

RURAL INDUSTRIES RESEARCH AND DEVELOPMENT CORPORATION

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RURAL INDUSTRIES RESEARCH AND DEVELOPMENT CORPORATION

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Rural Industries Research and Development Corporation (RIRDC) increases the competitiveness, productivity and sustainability of Australian agriculture by investing in research, development and extension (RD&E). RIRDC addresses national rural issues that impact across rural industries and invests in productivity and technology innovation for primary industries, and identifies new plants and animals which have the potential to become significant agricultural industries in Australia.

RIRDC takes a lead role in undertaking RD&E that addresses cross-sectoral national issues that impact on the competitiveness of all rural industries. These issues affect all rural industries and their communities including trade policy, foreign investment, skills, resource competition and the urban and rural divide.

The profitability, productivity and sustainability of RIRDC's portfolio industries remains RIRDC's core business. RIRDC will continue to work closely with its levied industry stakeholders to deliver outcomes through RD&E which advance their industries. RIRDC will also continue to support a number of non-levied smaller, prospective and emerging industries.

RIRDC investment aims to deliver both public (i.e. whole of community) and private (i.e. industry specific) benefits. RIRDC's 'public good' research aims to facilitate investment on issues that impact a wide range of rural industries and communities, with a focus on research where benefits can be shared. RIRDC's 'industry good' research aims to generate direct benefits to industry constituents, as well as across industries with shared RD&E needs. This research can also generate spill-over benefits to other industries and the wider community.

As outlined in RIRDC's R&D Plan 2016–2021 RIRDC has three main goals:

Goal 1: Discover emerging opportunities and issues impacting rural industries:

- Analyse priority issues and technologies that impact on the value and resilience of Australian rural industries.
- Strategic research investments based on the feasibility, value and potential competitiveness of plant and animal industry opportunities.
- Facilitate the development and delivery of national cross-sectoral initiatives that address priority issues.

Goal 2: Deliver research that achieves value for rural industries and for Australia:

- Work with industries and other stakeholders to prioritise and efficiently administer research.
- Facilitate adoption and commercialisation customised to target audience and industry preferences.
- Develop customised tools, systems and partnerships to support efficient cross sectoral research investment.

Goal 3: Encourage diversity and advance the potential of people in rural industries and their communities:

- Invest in leadership and capacity building programmes.
- Encourage the adoption of new practices and technologies in rural industries.
- Increase the connectedness of people in the rural sector and their communities.

Skills, leadership, diversity and capacity remain important commitments for RIRDC. The Rural Women's Award recognises Australia's leading rural women and opens up national networks to help them build knowledge and skills. The RIRDC Horizon Scholarships that attract young people to pursue careers in agriculture will also continue and RIRDC will continue to support the Australian Broadcasting Corporation's Heywire youth programme. RIRDC also continues to support the Australian Rural Leadership Foundation Rural Leadership Programme.

1.2 ENTITY RESOURCE STATEMENT

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

Table 1.1: Rural Industries Research and Development Corporation – Resource Statement — Budget Estimates for 2016–17 as at Budget May 2016

	2015–16 estimated actual \$'000	2016–17 estimate \$'000
Opening balance/cash reserves at 1 July	16,265	18,258
Funds from Government		
Amounts received from related entities		
Amounts from portfolio department ¹	8,628	9,213
<i>Total amounts received from related entities</i>	8,628	9,213
Special appropriations²		
<i>Primary Industries Research and Development Act 1989, s. 30(3) – Rural Industries R&D Corporation</i>	7,935	8,189
<i>Total special appropriations</i>	7,935	8,189
Total funds from Government	16,563	17,402
Funds from industry sources		
Levies ³	4,127	4,050
<i>less amounts paid to the CRF</i>	(4,127)	(4,050)
Total funds from industry sources	-	-
Funds from other sources		
Interest	600	600
Royalties	250	250
Industry contributions	1,498	1,623
Other	3,397	1,231
Total funds from other sources	5,745	3,704
Total net resourcing for RIRDC	38,573	39,364
	2015–16	2016–17
Average staffing level (number)	18.7	18.7

1. Appropriation Bill (No. 1) 2016–17.

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

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

CRF – Consolidated Revenue Fund

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

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

1.3 BUDGET MEASURES

RIRDC does not have any 2016–17 Budget measures.

