

for the period ended 30 June 2018

		2018	2017	Original Budget 2018	Variance 2018
	Notes	\$'000	\$'000	\$'000	\$'000
<b>NET COST OF SERVICES</b>					
<b>Expenses</b>					
Levy disbursements and Commonwealth contributions	15A	875 716	826 072	843 184	32 532
Grants	15B	267 596	303 999	407 986	( 140 390)
Payments to corporate Commonwealth entities	15C	127 062	89 296	125 074	1 988
Suppliers	15D	30 499	42 314	36 654	( 6 155)
Direct personal benefits		33 735	60 833	36 607	( 2 872)
Assets transferred to related entities	18	210 334	165 581	498 261	( 287 927)
Depreciation and amortisation	18	7 753	7 737	7 759	( 6)
Concessional loan discount		1 006	3 046	694	312
Write-down and impairment of assets	15E	7 585	6 725	-	7 585
Other expenses		234	-	-	234
<b>Total expenses</b>		<b>1 561 520</b>	<b>1 505 603</b>	<b>1 956 219</b>	<b>( 394 699)</b>
<b>Income</b>					
<b>Revenue</b>					
<b>Taxation revenue</b>					
Levies, fees and charges	16A	565 931	555 436	536 868	29 063
<b>Total taxation revenue</b>		<b>565 931</b>	<b>555 436</b>	<b>536 868</b>	<b>29 063</b>
<b>Non-taxation revenue</b>					
Interest	16B	23 919	15 689	23 006	913
Other revenue	16C	22 454	19 948	9 967	12 487
<b>Total non-taxation revenue</b>		<b>46 373</b>	<b>35 637</b>	<b>32 973</b>	<b>13 400</b>
<b>Total revenue</b>		<b>612 304</b>	<b>591 073</b>	<b>569 841</b>	<b>42 463</b>
<b>Gains</b>					
Other Gains	16D	96 386	129 895	127 261	( 30 875)
<b>Total gains</b>		<b>96 386</b>	<b>129 895</b>	<b>127 261</b>	<b>( 30 875)</b>
<b>Total income</b>		<b>708 690</b>	<b>720 968</b>	<b>697 102</b>	<b>11 588</b>
<b>Net cost of services</b>		<b>852 830</b>	<b>784 635</b>	<b>1 259 117</b>	<b>( 406 287)</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
<b>Items not subject to subsequent reclassification to net cost of services</b>					
Administered revaluations taken to reserves					
Non-financial assets		2 448	13 908	-	2 448
Other investments		30 709	21 957	-	30 709
<b>Total other comprehensive income</b>		<b>33 157</b>	<b>35 865</b>	<b>-</b>	<b>33 157</b>
<b>Total comprehensive loss</b>		<b>( 819 673)</b>	<b>( 748 770)</b>	<b>( 1 259 117)</b>	<b>439 444</b>

The above statement should be read in conjunction with the accompanying notes.

**DEPARTMENT OF AGRICULTURE AND WATER RESOURCES**  
**ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES**  
*as at 30 June 2018*

	Notes	2018 \$'000	2017 \$'000	Original Budget 2018 \$'000	Variance 2018 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents		589 698	166 435	-	589 698
Trade, taxation and other receivables	17A	852 463	733 552	1 114 678	( 262 215)
Other investments	17B	400 222	369 513	307 545	92 677
Other financial assets	17C	69 313	67 164	67 188	2 125
<b>Total financial assets</b>		<b>1 911 696</b>	<b>1 336 664</b>	<b>1 489 411</b>	<b>422 285</b>
<b>Non-financial assets</b>					
Land	18	1 467	1 467	1 467	-
Infrastructure	18	524 541	528 639	508 434	16 107
Plant and equipment	18	1 715	1 664	-	1 715
Flooding easements	18	814	814	-	814
Intangibles	18	126 520	125 047	138 145	( 11 625)
Prepayments		15 665	16 082	20 535	( 4 870)
<b>Total non-financial assets</b>		<b>670 722</b>	<b>673 713</b>	<b>668 581</b>	<b>2 141</b>
<b>Total assets administered on behalf of Government</b>		<b>2 582 418</b>	<b>2 010 377</b>	<b>2 157 992</b>	<b>424 426</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Levy disbursements and Commonwealth Contributions	19A	101 196	92 380	101 381	( 185)
Grants	19B	3 368	7 867	44 495	( 41 127)
Suppliers		298	1 504	2 012	( 1 714)
Personal benefits		654	1 270	1 015	( 361)
Corporate Commonwealth Entities		1 953	-	-	1 953
Other payables		72	808	-	72
<b>Total payables</b>		<b>107 541</b>	<b>103 829</b>	<b>148 903</b>	<b>( 41 362)</b>
<b>Total liabilities administered on behalf of Government</b>		<b>107 541</b>	<b>103 829</b>	<b>148 903</b>	<b>( 41 362)</b>
<b>Net assets</b>		<b>2 474 877</b>	<b>1 906 548</b>	<b>2 009 089</b>	<b>465 788</b>

The above statement should be read in conjunction with the accompanying notes.

## DEPARTMENT OF AGRICULTURE AND WATER RESOURCES BUDGET VARIANCE COMMENTARY – ADMINISTERED

as at 30 June 2018

### Budget Variance Commentary

The following tables provide a comparison of the original budget as presented in the 2017-18 Portfolio Budget Statements (PBS) to the 2017-18 final outcome as presented in accordance with Australian Accounting Standards for the department. The Budget is not audited. Explanations of major variances are provided below.

Variances are considered to be 'major' based on the following criteria:

- the variance between budget and actual is greater than +/- 10% of the original budget and \$10 million for a line item; or
- the variance between budget and actual is greater than 2% of the relevant sub-total (i.e. total expenses, total income, total assets or total liabilities) and \$10 million; or
- an item below this threshold but is considered important for the reader's understanding or is relevant to an assessment of the discharge of accountability and to an analysis of performance of the department.

