

FISHERIES
RESEARCH AND DEVELOPMENT CORPORATION

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FISHERIES

RESEARCH AND DEVELOPMENT CORPORATION

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Fisheries Research and Development Corporation (FRDC) invests in research, development and extension (RD&E) that supports aquaculture, as well as commercial, Indigenous and recreational fishers. These four sectors operate across environments that range from the northern tropics through to temperate seas and icy Antarctic waters, from freshwater rivers and lakes, to estuaries and the depths of the ocean.

FRDC invest in research and development (R&D) and partners with other organisations that have the necessary capabilities to undertake the varied and sometimes specialised activities. With a focus on the end users and markets, FRDC invests and facilitates extension of the R&D that will lead to adoption and commercialisation. Results and outcomes of both the undertaking and extension of R&D are evaluated to measure and inform future investment.

FRDC's investment policy balances the needs of stakeholders, including the community, with achieving specific, planned end user solutions to national, regional and sector-based priorities. Partnerships and previous RD&E are considered in its planning and investment processes, to maximise leverage and reduce duplication.

The 2015–20 RD&E Plan is more prescriptive than previous plans and seeks to facilitate outcomes in several areas, while still providing the flexibility to respond to unforeseen issues and opportunities.

As a quality-certified organisation (AS/NZS ISO 9001:2008), FRDC's RD&E investment is underpinned by a quality-management system including mechanisms for reviewing performance and implementing changes, to ensuring continuous improvement.

FRDC also contributes to the broader national strategic approach to fishing and aquaculture RD&E that aims to share knowledge, build cohesion and establish common goals between sectors. However, as a primary focus of FRDC investment is to deliver benefits to the primary fishing and aquaculture stakeholders, it is important to note that the FRDC investment in RD&E delivers benefits to other participants in the Australian seafood industry value chain, research providers, and the wider Australian community.

New investments in 2017–18 will build on existing investments to deliver RD&E along the seafood value chain, and focus on the three national priorities, and on those outlined by stakeholders as part of their specific RD&E Plans.

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: Fisheries Research and Development Corporation – Resource Statement – Budget Estimates for 2017–18 as at May 2017

	<i>2016–17 estimated actual \$'000</i>	2017–18 estimate \$'000
Opening balance/cash reserves at 1 July	5,956	11,496
Funds from Government		
Amounts received from related entities		
Amounts from portfolio department ^(a)	4,291	3,905
<i>Total amounts received from related entities</i>	4,291	3,905
Special appropriations^(b)		
<i>Primary industries Research and Development Act 1989, s. 30A(3) & s. 30B(9) – Fisheries R&D Corporation</i>	22,667	23,501
<i>Total special appropriations</i>	22,667	23,501
Total funds from Government	26,958	27,406
Funds from industry sources		
Levies ^(c)	1,000	1,125
<i>less amounts paid to the CRF</i>	(1,000)	(1,125)
Industry contributions	8,139	8,314
Total funds from industry sources	8,139	8,314
Funds from industry sources		
Interest	275	250
Sale of goods and services	11	3
Other	1,402	1,366
Total funds from industry sources	1,688	1,619
Total net resourcing for FRDC	42,741	48,835
	2016–17	2017–18
Average staffing level (number)	20	21

(a) FRDC has a grant agreement with the Department of Agriculture Water and Resources to develop the National Carp Control Plan.

(b) FRDC 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 FRDC and are considered departmental for all purposes.

(c) Levies are collected under the *Primary Industries Research and Development Act 1989* (PIRD Act) and the Fishing Levy Regulations and are remitted to the Department of Agriculture and Water Resources and transferred to the CRF. An equivalent amount of FRDC management levy is paid to FRDC by the Department of Agriculture and Water Resources under a special appropriation under the 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

FRDC does not have any 2017–18 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 programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

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

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. 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 - to provide an entity's complete performance story.