Section 2: Outcomes and planned performance

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

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

Note:

From 1 July 2015, performance reporting requirements in the Portfolio Budget Statements sit alongside those required under the enhanced Commonwealth performance framework. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in Annual Reports from October 2016 – to provide an entity's complete performance story.

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

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

Table 2.1.1: Budgeted expenses for Outcome 1

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

	2015–16 Estimated actual \$'000	2016–17 Budgeted \$'000	2017–18 Estimated estimate \$'000	2018–19 Estimated expenses \$'000	2019–20 Estimated expenses \$'000
Outcome 1: Increased knowledge that fosters sustainable, productive and profitable new and existing rural industries and furthers understanding of national rural issues through research and development in government-industry partnership.					
Programme 1.1: Rural Industries Research and Development					
Revenue from Government					
Payment from related entities	8,628	9,957	10,163	10,310	10,068
Special appropriations					
<i>Primary Industries Research and Development Act 1989, s. 30(3) – Rural Industries R&D Corporation</i>	7,935	7,402	7,966	8,002	8,038
Revenues from industry sources	1,498	1,623	1,485	1,395	1,395
Revenues from other independent sources	2,347	2,124	1,731	1,471	1,481
Reserves	1,500	-	-	-	-
Total expenses for programme 1.1	21,908	21,106	21,345	21,178	20,982
Outcome 1 totals by resource type					
Revenue from Government					
Payment from related entities	8,628	9,957	10,163	10,310	10,068
Special appropriations	7,935	7,402	7,966	8,002	8,038
Revenues from industry sources	1,498	1,623	1,485	1,395	1,395
Revenues from other independent sources	2,347	2,124	1,731	1,471	1,481
Reserves	1,500	-	-	-	-
Total expenses for Outcome 1	21,908	21,106	21,345	21,178	20,982
	2015–16	2016–17			
Average staffing level (number)	18.7	18.7			

2.1.2 Performance criteria for Outcome 1

Table 2.1.2 below details the performance criteria for each programme associated with Outcome 1. It also summarises how each programme is delivered and where 2016–17 Budget measures have created new programmes or materially changed existing programmes.

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

Outcome 1: Increased knowledge that fosters sustainable, productive and profitable new and existing rural industries and furthers understanding of national rural issues through research and development in government-industry partnership.	
Programme 1.1: Rural Industries Research and Development Corporation	
Objective	Through research and development increase knowledge and understanding that fosters innovative, adaptive and valuable rural industries.
Delivery	<p>Under the framework of the R&D Plan, RIRDC will deliver outcomes through three lines of investment.</p> <p>Discover emerging opportunities and issues impacting rural industries by:</p> <ul style="list-style-type: none"> • Analysing priority issues and technologies that impact on the value and resilience of Australian rural industries; • Making strategic research investments based on the feasibility, value and potential competitiveness of plant and animal industry opportunities; and • Facilitating the development and delivery of national cross-sectoral initiatives that address priority issues. <p>Deliver research that achieves value for rural industries and for Australia by:</p> <ul style="list-style-type: none"> • Working with industries and other stakeholders to prioritise and efficiently administer research; • Facilitating adoption and commercialisation customised to target audience and industry preferences; and • Developing customised tools, systems and partnerships to support efficient cross sectoral research investment. <p>Encourage diversity and advance the potential of people in rural industries and their communities by:</p> <ul style="list-style-type: none"> • Investing in leadership and capacity building programmes; • Encouraging the adoption of new practices and technologies in rural industries; and • Increasing the connectedness of people in the rural sector and their communities.