### Major variances and explanations

### Affected line items

#### Administered Schedule of Comprehensive Income

Total expenses were \$394.7 million lower than the original budget predominantly as a result of:

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• Lower than budgeted assets transferred to related entities expenses of \$287.9 million and grant expenses of \$140.4 million, arising from delays to the implementation of the Murray-Darling Basin Plan and the delay to secure support for critical amendments introduced in Parliament.</li> </ul> | <ul style="list-style-type: none"> <li>• Total expenses</li> </ul>   |
| <ul style="list-style-type: none"> <li>• Partially offset by higher than budgeted levy disbursements and Commonwealth contributions expenses of \$32.5 million mainly due to higher than anticipated transactions in the wool and grain commodities.</li> </ul>  | <ul style="list-style-type: none"> <li>• Levy disbursement and Commonwealth contributions expenses</li> <li>• Grant expenses</li> <li>• Assets transferred to related entities expenses</li> </ul> |

Total income was \$11.6 million higher than the original budget predominantly as a result of:

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>• Higher than budgeted levies, fees and charges of \$29.1 million mainly due to higher than anticipated transactions in the wool and grain commodities.</li> </ul>  | <ul style="list-style-type: none"> <li>• Total income</li> </ul>  |
| <ul style="list-style-type: none"> <li>• Higher than budgeted other revenue of \$12.5 million mainly due to debts raised against recipients of Farm Household Allowance.</li> </ul>  | <ul style="list-style-type: none"> <li>• Levies, fees and charges revenue</li> <li>• Other revenue</li> </ul> |
| <ul style="list-style-type: none"> <li>• Partially offset by lower than budgeted other gains of \$30.9 million due to reduced water entitlements transferred to the department through water programs, arising from delays to the implementation of the Murray-Darling Basin Plan and the delay to secure support for critical amendments introduced into Parliament.</li> </ul> | <ul style="list-style-type: none"> <li>• Other gains</li> </ul>   |

Total other comprehensive income was \$33.2 million higher than the original budget. This was mainly due to increases to the net assets of portfolio corporate Commonwealth entities.

- Total other comprehensive income

The above statement should be read in conjunction with the accompanying notes.

**DEPARTMENT OF AGRICULTURE AND WATER RESOURCES  
BUDGET VARIANCE COMMENTARY – ADMINISTERED**  
as at 30 June 2018

<u>Administered Schedule of Assets and Liabilities</u>	
<p>Total financial assets balance was \$422.3 million higher than the original budget. This variance was predominantly due to:</p> <ul style="list-style-type: none"> <li>• Higher than budgeted cash and cash equivalents balance by \$589.7 million was mainly due to the reclassification of special account balances as a result of a change in reporting requirements, which occurred after the preparation of the budget.</li> <li>• Lower than budgeted other investments balance by \$92.7 million due to increases to portfolio corporate Commonwealth entities' net assets.</li> <li>• Lower than budgeted trade, taxation and other receivables balance by \$262.2 million mainly due to:                             <ul style="list-style-type: none"> <li>○ Transfer of \$100 million from the National Water Infrastructure Loan Facility to the Department of Infrastructure, Regional Development and Cities that was not anticipated in the budget.</li> <li>○ Decreased loans to State and Territory Governments of \$171.2 million which experienced lower take up rates and higher repayments than anticipated.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Total financial assets</li> <li>• Cash and cash equivalents</li> <li>• Trade, taxation and other receivables</li> <li>• Other investments</li> </ul>
<p>Total non-financial assets balance was \$2.1 million higher than the original budget. This variance was predominantly due to unbudgeted changes to the department's share of joint operations' assets which caused a higher than budgeted balance in Infrastructure by \$16.1 million, partially offset by a lower than budgeted balance in Intangibles by \$11.6 million.</p>	<ul style="list-style-type: none"> <li>• Total non-financial assets</li> <li>• Infrastructure</li> <li>• Intangibles</li> </ul>
<p>Total payables balance was \$41.4 million lower than the original budget. The variance related mainly to the timing of grant payments which occurred earlier than anticipated.</p>	<ul style="list-style-type: none"> <li>• Total payables</li> <li>• Grant payables</li> </ul>

The above statement should be read in conjunction with the accompanying notes.



**DEPARTMENT OF AGRICULTURE AND WATER RESOURCES  
ADMINISTERED RECONCILIATION SCHEDULE**

for the period ended 30 June 2018

	2018 \$'000	2017 \$'000
<b>Opening assets less liabilities as at 1 July</b>	<b>1 906 548</b>	1 593 836
<b>Net cost of services</b>		
Income	<b>708 690</b>	720 968
Expenses		
Payments to entities other than corporate Commonwealth entities	<b>(1 434 458)</b>	(1 416 307)
Payments to corporate Commonwealth entities	<b>( 127 062)</b>	( 89 296)
<b>Other comprehensive income</b>		
Revaluations transferred to reserves		
Non-financial assets	<b>2 448</b>	13 908
Other investments	<b>30 709</b>	21 957
<b>Transfers (to)/from the Australian Government</b>		
Appropriation transfers from OPA		
Administered assets and liabilities appropriations	<b>307 022</b>	279 090
Annual appropriations		
Payments to entities other than corporate Commonwealth entities	<b>377 744</b>	459 600
Payments to corporate Commonwealth entities	<b>125 109</b>	89 296
Special appropriations (limited)		
Payments to entities other than corporate Commonwealth entities	<b>430 000</b>	110 000
Special appropriations (unlimited)		
Payments to entities other than corporate Commonwealth entities	<b>572 493</b>	562 744
Payments to corporate Commonwealth entities	<b>325 981</b>	317 212
Special account payments	-	719
Appropriation transfers to OPA		
Transfers to OPA	<b>(749 886)</b>	( 757 033)
Personal Benefits - Withholding	<b>( 461)</b>	( 143)
Other movements	-	( 3)
<b>Closing assets less liabilities as at 30 June</b>	<b>2 474 877</b>	1 906 548

**Accounting Policy**

Administered Cash Transfers to and from the Official Public Account (OPA)

Revenue collected by the department for use by the Government rather than the department is administered revenue. Collections are transferred to the OPA which is maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by the department on behalf of the Government and reported as such in the schedule of administered cash flows and in the administered reconciliation schedule.

The above statement should be read in conjunction with the accompanying notes.

**DEPARTMENT OF AGRICULTURE AND WATER RESOURCES**  
**ADMINISTERED CASH FLOW STATEMENT**  
*for the period ended 30 June 2018*

	2018	2017
	\$'000	\$'000
<b>OPERATING ACTIVITIES</b>		
<b>Cash received</b>		
Taxes	560 841	548 991
GST received	85 303	81 656
Other	12 961	19 478
<b>Total cash received</b>	<u>659 105</u>	<u>650 125</u>
<b>Cash used</b>		
Levy disbursements and Commonwealth contributions	870 220	828 087
Grants	358 789	417 176
Suppliers	31 268	46 320
Personal benefits	34 752	65 421
Payments to corporate Commonwealth entities	125 109	89 296
Other	234	-
<b>Total cash used</b>	<u>1 420 372</u>	<u>1 446 300</u>
<b>Net cash used by operating activities</b>	<u>( 761 267)</u>	<u>( 796 175)</u>
<b>INVESTING ACTIVITIES</b>		
<b>Cash received</b>		
Repayments of loans to States and Territories	82 181	107 734
Interest received from loans to States and Territories	20 908	16 012
<b>Total cash received</b>	<u>103 089</u>	<u>123 746</u>
<b>Cash used</b>		
Loans made to States and Territories	190 000	255 000
Purchase of Intangibles	117 022	24 085
<b>Total cash used</b>	<u>307 022</u>	<u>279 085</u>
<b>Net cash used by investing activities</b>	<u>( 203 933)</u>	<u>( 155 339)</u>
<b>Net decrease in cash held</b>	<u>( 965 200)</u>	<u>( 951 514)</u>
<b>Cash and cash equivalents at the beginning of the reporting period</b>	166 435	56 321
<b>Cash from Official Public Account for</b>		
- Appropriations	2 138 349	1 817 942
- Special accounts	-	719
<b>Total cash from Official Public Account</b>	<u>2 138 349</u>	<u>1 818 661</u>
<b>Cash to Official Public Account for:</b>		
- Appropriations	749 886	757 033
<b>Total cash to Official Public Account</b>	<u>749 886</u>	<u>757 033</u>
<b>Cash and cash equivalents at the end of the reporting period</b>	<u>589 698</u>	<u>166 435</u>

The above statement should be read in conjunction with the accompanying notes.

