

AGRIFUTURES AUSTRALIA

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AGRIFUTURES AUSTRALIA

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

AgriFutures Australia (AgriFutures) is the trading name for Rural Industries Research and Development Corporation (RIRDC). AgriFutures plays a unique role in Australian agriculture by investing in research and development (R&D) to maintain and create profitable and sustainable rural industries. AgriFutures 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 AgriFutures works in collaboration with a range of stakeholders to develop and implement its initiatives.

AgriFutures' vision is to grow the long-term prosperity of Australian rural industries. AgriFutures' 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. AgriFutures' 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.

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

AgriFutures' cross-sectoral mandate supports it to focus on national opportunities and challenges that affect multiple rural industries, not just the industries it traditionally serves. AgriFutures' 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. AgriFutures will do this by listening and collaborating with the emerging leaders in agriculture, industries bodies, other RDCs and government.

AgriFutures Budget Statements

As outlined in AgriFutures R&D Strategic Plan 2017–2022 AgriFutures has four goals across four arenas:

Arena 1: People and leadership

Goal: To support the people driving the future prosperity of Australian rural industries and regional communities by providing them with learning opportunities and experiences.

Priorities:

- Attracting capable people into careers in agriculture; and
- Building the capability of future rural leaders.

Arena 2: National challenges and opportunities

Goal: To identify and nurture research and innovation opportunities that are productive across rural sectors.

Priorities:

- Informing debate on issues of importance to rural industries;
- Adapting new technologies for use across rural industries; and
- Working collaboratively on issues common across rural sectors.

Arena 3: Growing profitability

Goal: To enhance the profitability and sustainability of our levied rural industries.

Priorities:

- Engaging industry participants in determining R&D priorities;
- Investing in innovation that assists levied industries to be more profitable; and
- Delivering outcomes to maximise industry uptake and adoption.

Arena 4: Emerging industries

Goal: To support new and emerging rural industries.

Priorities:

- Supporting the early stage establishment of high potential rural industries.

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: AgriFutures Australia – Resource Statement – Budget Estimates for 2018–19 as at May 2018

	2017–18 <i>Estimated actual</i> \$'000	2018–19 Estimate \$'000
Opening balance/cash reserves at 1 July	20,556	19,188
Funds from Government		
Amounts received from related entities		
Amounts from portfolio department ^(a)	10,342	10,479
Total amounts received from related entities	10,342	10,479
Special appropriations^(b)		
<i>Primary Industries Research and Development Act 1989, s. 30(3) – Rural Industries R&D Corporation</i>	12,896	9,877
Total special appropriations	12,896	9,877
Total funds from Government	23,238	20,356
Funds from industry sources		
Levies ^(c)	6,435	4,819
<i>less amounts paid to the CRF</i>	(6,435)	(4,819)
Total funds from industry sources	-	-
Funds from other sources		
Interest	603	550
Royalties	320	387
Industry contributions	4,957	3,832
Other	282	1,365
Total funds from other sources	6,162	6,134
Total net resourcing for AgriFutures	49,956	45,678
	2017–18	2018–19
Average staffing level (number)	17	18

(a) Appropriation Bill (No. 1) 2018–19.

(b) AgriFutures Australia (AgriFutures) 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 AgriFutures 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 AgriFutures 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

Budget measures in Part 1 relating to the AgriFutures Australia are detailed in *Budget Paper No. 2: Budget Measures 2018–19* and are summarised below.

Table 1.2: AgriFutures Australia 2018–19 Budget measures

Part 1: Measures announced since the 2017–18 Mid-Year Economic and Fiscal Outlook (MYEFO)

AgriFutures does not have any 2018–19 Budget measures.

Part 2: Other measures not previously reported in a portfolio statement

AgriFutures does not have any other measures not previously reported in a portfolio statement.

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 and annual performance statement for the Rural Industries Research and Development Corporation can be found at:
<http://www.agrifutures.com.au/about/corporate-documents/>.

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:

AgriFutures 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.					
	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
Program 1.1: Rural Industries Research and Development Corporation					
Revenue from Government					
Payment from related entities	13,608	10,270	10,220	9,358	9,358
Special appropriations					
<i>Primary Industries Research and Development Act 1989, s. 30(3) – Rural Industries R&D Corporation</i>	9,630	10,086	10,659	10,717	10,877
Revenues from industry sources	4,957	3,832	4,124	1,320	1,320
Revenues from other independent sources	1,205	2,311	1,385	1,342	1,315
Reserves	1,321	3,652	900	-	-
Total expenses for program 1.1	30,721	30,151	27,288	22,737	22,870
Outcome 1 totals by resource type					
Revenue from Government					
Payment from related entities	13,608	10,270	10,220	9,358	9,358
Special appropriations	9,630	10,086	10,659	10,717	10,877
Revenues from industry sources	4,957	3,832	4,124	1,320	1,320
Revenues from other independent sources	1,205	2,311	1,385	1,342	1,315
Reserves	1,321	3,652	900	-	-
Total expenses for Outcome 1	30,721	30,151	27,288	22,737	22,870
	2017–18	2018–19			
Average staffing level (number)	17	18			

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 2018–19 Budget measures have created new programs or materially changed existing programs.