The most recent corporate plans (annual operating plan and research development and extension plan for FRDC can be found at:

http://frdc.com.au/about_frdc/corporate-documents/Pages/annual_op_plan.aspx

and

http://www.frdc.com.au/research/RDEPlanningandPriorities/RDandE_Plan_2015-2020/Pages/RDE%20Plan%202015-20.aspx

The most recent annual performance statement can be found at:

http://frdc.com.au/about_frdc/corporate-documents/Pages/annual_rep.aspx

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1: Increased economic, social and environmental benefits for Australian fishing and aquaculture, and the wider community, by investing in knowledge, innovation, and marketing.

Linked programs

Department of Agriculture and Water Resources

Program:

- Program 1.4: Fishing Industry

Contribution to Outcome 1 made by linked program:

The Fisheries Research Development Corporation works together with the Department of Agriculture and Water Resources to ensure fishing and aquaculture in Australia is sustainable, productive and profitable.

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 program, as well as by Administered and Departmental funding sources.

Outcome 1: Increased economic, social and environmental benefits for Australian fishing and aquaculture, and the wider community, by investing in knowledge, innovation, and marketing.					
	2016–17 Estimated actual \$'000	2017–18 Budget \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000
Program 1.1: Fisheries Research and Development Corporation					
Revenue from Government					
Payment from related entities	3,688	3,866	1,970	-	-
Special appropriations					
<i>Primary industries Research and Development Act 1989, s. 30A(3) & s. 30B(9) – Fisheries R&D Corporation</i>	19,482	23,270	23,349	23,705	24,296
Revenues from industry sources	6,019	5,814	6,909	7,129	7,146
Revenues from other independent sources	1,877	2,922	1,800	1,811	2,122
Total expenses for program 1.1	31,066	35,872	34,028	32,645	33,564
Outcome 1 totals by resource type					
Revenue from Government					
Payment from related entities	3,688	3,866	1,970	-	-
Special appropriations	19,482	23,270	23,349	23,705	24,296
Revenues from industry sources	6,019	5,814	6,909	7,129	7,146
Revenues from other independent sources	1,877	2,922	1,800	1,811	2,122
Total expenses for Outcome 1	31,066	35,872	34,028	32,645	33,564
	2016–17	2017–18			
Average staffing level (number)	20	21			

2.1.2 Performance criteria for Outcome 1

Table 2.1.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2017-18 Budget measures have created new programs or materially changed existing programs.

As an entity established under the PIRD Act, FRDC 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 economic, social and environmental benefits for Australian fishing and aquaculture, and the wider community, by investing in knowledge, innovation, and marketing.	
Program 1.1: Fisheries Research and Development Corporation	
Objective	<p>Australian fishing and aquaculture products are sustainable and acknowledged to be so</p> <p>By 2020, the community has effective access to, and understanding of, RD&E that supports fishing and aquaculture sustainability and improves perceptions of Australian seafood.</p>
	<p>Improved productivity and profitability</p> <p>By 2020, deliver RD&E for fishing and aquaculture to increase productivity and profitability consistent with economic, social and environmental sustainability.</p>
	<p>Developing new and emerging aquaculture growth opportunities</p> <p>By 2020, deliver RD&E sufficient for the significant commercialisation of at least two emerging aquaculture growth opportunities with demonstrated potential for profitable business operations.</p>
	<p>Partner and collaboration</p> <p>By 2020, provide an investment framework that gives partnerships (specific sectors and jurisdictions) greater ownership of their strategic priorities and direction, investment in these activities and responsibility for taking outputs and turning them into outcomes.</p>
Delivery	<p>Australian fishing and aquaculture products are sustainable and acknowledged to be so</p> <p>Continue to prioritise investment in RD&E that contributes to the sustainability of fishing and aquaculture, including consideration of target species, bycatch species, threatened, endangered and protected species, and the broader marine environment.</p>

Continued on following pages

Contributions to Outcome 1 (continued)