**DEPARTMENT OF AGRICULTURE AND WATER RESOURCES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

<b>Note 15: Administered – Expenses</b>		
	2018	2017
	\$'000	\$'000
<b><u>Note 15A: Levy Disbursements and Commonwealth Contributions</u></b>		
Levy disbursements		
Corporate Commonwealth entities	188 129	211 922
Other	374 224	338 143
Commonwealth Contributions		
Corporate Commonwealth entities	121 832	117 826
Other	191 531	158 181
<b>Total levy disbursements and Commonwealth contributions</b>	<b>875 716</b>	<b>826 072</b>
<b><u>Note 15B: Grants</u></b>		
For profit organisations	163 025	176 933
Non-profit organisations	71 312	102 388
Australian Government entities (related parties)	17 989	16 306
State and Territory Governments	15 032	6 231
Local Governments	90	1 972
Other	148	169
<b>Total grants</b>	<b>267 596</b>	<b>303 999</b>
<b>Accounting policy</b>		
The department administers a number of grant and subsidy schemes on behalf of the Government. Grant and subsidy liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed; or (ii) the grant eligibility criteria have been satisfied, but payments due have yet to be made. When the Government enters into an agreement to make these grants and services but services have not been performed or criteria satisfied, this is considered a commitment.		
<b><u>Note 15C: Payments to Corporate Commonwealth Entities</u></b>		
Murray-Darling Basin Authority (MDBA)	90 611	72 699
Wine Australia	16 014	2 000
AgriFutures Australia	10 342	10 170
Australian Pesticides and Veterinary Medicines Authority (APVMA)	6 190	136
Fisheries Research and Development Corporation (FRDC)	3 905	4 291
<b>Total payments to corporate Commonwealth entities</b>	<b>127 062</b>	<b>89 296</b>
<b>Accounting policy</b>		
Payments to corporate Commonwealth entities from amounts appropriated for that purpose are classified as administered expenses, equity injections or loans of the relevant portfolio department. The appropriation to the department is included in the amounts in Note 22.		

**DEPARTMENT OF AGRICULTURE AND WATER RESOURCES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

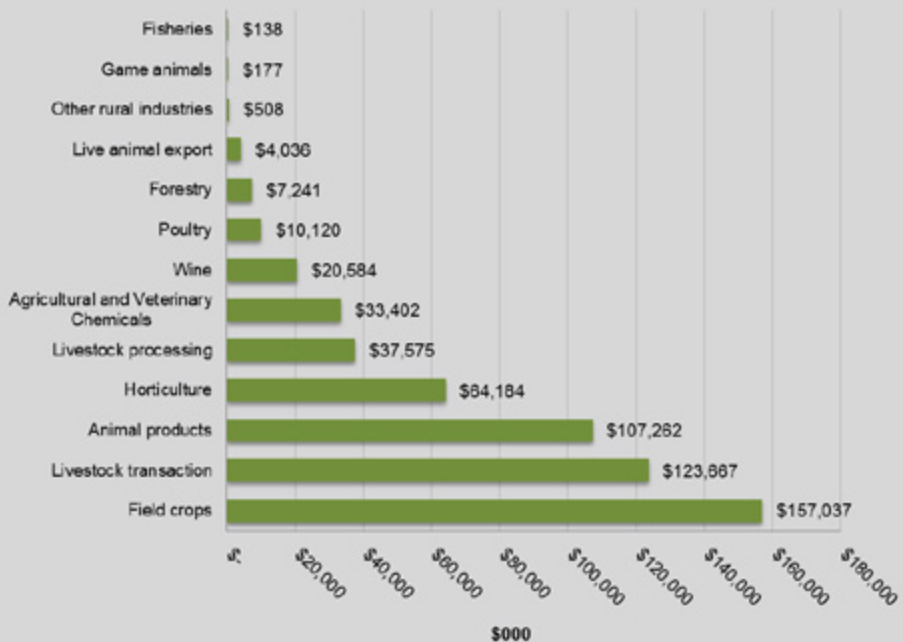
	2018	2017
	\$'000	\$'000
<b><u>Note 15D: Suppliers</u></b>		
<b>Goods and services supplied or rendered</b>		
Membership fees	16 548	15 903
Administration charge - loans	4 853	4 428
Contractors	4 258	5 043
Consultants	2 072	8 276
Purchase of data	13	5 009
Other	2 755	3 655
<b>Total goods and services supplied or rendered</b>	<b>30 499</b>	<b>42 314</b>
Goods supplied	742	5 836
Services rendered	29 757	36 478
<b>Total goods and services supplied or rendered</b>	<b>30 499</b>	<b>42 314</b>
<b>Total supplier expenses</b>	<b>30 499</b>	<b>42 314</b>
<b><u>Note 15E: Write-Down and Impairment of Assets</u></b>		
Debt waiver of personal benefits receivable	4 109	4 874
Impairment on financial assets	2 800	752
Debt waiver - under <i>Primary Industries Levies and Charges Collection Act 1991</i>	463	598
Write-off of non-financial assets	213	501
<b>Total write-down and impairment of assets</b>	<b>7 585</b>	<b>6 725</b>

**DEPARTMENT OF AGRICULTURE AND WATER RESOURCES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 16: Administered – Income**

	2018 \$'000	2017 \$'000
<b>Revenue</b>		
<b>Taxation Revenue</b>		
<b>Note 16A: Levies, Fees and Charges</b>		
Primary industry levies	553 062	544 040
Primary industry charges	12 869	11 396
<b>Total levies, fees and charges</b>	<b>565 931</b>	<b>555 436</b>

Figure 1 shows levy revenue by industry in 2017-18



**Non-Taxation Revenue**

**Note 16B: Interest**

Loans	21 993	15 570
Unwinding of concessional loan discount	1 632	35
Other	294	84
<b>Total interest</b>	<b>23 919</b>	<b>15 689</b>

**DEPARTMENT OF AGRICULTURE AND WATER RESOURCES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	2018 \$'000	2017 \$'000
<b>Note 16C: Other Revenue</b>		
Refunds of prior year payments	17 667	16 168
Registration Fees	1 570	1 526
Funds from the National Heritage Trust	889	-
Other	2 328	2 254
<b>Total other revenue</b>	<b>22 454</b>	<b>19 948</b>
<b>Note 16D: Other Gains</b>		
Resources received free of charge - water entitlements	92 915	125 188
Joint operation gains	3 343	4 707
Other	128	-
<b>Total other gains</b>	<b>96 386</b>	<b>129 895</b>

**Accounting policy**

All administered revenues are revenues relating to ordinary activities performed by the department on behalf of the Australian Government. As such, administered appropriations are not revenues of the individual entity that oversees distribution or expenditure of the funds as directed.