Performance information		
Year	Performance criteria¹	Targets
2015–16	Improved delivery effectiveness including improvement in access to the information provided to industry, evidenced by new delivery mechanisms and stakeholder satisfaction with access. Level of satisfaction of stakeholders surveyed.	90 per cent satisfaction of stakeholders surveyed. (on track)
	Sector five-year research and development plans are meeting their objectives.	85 per cent (on track)
	Evaluation of projects and programs to show a strong positive return on investment.	3:1 (on track)
	RIRDC's RD&E investments address the government's National and Rural Research Priorities, priorities of industry partners and optimise partnerships with other research agencies.	95 per cent (on track)
2016–17	Potential new Australian primary industries receive suitable RD&E investment.	At least one new industry or issues assessment report delivered annually.
	All RD&E programmes have plans that are meeting their objectives.	Ongoing management of RD&E for industries in alignment with the RIRDC life-cycle methodology.
	RD&E programmes are contributing to the delivery of innovative, adaptive and valuable primary industries and rural communities through an impact assessment or evaluation process.	Annual consultation with industry and government on cross sectoral RD&E priorities.
	Identification, prioritisation and implementation of R&D strategies and actions for cross sectoral issues are facilitated.	Make publicly available RD&E outcomes related to the identification of emerging issues or new industries.
	Extension and adoption of R&D investments are facilitated.	RD&E project results are made available to all relevant industry participants using the most appropriate channels.

RIRDC Budget Statements

Performance information (continued)		
Year	Performance criteria¹	Targets
2016–17 (continued)	Leadership and capability of rural industries is enhanced.	Programmes are in place to encourage, support and develop the skills of rural women and youth. Regularly encourage farmers to explore diversification options and to access the www.farmdiversity.com.au website. Support is given to encourage skill development and research through targeted scholarships or funding.
2017–18 and beyond	As per 2016–17.	As per 2016–17.

1. New or modified performance criteria that reflect new or materially changed programmes are shown in *italics*.

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2016–17 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

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

3.1.2 Explanatory notes and analysis of budgeted financial statements

RIRDC is budgeting to break even in 2016–17.

RIRDC's balance sheet remains strong with estimated total assets of \$18.5 million in 2016–17 and in forward years. Of the total assets, approximately \$16.5 million is represented by cash.

Payables to R&D providers and suppliers are the main liabilities in the balance sheet representing \$0.6 million of the \$1.2 million expected in the budget and forward years. Employee entitlement liabilities are estimated at \$0.7 million over the same period.

3.2.1 BUDGETED FINANCIAL STATEMENTS TABLES

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

	2015–16 Estimated actual \$'000	2016–17 Budget \$'000	2017–18 Forward estimate \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000
EXPENSES					
Employee benefits	3,600	4,548	3,849	4,006	4,170
Supplier expenses	3,851	3,972	3,712	3,712	3,712
Grants	14,297	12,426	13,624	13,300	12,940
Depreciation and amortisation	160	160	160	160	160
Total expenses	21,908	21,106	21,345	21,178	20,982
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Industry contributions	1,498	1,623	1,485	1,395	1,395
Interest	600	600	600	600	600
Royalties	250	250	250	250	250
Provision of Goods Revenue	43	43	43	43	43
Other	1,454	1,231	838	578	588
Total own-source revenue	3,845	3,747	3,216	2,866	2,876
Total own-source income	3,845	3,747	3,216	2,866	2,876
Net cost of (contribution by) services	18,063	17,359	18,129	18,312	18,106
Revenue from Government ¹					
Commonwealth contribution	16,563	17,359	18,129	18,312	18,106
Total revenue from Government	16,563	17,359	18,129	18,312	18,106
Surplus/(deficit) attributable to the Australian Government	1,500	-	-	-	-
Total comprehensive income/(loss) attributable to the Australian Government	1,500	-	-	-	-

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

Prepared on Australian Accounting Standards basis.

