

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) plays a unique role in Australian agriculture by investing in research and development (R&D) to maintain and create profitable and sustainable rural industries. RIRDC knows that the key to developing real and lasting solutions for rural industries is to take a shared approach to shared challenges. That is why RIRDC works in collaboration with a range of stakeholders to develop and implement its initiatives.

RIRDC's vision is to grow the long-term prosperity of Australian rural industries. RIRDC's mission is to collaborate with its partners to create lasting value for its stakeholders, investing in research, innovation and learning initiatives that enhance the prosperity, profitability and sustainability of the agricultural, fisheries and forestry sectors. RIRDC's approach is guided by an ambition to be an organisation that places people, rural industries and regional communities at the centre of all its activities.

RIRDC supports rural industries that do not have their own research and development corporation (RDC) and invests in research and development to accelerate the establishment of new and emerging rural industries.

RIRDC's cross-sectoral mandate supports it to focus on national opportunities and challenges that affect multiple rural industries, not just the industries it traditionally serves. RIRDC's future orientation enables it to not only tackle the challenges and opportunities that rural industries face today, but to identify and unearth the challenges and opportunities of tomorrow. RIRDC will do this by listening and collaborating with the emerging leaders in agriculture, industries bodies, other RDCs and government.

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.

RIRDC Budget Statements

- 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 programs.
- 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 RIRDC 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 program. RIRDC also supports the Australian Rural Leadership Foundation Rural Leadership Program.

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 2017–18 as at May 2017

	<i>2016–17 estimated actual \$'000</i>	<i>2017–18 estimate \$'000</i>
Opening balance/cash reserves at 1 July	7,587	1,431
Funds from Government		
Amounts received from related entities		
Amounts from portfolio department ^(a)	10,170	10,342
<i>Total amounts received from related entities</i>	10,170	10,342
Special appropriations^(b)		
<i>Primary Industries Research and Development Act 1989, s. 30(3) – Rural Industries R&D Corporation</i>	7,457	11,434
<i>Total special appropriations</i>	7,457	11,434
Total funds from Government	17,627	21,776
Funds from industry sources		
Levies ^(c)	3,259	5,580
<i>less amounts paid to the CRF</i>	(3,259)	(5,580)
Total funds from industry sources	-	-
Funds from other sources		
Interest	600	600
Royalties	250	387
Industry contributions	1,623	4,010
Other	2,006	451
Total funds from other sources	4,479	5,448
Total net resourcing for RIRDC	29,693	28,655
	2016–17	2017–18
Average staffing level (number)	15	17

(a) Appropriation Bill (No. 1) 2017–18.

(b) 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.

(c) 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 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 plan for the Rural Industries Research and Development Corporation can be found at: [http://www.rirc.gov.au/docs/default-document-library/rirc-strategic-plan_161024_fa\(web\)-\(2\).pdf?sfvrsn=2](http://www.rirc.gov.au/docs/default-document-library/rirc-strategic-plan_161024_fa(web)-(2).pdf?sfvrsn=2).

The most recent annual performance statement can be found at: http://www.rirc.gov.au/docs/default-document-library/rirc_ar1516_final.pdf?sfvrsn=2

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.

Linked programs

Department of Agriculture and Water Resources

Program:

- Program 1.10: Agricultural Resources

Contribution to Outcome 1 made by linked program:

The Rural Industries Research Development Corporation works together with the Department of Agriculture and Water Resources to ensure sustainable, productive and profitable rural industries.

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 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.					
	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: Rural Industries Research and Development					
Revenue from Government					
Payment from related entities	10,170	10,342	10,470	10,220	9,358
Special appropriations					
<i>Primary Industries Research and Development Act 1989, s. 30(3) –</i>					
Rural Industries R&D Corporation	7,457	11,433	10,854	10,659	10,717
Revenues from industry sources	1,623	4,010	3,657	4,124	1,320
Revenues from other independent sources	2,081	1,439	1,437	1,376	1,315
Reserves	7,650	3,020	-	-	-
Total expenses for program 1.1	28,981	30,244	26,418	26,379	22,710
Outcome 1 totals by resource type					
Revenue from Government					
Payment from related entities	10,170	10,342	10,470	10,220	9,358
Special appropriations	7,457	11,433	10,854	10,659	10,717
Revenues from industry sources	1,623	4,010	3,657	4,124	1,320
Revenues from other independent sources	2,081	1,439	1,437	1,376	1,315
Reserves	7,650	3,020	-	-	-
Total expenses for Outcome 1	28,981	30,244	26,418	26,379	22,710
	2016–17	2017–18			
Average staffing level (number)	15	17			