Revenue also includes contributions from State and Territory governments in connection with the performance of the Water Efficiency Labelling and Standards (WELS) Regulator, Lake Eyre Basin Community Advisory Committee and the Great Artesian Basin Coordinating Committee.

Levies, Fees and Other Charges

Levies are collected by the department on behalf of industry and are disbursed, in conjunction with any relevant Commonwealth contribution, to special accounts, statutory marketing authorities, Commonwealth research and development corporations, and other industry boards and authorities.

The levels of levy revenue and disbursement during the year are monitored by the department with reference to production forecasts prepared by the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES), the Australian Bureau of Statistics (ABS) and field based data supplied by the department's regional office compliance officers.

Levies are recognised on an accrual basis when the following conditions apply:

- the levy payer/commodity group can be reliably identified;
- the amount of levy payable can be reliably measured; and
- it is probable that the levy payable will be collected.

The value of the accrual recognised (2018: \$69 313 000, 2017: \$67 164 000) relies on the estimation of the volume and value of probable future levy return lodgements, which relate to leviable commodity transactions that have occurred in the current financial year.

Also forming part of the department's other charges are Biosecurity penalties, fines and forestry import charges collected by the Department of Home Affairs. As reporting is the responsibility of the principal department, these collections are recognised in the department's financial statements as administered items.

Resources Received Free of Charge

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government entity as a consequence of a restructuring of administrative arrangements. Water entitlement assets valued at \$92 915 000 were acquired in 2018 (2017: \$125 188 000) for no cost under the Sustainable Rural Water Use and Infrastructure Program (SRWUIP) grant program and are included in asset additions in Note 18.

**DEPARTMENT OF AGRICULTURE AND WATER RESOURCES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

<b>Note 17: Administered – Financial Assets</b>		
	<b>2018</b>	2017
	<b>\$'000</b>	\$'000
<b><u>Note 17A: Trade, Taxation and Other receivables</u></b>		
Goods and services	<u>736</u>	<u>927</u>
<b>Total goods and services receivables</b>	<b><u>736</u></b>	<b><u>927</u></b>
<b>Taxation receivables</b>		
Levies, fees and charges	<u>12 283</u>	<u>10 958</u>
<b>Total taxation receivables</b>	<b><u>12 283</u></b>	<b><u>10 958</u></b>
<b>Loans</b>		
State and Territory Governments	<u>804 949</u>	<u>696 504</u>
<b>Total loans</b>	<b><u>804 949</u></b>	<b><u>696 504</u></b>
<b>Other receivables</b>		
Personal benefits	7 394	2 605
Statutory receivables	16 486	12 565
Interest receivable from loans	3 982	2 603
Other receivables	<u>10 801</u>	<u>10 227</u>
<b>Total other receivables</b>	<b><u>38 663</u></b>	<b><u>28 000</u></b>
<b>Total trade, taxation and other receivables (gross)</b>	<b><u>856 631</u></b>	<b><u>736 389</u></b>
<b>Less impairment allowance</b>		
Goods and services	( 277)	( 124)
Personal benefits	( 1 623)	( 854)
Levies fees and charges	( 1 858)	( 1 859)
Loans	<u>( 410)</u>	<u>-</u>
<b>Total impairment allowance</b>	<b><u>( 4 168)</u></b>	<b><u>( 2 837)</u></b>
<b>Total trade, taxation and other receivables (net)</b>	<b><u>852 463</u></b>	<b><u>733 552</u></b>

**DEPARTMENT OF AGRICULTURE AND WATER RESOURCES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Reconciliation of the Impairment Allowance**

**Movements in relation to 2018**

	Taxation receivables	Loans	Other receivables	Total
	\$'000	\$'000	\$'000	\$'000
<b>Opening balance</b>	( 1 859)	-	( 978)	( 2 837)
Amounts recovered and reversed	-	-	124	124
(Increase) / decrease recognised in net cost of services	1	(410)	(1,046)	( 1 455)
<b>Closing balance</b>	( 1 858)	( 410)	( 1 900)	( 4 168)

**Movements in relation to 2017**

	Taxation receivables	Loans	Other receivables	Total
	\$'000	\$'000	\$'000	\$'000
Opening balance	( 1 688)	-	( 1 065)	( 2 753)
Amounts written off	164	-	-	164
(Increase) / decrease recognised in net cost of services	( 335)	-	87	( 248)
Closing balance	( 1 859)	-	( 978)	( 2 837)

At 30 June 2018, five loan schemes were in place. Loans to State and Territory Governments were made under the Farm Finance and Drought loan schemes for periods up to 5 years and the Dairy Recovery, Drought Recovery and Farm Business loan schemes for up to 10 years. No security is required on these loans to government agencies, but a charge over assets is held by jurisdictions issuing the loans to farmers.

Loans are subject to biannual impairment assessments. If a State or Territory Government is unable to recover loans provided to program recipients, the State or Territory Government's respective liability to the Commonwealth will be reviewed in accordance with the applicable loan agreements.

Principal is repaid in full at maturity. Interest rates were fixed with a 6 monthly review period. Effective interest rates averaged 3.53% (2017: 3.39%) for Farm Finance loans, 3.01% (2017: 2.88%) for Drought loans, 2.67% (2017: 2.45%) for Dairy Recovery and Drought Recovery loans, and 3.08% (2017: 2.50%) for Farm Business loans. Interest payments are due on the 10th day of the month following collection.



## DEPARTMENT OF AGRICULTURE AND WATER RESOURCES

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2018	2017
	\$'000	\$'000
<b><u>Note 17B: Other Investments</u></b>		
AgriFutures Australia	22 555	22 410
Australian Pesticides and Veterinary Medicines Authority (APVMA)	7 203	7 688
Cotton Research and Development Corporation (CRDC)	37 704	37 536
Fisheries Research and Development Corporation (FRDC)	24 335	19 725
Grains Research and Development Corporation (GRDC)	199 363	205 828
Murray-Darling Basin Authority (MDBA)	79 394	63 215
Regional Investment Corporation	6 793	-
Wine Australia	22 875	13 111
<b>Total other investments</b>	<b>400 222</b>	<b>369 513</b>

#### Accounting policy

##### Administered Investments

Administered investments in subsidiaries are not consolidated because their consolidation is relevant only at the Whole of Government level.