Program 1.1: Fisheries Research and Development Corporation (continued)		
Delivery (continued)	Improved productivity and profitability Invest in RD&E to understand the drivers of and impediments to productivity and profitability growth in all fishing and aquaculture sectors; research means of increasing sustainable production and profitability; link these to business education; encompass the needs of Indigenous communities.	
	Developing new and emerging aquaculture growth opportunities Identify research constraints to industry growth – such as lack of potential markets, cost of production, survival, deformities and uniformity of growth – and invest in RD&E to determine successful and competitive commercial activity.	
	Partner and collaboration Enter into partnership agreements with specific sectors and jurisdictions to jointly develop and invest against RD&E priorities.	
Performance information		
Year	Performance criteria^(a)	Targets
2016–17 ^{Note}	Projects focus on the FRDC Board’s assessment of priority research and development issues.	95 per cent are a priority.
	Projects are assessed as meeting high standards/peer review requirements for improvements in performance and likely adoption.	95 per cent are a high priority.
	Maintain ISO9001:2008 accreditation.	FRDC maintains Certification.
	Submit planning and reporting documents in accordance with legislative and Australian Government requirements and timeframes.	100 per cent met Government requirements.
	Implement best practice governance arrangements to promote transparency, good business performance and unqualified audits.	Achieve unqualified audit result.
	Demonstrate the benefits of RD&E investments by positive benefit cost analysis results.	Benefit analysis undertaken on one investment area.
	Perception of the commercial fishing industry increased from 30 per cent to 36 per cent by 2020.	Perception of industry increases to 31 per cent.
	Volume of aquaculture rises to above 100,000 tonnes.	Annual aquaculture production exceeds 85,000.

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Contributions to Outcome 1 (continued)

Performance information (continued)		
Year	Performance criteria^(a)	Targets
2016–17 (continued)	The value of Australia’s fishing and aquaculture increases by 20 per cent (\$2.4 billion to \$2.8 billion).	Value increases to \$2.4 billion.
	There are 2–3 new aquaculture species that are seeing good productivity and profitability growth as measured by an increase in tonnage from other species.	Production of new aquaculture species increases to 2,000 tonnes.
2017–18	Corporate governance and decision making is overseen by a framework of policies and procedures	
	Projects focus on the FRDC Board’s assessment of priority research and development issues.	95 per cent are a priority.
	Projects are assessed as meeting high standards/peer review requirements for improvements in performance and likely adoption.	95 per cent are a high priority.
	Maintain ISO9001:2008 accreditation.	FRDC maintains Certification.
	Submit planning and reporting documents in accordance with legislative and Australian Government requirements and timeframes.	100 per cent met Government requirements.
	Implement best practice governance arrangements to promote transparency, good business performance and unqualified audits.	Achieve unqualified audit result.
	Demonstrate the benefits of RD&E investments by positive benefit cost analysis results.	Benefit analysis undertaken on one investment area.
	Australian fishing and aquaculture products are sustainable and acknowledged to be so	
Perception of the commercial fishing industry increased from 28 per cent to 40 per cent by 2020.	Perception of industry increases to 30 per cent.	

Continued on following pages

Contributions to Outcome 1 (continued)