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, 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.	
Program 1.1: Rural Industries Research and Development Corporation	
Objective	Through research and development create thriving rural industries and vibrant regional communities.
Delivery	<p>Under the framework of the Strategic R&D Plan, RIRDC will deliver outcomes through four arenas.</p> <p>Support the people driving the future prosperity of Australian rural industries and regional communities by providing them with learning opportunities and experiences by:</p> <ul style="list-style-type: none"> • enhancing the capacity and recognising the value of women in rural industries through delivering the RIRDC Rural Women’s Award; • playing an active role in addressing challenges associated with a shortage of trained professionals entering rural industries through implementing the Horizon Scholarship; • investing in a number of leadership, capacity and skills development programs; and • sharing knowledge on opportunities for new and existing farmers to diversify and making investments that enhance the adoption of new practices and technologies in rural industries. <p>Identify and nurture research and innovation opportunities that are synergistic across rural sectors by:</p> <ul style="list-style-type: none"> • conducting research, development and extension (RD&E) on national issues that have the potential to impact the competitiveness of multiple industry sectors and in areas that can help inform the future positioning of Australia’s rural industries (such as evidence to inform government policy, development of industry strategies and guide R&D investment);

Continued on following pages

Contributions to Outcome 1 (continued)

Program 1.1: Rural Industries Research and Development Corporation	
Delivery (continued)	<ul style="list-style-type: none"> • scanning for areas that may need knowledge sharing, co-investment and/or strategic thinking across multiple industry sectors. RIRDC will play an active role facilitating discussions and obtaining advice across different sectors to help governments, rural RDCs and other relevant partners determine appropriate, practical and responsive RD&E; • driving improvements to work health and safety outcomes for all those working in rural industries through the Primary Industries Health and Safety Partnership. <p>Enhance the profitability and sustainability of our levied rural industries by:</p> <ul style="list-style-type: none"> • stimulating and promoting R&D that will deliver a productive and sustainable Australian chicken meat industry that provides quality wholesome food to the nation; • supporting RD&E that will secure a productive, sustainable and more profitable Australian bee keeping industry and will secure the pollination of Australia’s horticultural and agricultural crops; • working with the Australian Thoroughbred horse industry to develop a program of RD&E investment; • creating domestic and global demand for temperate pasture seeds by investing in RD&E that maximises the opportunities and minimises the risks for a profitable and environmentally sustainable temperate pasture seed industry; • improving the productivity and sustainability of the Australian rice industry through the organisation, funding and management of a research, development and extension program that is aligned with industry reality and stakeholder needs; • providing RD&E to support a sustainable, growing and prosperous ginger industry, that supplies product of the highest quality that is strongly sought-after by discerning consumers in Australia and around the world; • improving global demand for fodder by investing in RD&E that improves quality and minimises the risks for a profitable and environmentally sustainable export fodder industry; and • improving the productivity and sustainability of the Australian tea tree oil industry through the management of RD&E that meets stakeholder needs. <p>Support new and emerging industries by:</p> <p>conducting RD&E for new and emerging plant and animal industries that contributes to the profitability, sustainability and productivity of regional Australia.</p>

Continued on following pages

Contributions to Outcome 1 (continued)

Performance information		
Year	Performance criteria^(a)	Targets
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 programs have plans that are meeting their objectives.	Ongoing management of RD&E for industries in alignment with the RIRDC life-cycle methodology.
	RD&E programs 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.
	Leadership and capability of rural industries is enhanced.	<p>Programs are in place to encourage, support and develop the skills of rural women and youth.</p> <p>Regularly encourage farmers to explore diversification options and to access the www.farmdiversity.com.au website.</p> <p>Support is given to encourage skill development and research through targeted scholarships or funding.</p>
2017–18	Contribute to the increase of annual intakes of students into agriculture and agricultural science courses at universities.	<p>1,500 per annum.</p> <p>Information from Council of Deans of Agricultural annual survey show an increasing number of enrolments.</p>
	Evidence of stakeholder interest in funded research projects undertaken to inform debates of national significance to rural industries.	Make reports available to national rural issues audience.

Continued on following page

Contributions to Outcome 1 (continued)

Performance information (continued)		
Year	Performance criteria^(a)	Targets
2017–18 (continued)	Stakeholders rating RIRDC as a highly credible source of information on national rural issues.	Greater than 50 per cent.
	Level of co-investment of collaboratively working on common issues across rural issues.	Greater than 1:1.2.
	Levy payers comfortable or extremely comfortable paying the R&D levy.	Greater than 75 per cent.
	KPIs in the industry-based R&D plans are achieved.	Greater than 85 per cent.
	Stakeholders directly benefited from RIRDC supported research in the last five years.	Greater than 50 per cent.
	Impact assessment and economic evaluation of programs show a strong return.	Greater than 3:1.
	Number of new rural industries reaching or exceeding \$10 million per annum threshold.	One per year.
2018–19 & beyond	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*.

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 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 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 for a loss of \$3.02 million in 2017–18.

RIRDC's balance sheet remains strong with estimated total assets of \$15.8 million in 2017–18 and in forward years. Of the total assets, approximately \$7.4 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 \$1.0 million expected in the budget and forward years. Employee entitlement liabilities are estimated at \$0.5 million over the same period.