Administered investments are measured at fair value as at 30 June 2018. Fair value has been taken to be the Australian Government's proportional interest in the net assets of the entities as at the end of reporting period. All Corporate Commonwealth Entities are fully owned.

The principal activities of each of the department's administered investments in Corporate Commonwealth Entities are as follows:

##### ***AgriFutures Australia***

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

##### ***Australian Pesticides and Veterinary Medicines Authority (APVMA)***

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

##### ***Cotton Research and Development Corporation (CRDC)***

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

##### ***Fisheries Research and Development Corporation (FRDC)***

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

##### ***Grains Research and Development Corporation (GRDC)***

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

##### ***Murray-Darling Basin Authority (MDBA)***

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

##### ***Regional Investment Corporation***

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

##### ***Wine Australia***

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

**DEPARTMENT OF AGRICULTURE AND WATER RESOURCES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	2018	2017
	\$'000	\$'000
<b><u>Note 17C: Other Financial Assets</u></b>		
Accrued primary industry levies	67 322	65 225
Accrued primary industry charges	1 991	1 939
<b>Total other financial assets</b>	<b>69 313</b>	<b>67 164</b>

**DEPARTMENT OF AGRICULTURE AND WATER RESOURCES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 18: Administered – Non-Financial Assets**

**Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles**

	Land \$'000	Infrastructure \$'000	Plant & equipment \$'000	Flooding easements \$'000	Water entitlements \$'000	Total \$'000
<b>As at 1 July 2017</b>						
Gross book value	1 467	848 053	4 179	814	139 642	994 155
Accumulated depreciation and impairment	-	(319 414)	(2 515)	-	(14 595)	(336 524)
<b>Total as at 1 July 2017</b>	<b>1 467</b>	<b>528 639</b>	<b>1 664</b>	<b>814</b>	<b>125 047</b>	<b>657 631</b>
Additions	-	931	406	-	209,935	211 272
Revaluations recognised in other comprehensive income	-	2 448	-	-	-	2 448
Reversal of impairments recognised in the operating result	-	-	-	-	1 888	1 888
Depreciation expense	-	(7 426)	(327)	-	-	(7 753)
Other movements	-	(23)	141	-	-	118
Disposals:						
Transferred to related entities	-	-	-	-	(210 334)	(210 334)
Write-off	-	(28)	(169)	-	(16)	(213)
<b>Total as at 30 June 2018</b>	<b>1 467</b>	<b>524 541</b>	<b>1 715</b>	<b>814</b>	<b>126 520</b>	<b>655 057</b>
<b>Total as at 30 June 2018 represented by:</b>						
Gross book value	1 467	860 027	4 345	814	139 227	1 005 880
Accumulated depreciation and impairment	-	(335 486)	(2 630)	-	(12 707)	(350 823)
<b>Total as at 30 June 2018</b>	<b>1 467</b>	<b>524 541</b>	<b>1 715</b>	<b>814</b>	<b>126 520</b>	<b>655 057</b>

## DEPARTMENT OF AGRICULTURE AND WATER RESOURCES

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### Disposal of non-financial assets

No property, plant and equipment is expected to be sold or disposed of within the next 12 months. Water entitlements acquired as part of the department's responsibility with regard to the *Water Act 2007* will be transferred to the Department of the Environment and Energy upon finalisation.

#### Revaluations of non-financial assets

Revaluations are conducted in accordance with the revaluation policy.

Infrastructure assets held by the River Murray Operation (RMO) joint operation are revalued by an independent, external valuer on a three year cycle. For the year ended 30 June 2018 an independent valuation was performed by Cardno (Qld) Pty Ltd. Refer to the Joint Operations section below for more information on joint operation arrangements. A revaluation increment of \$2 448 000 was recognised by the department.

All increments and decrements were credited to the asset revaluation surplus by asset class and included in the other comprehensive income section of the Administered Schedule of Comprehensive Income. No decrements were expensed.

#### Contractual commitments for the acquisition of property, plant, equipment and intangible assets

There were \$90 680 000 of contractual commitments for the acquisition of water entitlements as at 30 June 2018 (2017: \$38 001 116).

There were no contractual commitments for the acquisition of property, plant and equipment as at 30 June 2018.

#### Joint operations

The Australian Government is a joint operator in the following jointly controlled operations and assets:

	Principal activity	Share of Output	
		2018 %	2017 %
River Murray Operations joint operation	Asset Management	20	20
Living Murray Initiative joint operation	Asset Management	20	20

The Australian Government's interest, as a joint operator, in assets employed in the above joint operations is detailed below. The amounts are included in the financial statements under their respective asset categories:

	2018 \$'000	2017 \$'000
<b>Joint Operations</b>		
<b>Non-current assets</b>		
<b>Land and buildings</b>		
River Murray Operations	1 467	1 467
<b>Infrastructure</b>		
River Murray Operations	524 541	528 639
<b>Plant &amp; equipment</b>		
River Murray Operations	1 715	1 664
<b>Flooding easements</b>		
River Murray Operations	814	814
<b>Water entitlements</b>		
Living Murray Initiative	126 481	124 593
<b>Total non-current assets</b>	<b>655 018</b>	<b>657 177</b>
<b>Total assets</b>	<b>655 018</b>	<b>657 177</b>

## DEPARTMENT OF AGRICULTURE AND WATER RESOURCES

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### Accounting policy

##### Joint Operations

The Australian Government is an operator of jointly controlled assets held in the River Murray Operations (RMO) and Living Murray Initiative (LMI) joint operations. The Australian Government has control over its share of future economic benefits through its 20% share of the jointly controlled assets. The Australian Government recognises its share of the jointly controlled assets in its financial statements, classified according to the nature of the assets, its share of any liabilities incurred in respect of the joint operation and any income from the sale or use of its share of the output of the joint operation, together with its share of any expenses incurred by the joint operation.

##### Land, plant and equipment and flooding easements

Land, plant and equipment, and flooding easements assets recognised by the department represent the Commonwealth Government's share in the RMO.

RMO land, plant and equipment, and flooding easements are carried at cost, consistent with the FRR.

##### Infrastructure

Infrastructure assets recognised by the department represent the Commonwealth Government's share in the RMO.

RMO infrastructure assets are recorded at fair value in accordance with AASB116 Property, Plant and Equipment, and AASB13 Fair Value Measurement. Infrastructure assets are valued by an independent external valuer on behalf of the RMO every three years. In the intervening two years of the revaluation cycle, values are assessed by means of an internal management valuation. The latter is an indexation based valuation using the relevant Building Price Index.