Performance information (continued)		
Year	Performance criteria ^(a)	Targets
2017–18 (continued)	Improved productivity and profitability	
	Provide RD&E to support increased trade of fishing and aquaculture products into countries with free trade agreements by 300 per cent by 2020. Understand the quantity of potential production from Australia's fishing and aquaculture resources. Increase knowledge to improve the utilisation of fisheries resources by Indigenous Australians.	Facilitate seafood and aquaculture businesses to participate in two 'in-country' Wine Australia events. One report completed on quantity of potential production from Australia's fishing and aquaculture resources.
	Developing new and emerging aquaculture growth opportunities	
	Advance two or more new or emerging aquaculture opportunities/species for which RD&E has identified clear opportunities and technologies for good production and profitability growth, as measured by increases in harvest tonnages.	1,000 tonnes of additional production.
2018–19	Partner and collaboration	
	Partners have a RD&E plan. Partners invest in a balanced portfolio across the FRDC purpose themes – environment, industry, communities, people and extension.	90 per cent of partners have an RD&E Plan. Investment portfolios include investment across FRDC purposes.
	Corporate governance and decision making is overseen by a framework of policies and procedures	
	As per 2017–18.	As per 2017–18.
2018–19	Australian fishing and aquaculture products are sustainable and acknowledged to be so	
	The number of species in the national Status of Key Australian Fish Stocks Reports increases to include 200 species.	160 species included in Status of Australian Fish Stocks Reports.
	The number of species classified as 'undefined' is reduced from the current figure [2014 Status of Key Australian Fish Stocks Reports] to less than 10%.	Undefined species is less than 20 per cent.

Continued on following page

Contributions to Outcome 1 (continued)

Performance information (continued)		
Year	Performance criteria^(a)	Targets
2018–19 (continued)	Developing new and emerging aquaculture growth opportunities	
	As per 2017–18.	1,500 tonnes of additional production.
	Partner and collaboration	
	As per 2017–18.	As per 2017–18.
2019–20 and beyond	Corporate governance and decision making is overseen by a framework of policies and procedures	
	As per 2017–18.	As per 2017–18.
	Australian fishing and aquaculture products are sustainable and acknowledged to be so	
	Perception of the commercial fishing industry increased from 28 per cent to 40 per cent by 2020.	Perception of industry increases to 36 per cent.
	Developing new and emerging aquaculture growth opportunities	
	As per 2017–18.	2,000 tonnes of additional production.
	Partner and collaboration	
	As per 2017–18.	As per 2017–18.

(a) New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.

Note: Performance criteria and targets were changed in 2015–16 for subsequent years following the approval of the FRDC Research, Development and Extension Plan 2015–20.

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2017–18 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Explanatory notes and analysis of budgeted financial statements

The FRDC's RD&E expenditure is dependent on the gross value of production (GVP) for the Australian fishing industry. The indication for the GVP for the Australian fishing industry is positive, with growth expected in 2017–18 year. This is based on aquaculture which is anticipated to grow; however some uncertainty remains around the size of this growth. Income contributions from the commercial sector are expected to maintain current levels. The commencement of marketing activities is likely to see industry contribute funds specifically for this activity. The amount of marketing income is not likely to be significant in 2017–18, but is likely to grow in future years.

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

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

	2016–17 Estimated actual \$'000	2017–18 Budget \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000
EXPENSES					
Employee benefits	3,316	3,566	3,708	3,413	3,549
Supplier expenses	1,520	1,496	1,700	1,800	1,800
Grants	26,000	30,200	27,950	26,750	27,510
Depreciation and amortisation	230	200	210	222	245
Other	-	410	460	460	460
Total expenses	31,066	35,872	34,028	32,645	33,564
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	3	3	5	5	5
Interest	275	250	250	250	250
Contributions	7,002	5,871	7,066	7,306	7,260
Other	1,906	2,697	1,587	1,602	1,902
Total own-source revenue	9,186	8,821	8,908	9,163	9,417
Total own-source income	9,186	8,821	8,908	9,163	9,417
Net cost of (contribution by) services	21,880	27,051	25,120	23,482	24,147
Revenue from Government^(a)					
Commonwealth contribution	26,958	27,406	25,896	24,293	24,686
Total revenue from Government	26,958	27,406	25,896	24,293	24,686
Surplus/(deficit) attributable to the Australian Government	5,078	355	776	811	539
Total comprehensive income/(loss) attributable to the Australian Government	5,078	355	776	811	539

(a) 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)