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	4,601	2,570	2,570	2,570	2,570
Supplier expenses	11,794	4,102	3,906	3,850	4,195
Grants	12,426	23,412	19,782	19,799	15,785
Depreciation and amortisation	160	160	160	160	160
Total expenses	28,981	30,244	26,418	26,379	22,710
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Industry contributions	1,623	4,010	3,657	4,124	1,320
Interest	600	600	600	600	600
Royalties	250	387	387	387	387
Provision of Goods Revenue	43	43	43	43	43
Other	1,188	409	407	346	285
Total own-source revenue	3,704	5,449	5,094	5,500	2,635
Total own-source income	3,704	5,449	5,094	5,500	2,635
Net cost of (contribution by) services	25,277	24,795	21,324	20,879	20,075
Revenue from Government ^(a)					
Commonwealth contribution	17,627	21,775	21,324	20,879	20,075
Total revenue from Government	17,627	21,775	21,324	20,879	20,075
Surplus/(deficit) attributable to the Australian Government	(7,650)	(3,020)	-	-	-
Total comprehensive income/(loss) attributable to the Australian Government	(7,650)	(3,020)	-	-	-

(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	1,431	1,384	1,477	1,540	1,540
Trade and other receivables	7,824	7,824	7,824	7,824	7,824
Investments – Deposits	9,000	5,980	5,980	5,980	5,980
Total financial assets	18,255	15,188	15,281	15,344	15,344
Non-financial assets					
Property, plant and equipment	319	311	263	245	145
Intangibles	108	163	118	73	13
Other	153	153	153	153	153
Total non-financial assets	580	627	534	471	311
Total assets	18,835	15,815	15,815	15,815	15,655
LIABILITIES					
Payables					
Suppliers	580	580	580	580	420
Other	30	30	30	30	30
Total payables	610	610	610	610	450
Provisions					
Employee provisions	439	439	439	439	439
Total provisions	439	439	439	439	439
Total liabilities	1,049	1,049	1,049	1,049	889
Net assets	17,786	14,766	14,766	14,766	14,766
EQUITY*					
Parent entity interest					
Reserves	539	539	539	539	539
Retained surplus	17,199	14,179	14,179	14,179	14,179
Total Equity	17,738	14,718	14,718	14,718	14,718

*'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	Revaluation Asset Reserve	Total equity
	\$'000	\$'000	\$'000
Opening balance as at 1 July 2017			
Balance carried forward from previous period	17,199	539	17,738
Adjusted opening balance	17,199	539	17,738
Comprehensive income			
Surplus (deficit) for the period	(3,020)	-	(3,020)
Total comprehensive income	(3,020)	-	(3,020)
of which:			
Attributable to the Australian Government	(3,020)	-	(3,020)
Estimated closing balance as at 30 June 2018	14,179	539	14,718
Closing balance attributable to the Australian Government	14,179	539	14,718

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					
Revenue from Government	17,627	21,775	21,324	20,879	20,075
Interest	600	600	600	600	600
Net GST received	1,648	1,656	1,624	1,629	1,629
Other	3,879	4,849	4,494	4,900	2,035
Total cash received	23,754	28,880	28,042	28,008	24,339
Cash used					
Employees	4,601	2,570	2,570	2,570	2,570
Suppliers	11,959	4,268	4,068	4,013	4,518
Grants	13,909	24,902	21,244	21,265	17,251
Total cash used	30,469	31,740	27,882	27,848	24,339
Net cash from (used by) operating activities	(6,715)	(2,860)	160	160	-
INVESTING ACTIVITIES					
Cash Received					
Proceeds from sale of financial instruments	1,000	3,020	-	-	-
Total cash received	1,000	3,020	-	-	-
Cash used					
Purchase of property, plant and equipment	441	207	67	97	-
Total cash used	441	207	67	97	-
Net cash from (used by) investing activities	559	2,813	(67)	(97)	-
Net increase (decrease) in cash held	(6,156)	(47)	93	63	-
Cash and cash equivalents at the beginning of the reporting period	7,587	1,431	1,384	1,477	1,540
Cash and cash equivalents at the end of the reporting period	1,431	1,384	1,477	1,540	1,540

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)	420	207	67	97	-
TOTAL	420	207	67	97	-
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	441	207	67	97	-
Total cash used to acquire assets	441	207	67	97	-

- (a) 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 2017–18)

	Other property, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2017			
Gross book value	485	627	1,112
Accumulated depreciation/amortisation and impairment	(166)	(519)	(685)
Opening net book balance	319	108	427
CAPITAL ASSET ADDITIONS			
Estimated expenditure on new or replacement assets			
By purchase – Government funding	92	115	207
Total additions	92	115	207
Other movements			
Depreciation/amortisation expense	(100)	(60)	(160)
Total other movements	(100)	(60)	(160)
As at 30 June 2018			
Gross book value	577	742	1,319
Accumulated depreciation/amortisation and impairment	(266)	(579)	(845)
Closing net book balance	311	163	474

Prepared on Australian Accounting Standards basis.