##### Impairment

Administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

##### Depreciation

Depreciable infrastructure and plant and equipment assets are written-down over their estimated useful lives using the straight-line method of depreciation.

	2018	2017
Infrastructure	7 to 400 years	7 to 400 years
Plant and equipment	3 to 80 years	3 to 80 years

##### Water Entitlements

The department acquires water entitlements in the Murray Darling Basin to achieve the Government's environmental policy objectives under the *Water Act 2007*.

Commonwealth water entitlements are held for non-commercial, long term environmental purposes, beyond the shorter term weather and accounting cycles, the benefits of which are not being captured for accounting purposes. As the Commonwealth's water entitlement holdings continue to increase, so does the strategic importance of demonstrating a robust valuation assessment.

Under the Federal Financial Relations Framework, National Partnership Payments are processed centrally by the Department of the Treasury and paid directly to each state treasury for delivery of services, including water efficiency projects that generate water savings.

State Treasuries are responsible for distributing the funding within their jurisdiction. In the Commonwealth, the Treasurer is accountable for the appropriations, estimates and payments under the framework. For National Partnership agreements, the primary responsibility for policy is with the relevant portfolio Minister. The department receives water entitlements 'free of charge' in accordance with the terms and conditions of payments made by the Treasury under the National Partnership on Water for the Future (refer to Note 16D).

Under the various water-related programs, there are a number of projects which improve the efficiency of irrigation infrastructure and generate savings in the use of water. As part of these arrangements, the Australian Government will receive a share of that water saving in the form of water entitlements for use in delivering the Government's environmental watering objectives. Water entitlements acquired as a result of water savings arising from projects funded to improve the efficiency of water use are accounted for in accordance with the relevant Australian Accounting Standards.

## DEPARTMENT OF AGRICULTURE AND WATER RESOURCES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Once the department has finalised water entitlements as an asset in use, the *Water Act 2007* requires the department to transfer the entitlements to the Commonwealth Environmental Water Holder. The department recognises the transfer of the asset as an expense in accordance with the FRR.

The department's remaining water entitlement holdings are as a result of the Living Murray Initiative (LMI) joint operation and entitlements that are not yet classified as in use.

The department values water entitlements at cost, in the absence of an active market, in accordance with AASB 138 Intangible Assets. Water entitlements are classified as indefinite life intangible assets as there is no foreseeable limit to the period over which the assets are expected to generate future economic benefits. Consistent with AASB 136 Impairment of Assets and the FRR, they are subject to annual impairment testing.

Under AASB 136, the impairment test is carried out by comparing the carrying amount (per the department's asset register) to the recoverable amount of the water entitlements. The recoverable amount of the water entitlements is the higher of fair value less costs to sell and value in use. The recoverable amount calculation is performed at the lowest practical level, taking into account the quality and availability of data.

The department's valuation methodology calculates the recoverable amount of the water entitlements based on the best information available to reflect the amount that an entity could obtain from the disposal of the water entitlements in an arm's length transaction between knowledgeable, willing parties. This approach is consistent with AASB 136.

The determination of impairment and impairment reversals is conducted annually by an independent expert, using the volume-weighted average price on publicly reported market information on State registers reported from 1 July 2017 to 31 May 2018.

An impairment loss recognised in prior periods will be reversed if there is any indication that the impairment may no longer exist or may have decreased. The increased carrying amount attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

**DEPARTMENT OF AGRICULTURE AND WATER RESOURCES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

<b>Note 19: Administered – Payables</b>		
	<b>2018</b>	2017
	<b>\$'000</b>	\$'000
<b><u>Note 19A: Levy Disbursements and Commonwealth Contributions</u></b>		
Levy disbursements	<b>34 891</b>	28 419
Commonwealth contributions	<b>66 305</b>	63 961
<b>Total levy disbursements and Commonwealth contributions</b>	<b>101 196</b>	92 380
<b><u>Note 19B: Grants</u></b>		
Non-profit organisations	<b>2 385</b>	7 005
State and Territory Governments	<b>754</b>	280
Australian Government entities (related parties)	<b>150</b>	522
Other	<b>79</b>	60
<b>Total grants</b>	<b>3 368</b>	7 867

**DEPARTMENT OF AGRICULTURE AND WATER RESOURCES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 20: Administered – Contingent Assets and Liabilities**

Quantifiable Contingencies

There were no quantifiable contingent assets or contingent liabilities as at 30 June 2018 (2017: Nil).

Unquantifiable Contingencies

The Australian Government encourages expenditure on research and development to increase the competitiveness and sustainability of industries within Australia. Under several Acts, the Commonwealth provides contributions to a number of nominated entities responsible for undertaking research and development activities in respect of portfolio industries. These contributions are typically made on a matching basis. Under legislation, entities are eligible for matching contributions which are subject to annual "caps" based on the total cumulative amount of levies collected, amounts spent on qualifying research and development and the annual level of the determined gross value of production. The operation of these annual caps can result in annual entitlements being limited to less than full cumulative levy collections and/or cumulative qualifying research and development expenditure. However, unpaid balances may still be claimable, depending on the level of the caps determined in future years and are therefore carried forward from year to year.

At 30 June 2018, the Commonwealth had a maximum potential liability in respect of matching payments of approximately \$599 million (30 June 2017: \$533 million). The Commonwealth's actual future liability is contingent on a combination of several currently indeterminable independent factors which are beyond the control of both the department and the recipient entities, in particular the future annual levels of levy collections and determined gross values of production. The likelihood of meeting the eligibility requirements and the amount of future payments is uncertain. Hence, the total liability is considered unquantifiable.

**Accounting policy**

Indemnities

At the time of completion of the financial statements, there was no reason to believe that the indemnities would be called upon, and no liability has been recognised.



**DEPARTMENT OF AGRICULTURE AND WATER RESOURCES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 21: Administered – Financial Instruments**

	2018	2017
	\$'000	\$'000
<b>Note 21A: Categories of Financial Instruments</b>		
<b>Financial Assets</b>		
<b>Loans and receivables</b>		
Cash and cash equivalents	589 698	166 435
Goods and services	459	803
Loans to State and Territory Governments	804 539	696 504
Interest receivable from loans	3 982	2 603
Other receivables	10 801	10 227
<b>Total loans and receivables</b>	<b>1 409 479</b>	<b>876 572</b>
<b>Available-for-sale financial assets</b>		
Other investments	400 222	369 513
<b>Total available-for-sale financial assets</b>	<b>400 222</b>	<b>369 513</b>
<b>Total financial assets</b>	<b>1 809 701</b>	<b>1 246 085</b>
<b>Financial Liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
Trade creditors	298	1 504
Grants payable	3 368	7 867
<b>Total financial liabilities at amortised cost</b>	<b>3 666</b>	<b>9 371</b>
<b>Total financial liabilities</b>	<b>3 666</b>	<b>9 371</b>