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

	2015–16 Estimated actual \$'000	2016–17 Budget \$'000	2017–18 Forward estimate \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	6,758	6,498	6,451	6,544	6,607
Trade and other receivables	1,519	1,519	1,519	1,519	1,519
Investments – Deposits	10,000	10,000	10,000	10,000	10,000
Total financial assets	18,277	18,017	17,970	18,063	18,126
Non-financial assets					
Property, plant and equipment	27	312	304	256	238
Intangibles	126	101	156	111	66
Other	77	77	77	77	77
Total non-financial assets	230	490	537	444	381
Total assets	18,507	18,507	18,507	18,507	18,507
LIABILITIES					
Payables					
Suppliers	209	209	209	209	209
Grants	354	354	354	354	354
Other	20	20	20	20	20
Total payables	583	583	583	583	583
Provisions					
Employee provisions	665	665	665	665	665
Total provisions	665	665	665	665	665
Total liabilities	1,248	1,248	1,248	1,248	1,248
Net assets	17,259	17,259	17,259	17,259	17,259
EQUITY*					
Parent entity interest					
Reserves	487	487	487	487	487
Retained surplus	16,772	16,772	16,772	16,772	16,772
Total Equity	17,259	17,259	17,259	17,259	17,259

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

Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity – summary of movement (budget year 2016–17)

	Retained earnings	Revaluation Asset Reserve	Total equity
	\$'000	\$'000	\$'000
Opening balance as at 1 July 2016			
Balance carried forward from previous period	16,772	487	17,259
Adjusted opening balance	16,772	487	17,259
Comprehensive income			
Surplus (deficit) for the period	-	-	-
Total comprehensive income	-	-	-
of which:			
Attributable to the Australian Government	-	-	-
Estimated closing balance as at 30 June 2017	16,772	487	17,259
Closing balance attributable to the Australian Government	16,772	487	17,259

Prepared on Australian Accounting Standards basis.

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

	2015–16 Estimated actual \$'000	2016–17 Budget \$'000	2017–18 Forward estimate \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Revenue from Government	16,563	17,359	18,129	18,312	18,106
Interest	600	600	600	600	600
Net GST received	1,815	1,648	1,656	1,624	1,629
Other	5,145	3,147	2,616	2,266	2,276
Total cash received	24,123	22,754	23,001	22,802	22,611
Cash used					
Employees	3,600	4,548	3,849	4,006	4,170
Suppliers	3,911	3,972	3,712	3,712	3,712
Grants	14,237	12,426	13,624	13,300	12,940
Total cash used	21,748	20,946	21,185	21,018	20,822
Net cash from (used by) operating	2,375	1,808	1,816	1,784	1,789
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	67	420	207	67	97
Total cash used	67	420	207	67	97
Net cash from (used by) investing	(67)	(420)	(207)	(67)	(97)
Net increase (decrease) in cash held	2,308	1,388	1,609	1,717	1,692
Cash and cash equivalents at the beginning of the reporting period	6,265	6,758	6,498	6,451	6,544
Cash and cash equivalents at the end of the reporting period	8,573	8,146	8,107	8,168	8,236

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement

	2015–16 Estimated actual \$'000	2016–17 Budget \$'000	2017–18 Forward estimate \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources ¹	67	420	207	67	97
TOTAL	67	420	207	67	97
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	67	420	207	67	97
Total cash used to acquire assets	67	420	207	67	97

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

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

Table 3.6: Statement of asset movements (Budget year 2016–17)

	Other property, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2016			
Gross book value	127	580	707
Accumulated depreciation/amortisation and impairment	(100)	(454)	(554)
Opening net book balance	27	126	153
CAPITAL ASSET ADDITIONS			
Estimated expenditure on new or replacement assets			
By purchase – Government funding	385	35	420
Total additions	385	35	420
Other movements			
Depreciation/amortisation expense	(100)	(60)	(160)
Total other movements	(100)	(60)	(160)
As at 30 June 2017			
Gross book value	512	615	1,127
Accumulated depreciation/amortisation and impairment	(200)	(514)	(714)
Closing net book balance	312	101	413

Prepared on Australian Accounting Standards basis.