	2016–17 Estimated actual \$'000	2017–18 Budget \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	11,496	13,224	14,714	14,655	14,853
Trade and other receivables	5,798	4,286	3,449	4,273	4,453
Investments	5	5	5	5	5
Total financial assets	17,299	17,515	18,168	18,933	19,311
Non-financial assets					
Property, plant and equipment	27	27	75	70	92
Intangibles	617	767	887	997	1,092
Inventories	9	7	5	4	4
Total non-financial assets	653	801	967	1,071	1,188
Total assets	17,952	18,316	19,135	20,004	20,499
LIABILITIES					
Payables					
Suppliers	173	164	172	190	188
Projects	201	210	200	230	200
Other	85	85	85	85	85
Total payables	459	459	457	505	473
Provisions					
Employee provisions	883	892	937	947	935
Total provisions	883	892	937	947	935
Total liabilities	1,342	1,351	1,394	1,452	1,408
Net assets	16,610	16,965	17,741	18,552	19,091
EQUITY*					
Reserves	275	275	276	278	278
Retained earnings	16,335	16,690	17,465	18,274	18,813
Total Equity	16,610	16,965	17,741	18,552	19,091

* '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 2017–18)

	Retained earnings	Asset revaluation reserve	Total equity
	\$'000	\$'000	\$'000
Opening balance as at 1 July 2017			
Balance carried forward from previous period	16,335	275	16,610
Adjusted opening balance	16,335	275	16,610
Comprehensive income			
Surplus (deficit) for the period	355	-	355
Total comprehensive income	355	-	355
of which:			
Attributable to the Australian Government	355	-	355
Estimated closing balance as at 30 June 2018	16,690	275	16,965
Closing balance attributable to the Australian Government	16,690	275	16,965

Prepared on Australian Accounting Standards basis.

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

	2016–17 Estimated actual \$'000	2017–18 Budget \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	11	3	5	5	5
Receipts from Australian Government	26,567	27,876	25,156	23,543	24,236
Contributions	9,932	9,210	10,799	8,507	8,886
Interest	275	250	250	250	250
Total cash received	36,785	37,339	36,210	32,305	33,377
Cash used					
Employees	3,307	3,566	3,708	3,413	3,549
Suppliers	1,561	1,486	1,705	1,821	1,800
Projects	26,027	30,209	28,957	26,780	27,480
Total cash used	30,895	35,261	34,370	32,014	32,829
Net cash from (used by) operating activities	5,890	2,078	1,840	291	548
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	50	50	50	50	50
Purchase of Intangibles	300	300	300	300	300
Total cash used	350	350	350	350	350
Net cash from (used by) investing activities	(350)	(350)	(350)	(350)	(350)
Net increase (decrease) in cash held	5,540	1,728	1,490	(59)	198
Cash and cash equivalents at the beginning of the reporting period	5,956	11,496	13,224	14,714	14,655
Cash and cash equivalents at the end of the reporting period	11,496	13,224	14,714	14,655	14,853

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement

	2016–17 Estimated actual \$'000	2017–18 Budget \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources ^(a)	350	350	350	350	350
TOTAL	350	350	350	350	350
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	350	350	350	350	350
Total cash used to acquire assets	350	350	350	350	350

(a) Includes the following source of funding:
– internally developed assets.

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

Table 3.6: Statement of asset movements (Budget year 2017–18)

	Other property, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2017			
Gross book value	77	1,416	1,493
Accumulated depreciation/amortisation	(35)	(814)	(849)
Opening net book balance	42	602	644
CAPITAL ASSET ADDITIONS			
Estimated expenditure on new or replacement assets			
By purchase – other	50	300	350
Total additions	50	300	350
Other movements			
Depreciation/amortisation expense	(65)	(135)	(200)
Total other movements	(65)	(135)	(200)
As at 30 June 2018			
Gross book value	127	1,716	1,843
Accumulated depreciation/amortisation	(100)	(949)	(1,049)
Closing net book balance	27	767	794

Prepared on Australian Accounting Standards basis.