1. The net income from interest revenue for loans and receivables in 2018 is \$23 919 000 (2017: \$15 689 000).

**DEPARTMENT OF AGRICULTURE AND WATER RESOURCES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

<b>Note 22: Administered – Appropriations</b>		
<b>Note 22A: Annual and Unspent Appropriations ('Recoverable GST exclusive')</b>		
	2018	2017
	\$'000	\$'000
<b>Ordinary annual services</b>		
<b>Opening unspent appropriation balance</b>	<b>71 254</b>	67 247
Annual Appropriation - Operating	548 867	553 555
PGPA Act section 74 receipts	1 181	623
PGPA Act section 75 transfers	( 3 000)	-
PGPA Act section 51 determinations <sup>3</sup>	( 56 394)	( 85 601)
Prior years Appropriation Acts repealed	( 5 755)	-
<b>Total available appropriation</b>	<b>556 153</b>	535 824
Appropriation applied (current and prior years)	( 419 202)	( 464 570)
<b>Closing unspent appropriation balance</b>	<b>136 951</b>	71 254
<b>Balance comprises appropriations as follows:</b>		
<i>Appropriation Act (No.1) 2012-13<sup>1</sup></i>	-	4 934
<i>Appropriation Act (No.1) 2013-14<sup>1</sup></i>	-	821
<i>Appropriation Act (No.1) 2016-17<sup>2</sup></i>	23 250	41 607
<i>Appropriation Act (No.3) 2016-17</i>	-	3 224
<i>Supply Act (No.1) 2016-17<sup>2</sup></i>	1 750	20 668
<i>Appropriation Act (No.1) 2017-18<sup>2</sup></i>	70 257	-
<i>Appropriation Act (No.3) 2017-18</i>	41 644	-
<i>Appropriation Act (No.5) 2017-18</i>	50	-
<b>Total unspent appropriation - ordinary annual services</b>	<b>136 951</b>	71 254
The variance between amounts appropriated in 2018 and appropriation applied is \$127 846 000.		
<sup>1</sup> <i>Appropriation Act (No.1) 2012-13</i> and <i>Appropriation Act (No.1) 2013-14</i> (total of \$5 755 000) were repealed by <i>Appropriation Act (No.4) 2017-18</i> effective 28 March 2018 .		
<sup>2</sup> A portion of these appropriations amounting to \$25 000 000 has been administratively quarantined.		
<b>Other services</b>		
<b>Opening unspent appropriation balance</b>	<b>504 968</b>	296 885
Annual appropriation - States, ACT, NT and Local government	-	2 100
Annual appropriation - Administered assets and liabilities	671 000	487 045
PGPA Act section 75 transfers	( 50 000)	-
Prior year PGPA Act section 75 transfers	( 50 000)	-
PGPA Act section 51 determinations <sup>3</sup>	( 140 127)	-
Prior years Appropriation Acts repealed	( 182 780)	-
<b>Total available appropriation</b>	<b>753 061</b>	786 030
Appropriation applied (current and prior years)	( 307 022)	( 281 062)
<b>Closing unspent appropriation balance</b>	<b>446 039</b>	504 968
<b>Balance comprises appropriations as follows:</b>		
<i>Appropriation Act (No.2) 2013-14<sup>1</sup></i>	-	35 000
<i>Appropriation Act (No.2) 2014-15<sup>2</sup></i>	-	137 781
<i>Appropriation Act (No.4) 2014-15<sup>2</sup></i>	-	10 000
<i>Appropriation Act (No.2) 2015-16</i>	69 103	69 104
<i>Appropriation Act (No.2) 2016-17</i>	134 104	184 232
<i>Supply Act (No.2) 2016-17</i>	68 851	68 851
<i>Appropriation Act (No.2) 2017-18</i>	173 981	-
<b>Total unspent appropriation - other services</b>	<b>446 039</b>	504 968
The variance between amounts appropriated in 2018 and appropriation applied is \$313 978 000.		
<sup>1</sup> <i>Appropriation Act (No.2) 2013-14</i> was repealed by <i>Appropriation Act (No.4) 2017-18</i> (total \$35 000 000) effective 28 March 2018.		
<sup>2</sup> <i>Appropriation Act (No.2) 2014-15</i> and <i>Appropriation Act (No.4) 2014-15</i> (total \$147 780 000) self-repealed effective 1 July 2017.		
<sup>3</sup> Appropriations reduced under Section 51 of the PGPA Act include \$164 365 000 relating to current year and \$32 156 434 from prior year administered items.		
<b>Total unspent appropriation</b>	<b>582 990</b>	576 222

**DEPARTMENT OF AGRICULTURE AND WATER RESOURCES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 22B: Special Appropriations ('Recoverable GST exclusive')**

Authority	Appropriation applied	
	2018 \$'000	2017 \$'000
<i>Agricultural and Veterinary Chemicals (Administration) Act 1992</i>	( 32 400)	( 34 460)
<i>Australian Animal Health Council (Live-stock Industries) Funding Act 1996</i>	( 7 568)	( 7 519)
<i>Australian Grape and Wine Authority Act 2013<sup>3</sup></i>	-	( 33 029)
<i>Australian Meat and Live-stock Industry Act 1997</i>	( 198 911)	( 173 707)
<i>Dairy Produce Act 1986</i>	( 49 149)	( 57 968)
<i>Egg Industry Service Provision Act 2002</i>	( 10 357)	( 9 763)
<i>Farm Household Support Act 2014<sup>1</sup></i>	( 34 752)	( 61 601)
<i>Forestry Marketing and Research and Development Services Act 2007</i>	( 12 456)	( 11 913)
<i>Horticulture Marketing and Research and Development Services Act 2000</i>	( 107 675)	( 104 878)
<i>Pig Industry Act 2001</i>	( 22 906)	( 21 262)
<i>Plant Health Australia (Plant Industries) Funding Act 2002</i>	( 9 135)	( 7 026)
<i>Primary Industries Research and Development Act 1989</i>	( 257 778)	( 249 722)
<i>Public Governance, Performance and Accountability Act 2013</i>	( 1 899)	( 1 445)
<i>Sugar Research and Development Services Act 2013</i>	( 31 709)	( 32 662)
<i>Water Act 2007<sup>2</sup></i>	( 430 000)	( 110 000)
<i>Wine Australia Act 2013<sup>3</sup></i>	( 35 802)	-
<i>Wool Services Privatisation Act 2000</i>	( 85 977)	( 73 001)
<b>Total special appropriations applied</b>	<b>(1 328 474)</b>	<b>( 989 956)</b>

<sup>1</sup> The Department of Human Services spends money from the Consolidated Revenue Fund (CRF) on behalf of the department. The amount of \$34 752 000 (2017: \$61 601 000) was spent from the *Farm Household Support Act 2014* under this arrangement.

<sup>2</sup> The limit for 2018 was \$430 000 000 (2017: \$110 000 000), No appropriation was lapsed (2017: nil).

<sup>3</sup> The legislation title for *Australian Grape and Wine Authority Act 2013* was changed to *Wine Australia Act 2013* effective from 7th November 2017.

The following special appropriations had zero transactions and budgets during the reporting and comparative years:

- *Australian Meat and Live-stock Industry (Repeals and Consequential Provisions) Act 1997*
- *Dairy Industry Service Reform Act 2003*
- *Egg Industry Service Provision (Transitional and Consequential Provisions) Act 2002*
- *Public Governance, Performance and Accountability (Consequential and Transitional Provisions) Act 2014*
- *Sewerage Agreements Act 1973*
- *Sewerage Agreements Act 1974*

**DEPARTMENT OF AGRICULTURE AND WATER RESOURCES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

<b>Note 23: Administered – Special accounts</b>				
	<b>Natural Resources Management<sup>1</sup></b>		<b>Water for the Environment Special Account<sup>2</sup></b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Balance brought forward from previous period</b>	<b>2 777</b>	<b>2 370</b>	<b>158 805</b>	<b>50 595</b>
Increases	<b>889</b>	<b>3 660</b>	<b>430 000</b>	<b>110 000</b>
<b>Total increases</b>	<b>889</b>	<b>3 660</b>	<b>430 000</b>	<b>110 000</b>
<b>Available for payments</b>	<b>3 666</b>	<b>6 030</b>	<b>588 805</b>	<b>160 595</b>
Administered decreases	<b>( 1 076)</b>	<b>( 3 253)</b>	<b>( 6 959)</b>	<b>( 1 790)</b>
<b>Total decreases</b>	<b>( 1 076)</b>	<b>( 3 253)</b>	<b>( 6 959)</b>	<b>( 1 790)</b>
<b>Total balance carried to the next period</b>	<b>2 590</b>	<b>2 777</b>	<b>581 846</b>	<b>158 805</b>
<b>Balance made up of:</b>				
Cash held in the Official Public Account	<b>2 590</b>	<b>2 777</b>	<b>581 846</b>	<b>158 805</b>
<b>Total balance carried to the next period</b>	<b>2 590</b>	<b>2 777</b>	<b>581 846</b>	<b>158 805</b>

<sup>1</sup> Appropriation: *Public Governance, Performance and Accountability Act 2013* section 80.

Establishing Instrument: *Natural Resources Management (Financial Assistance) Act 1992* section 11.

Purpose: For the purposes of granting financial assistance in connection with projects relating to natural resources management.

<sup>2</sup> Appropriation: *Public Governance, Performance and Accountability Act 2013* section 80.

Establishing Instrument: *Water Act 2007* section 86AB.

Purpose: For the purpose of improving the water efficiency of irrigation infrastructure and improving delivery and storage of environmental water supply within the Murray Darling Basin.

**DEPARTMENT OF AGRICULTURE AND WATER RESOURCES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	Water Efficiency			
	Labelling Scheme Account <sup>1</sup>		Water Resources Special Account 2016 <sup>2</sup>	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Balance brought forward from previous period</b>	<b>3 844</b>	<b>3 340</b>	<b>994</b>	<b>-</b>
Increases	1 922	1 947	394	1 630
<b>Total increases</b>	<b>1 922</b>	<b>1 947</b>	<b>394</b>	<b>1 630</b>
<b>Available for payments</b>	<b>5 766</b>	<b>5 287</b>	<b>1 388</b>	<b>1 630</b>
Administered decreases	( 1 494)	( 1 443)	( 413)	( 636)
<b>Total decreases</b>	<b>( 1 494)</b>	<b>( 1 443)</b>	<b>( 413)</b>	<b>( 636)</b>
<b>Total balance carried to the next period</b>	<b>4 272</b>	<b>3 844</b>	<b>975</b>	<b>994</b>
<b>Balance made up of:</b>				
Cash held in the Official Public Account	4 272	3 844	975	994
<b>Total balance carried to the next period</b>	<b>4 272</b>	<b>3 844</b>	<b>975</b>	<b>994</b>

<sup>1</sup>Appropriation: *Public Governance, Performance and Accountability Act 2013* section 80.

Establishing Instrument: *Water Efficiency Labelling and Standards Act 2005* section 64.

Purpose: For the purpose of conserving water by reducing demand through the provision of water efficiency information about water-using products and promoting the adoption of efficient water-saving techniques.

<sup>2</sup>Appropriation: *Public Governance, Performance and Accountability Act 2013* section 78.

Establishing Instrument: PGPA Act (Water Resources Special Account 2016 - Establishment) Determination 2016/01.

Purpose: For the purpose of supporting inter-governmental activities relating to water.

Note: This special account was established on 31 August 2016.

The department has responsibility for the National Cattle Disease Eradication Special Account. For the year ended 30 June 2018, the total balance carried to the next period was \$15 161 (2017: \$15 161). There were no transactions debited or credited to the account during the current or prior reporting period.

Appropriation: *Public Governance, Performance and Accountability Act 2013* section 80.

Establishing Instrument: *National Cattle Disease Eradication Act 1991* section 4.

Purpose: For the purpose of the eradication of any disease of cattle that is endemic in Australia.

The department has responsibility for the Building Australia Fund Water Portfolio Special Account. For the year ended 30 June 2018, the account had a nil balance and there were no transactions debited or credited to it during the current or prior reporting period.

Appropriation: *Public Governance, Performance and Accountability Act 2013* section 80.

Establishing Instrument: *Nation-building Funds Act 2008* section 82.

Purpose: For the purpose of creating and developing water infrastructure.

## DEPARTMENT OF AGRICULTURE AND WATER RESOURCES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### **Note 24: Interest in Cooperative Research Centre**

The Cooperative Research Centres Program, launched in 1990 by the Commonwealth Government, was established to assist two or more collaborators to carry out research contributing to the development of internationally competitive industry sectors. The program supports long term high quality research, improved links between research and application, and stimulation of education and training. The original agreement, that expired on 1 July 2012, for the Cooperative Research Centre for National Plant Biosecurity was for seven years.

The subsequent five year agreement amended the name to the Plant Biosecurity Cooperative Research Centres (PBCRC) ended on 30 June 2018. The department's interest in the PBCRC for the year ending 30 June 2018 was 1.6 percent (2017: 0.8 percent).

During the financial year the department's total cash and in kind contributions to the PBCRC from its own resources was \$309 425 (2017 actual: \$213 869).

The department's contributions and expenses are included in the Statement of Comprehensive Income. The department's total contribution for the life of the Cooperative Research Centres listed above was \$2 552 621 as at the end of 2018 (2017 actual: \$2 243 196).

The department now facilitates plant biosecurity research, development and extension through the Plant Biosecurity Research Initiative (PBRI).