As an entity established under the PIRD Act, AgriFutures 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>AgriFutures supports the people driving the future prosperity of Australian rural industries by:</p> <ul style="list-style-type: none"> • Attracting capable people in to careers in agriculture through: <ul style="list-style-type: none"> ○ Introducing agricultural careers pathways in schools; and ○ Collaboration with other RDCs, government, the private sector and not-for-profit organisations to highlight to young people the opportunities a career in agriculture has to offer. • Building the capacity of future rural leaders through development programs like Rural Women’s Award, Horizon Scholarship and the Ignite Network.
	<p>AgriFutures identifies and nurtures research and innovation opportunities that are productive across rural sectors by:</p> <ul style="list-style-type: none"> • Prioritising and driving cross-sectoral R&D that considers the needs of a diverse portfolio of plant and animal industries. • Brokering partnerships, facilitating priority setting and providing advice to strengthen the national agricultural research and innovation effort. • Complementing industry R&D by investing in research of cross-sectoral value, in areas such as climate change, natural resource management, and safety and welfare. • Informing debate on issues of importance to rural industries. • Adapting new technologies for use across rural industries.

Continued on following pages

Contributions to Outcome 1 (continued)

Program 1.1: Rural Industries Research and Development Corporation	
Delivery (continued)	<p>AgriFutures enhances the profitability and sustainability of our levied rural industries by:</p> <ul style="list-style-type: none"> • Engaging industry participants in determining R&D priorities through industry R&D planning and participation in industry panels to allocate levied funds to projects. • Investing in innovation that assists levied industries to be more profitable and that demonstrates value to industry participants. • Delivering outcomes to maximise industry uptake and adoption. • Communicating research outcomes to farmers at events like field days and workshops and through channels including e-newsletters, emails, social media and hardcopy publications. <hr/> <p>AgriFutures supports viable and sustainable new and emerging rural industries by:</p> <ul style="list-style-type: none"> • Identifying and targeting high-potential emerging rural industries by supporting rigorous feasibility assessments and identifying critical impediments that can be addressed through R&D. • Building partnerships with key stakeholders, including the private sector, to support the development of high-potential emerging rural industries.

Continued on following pages

Contributions to Outcome 1 (continued)

Performance information		
Year	Performance criteria^(a)	Targets
2017–18	Contribute to the increase of annual intakes of students into agriculture and agricultural science courses at universities.	1,500 per annum. Information from the Australian Council of Deans of Agriculture annual survey show an increasing number of enrolments.
	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.
	Stakeholders rating AgriFutures Australia 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 level.	Greater than 75 per cent.
	Key Performance Indicators (KPIs) in the industry-based R&D plans are achieved.	Greater than 85 per cent.
	Stakeholders directly benefited from AgriFutures Australia 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.	Five by 2022.

Continued on following page

Contributions to Outcome 1 (continued)

Performance information (continued)		
Year	Performance criteria^(a)	Targets
2018–19	Contribute to the increase of annual intakes of students into agriculture and agricultural science courses at Australian universities.	1,600 per annum. Information from the Australian Council of Deans of Agriculture annual survey show an increasing number of enrolments.
	Percentage of participants who feel their confidence as a leader has increased significantly or very significantly as a result of participation in an AgriFutures Australia sponsored activity.	70 per cent of surveyed participants.
	Impact of AgriFutures Australia sponsored studies on debates of national significance to rural industries.	Five National Rural Issues studies published each year.
	New technologies adapted for use in Australian rural industries.	One new technology entering commercialisation phase with private sector participation each year.
	Evidence of collaboration between RDCs in cross sector investment initiatives.	Ten collaborative initiatives involving other RDCs each year.
	Percentage of growers comfortable or very comfortable paying the R&D levy.	70 per cent of surveyed participants.
	Degree to which the objectives of the industry-based R&D plans are being achieved.	85 per cent of KPIs met in each Industry Program R&D Plan.
	Stakeholders rate the value of AgriFutures Australia's information products and services as high or very high.	70 per cent of surveyed participants.
	Number of new rural industries reaching or exceeding \$10m per annum threshold.	Five by 2022.
2019–20 and beyond	As per 2018–19.	As per 2018–19.

(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 2018–19 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

AgriFutures is budgeting for a deficit of \$3.7 million in 2018–19.

AgriFutures' balance sheet remains strong with estimated total assets of \$18.0 million in 2018–19 and in forward years. Of the total assets, approximately \$15.6 million is represented by cash and investments.

Total liabilities of \$1.3 million are mostly represented by payables to R&D providers and suppliers of \$0.9 million and employee entitlements of \$0.4 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)

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
EXPENSES					
Employee benefits	2,570	3,588	2,579	2,588	2,822
Supplier expenses	4,102	3,596	3,850	4,195	4,195
Grants	23,889	22,807	20,699	15,794	15,693
Depreciation and amortisation	160	160	160	160	160
Total expenses	30,721	30,151	27,288	22,737	22,870
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Industry contributions	4,957	3,832	4,124	1,320	1,320
Interest	603	550	600	600	600
Royalties	320	387	387	387	387
Provision of Goods Revenue	-	-	43	43	43
Other	282	1,365	346	285	285
Total own-source revenue	6,162	6,134	5,500	2,635	2,635
Total own-source income	6,162	6,134	5,500	2,635	2,635
Net cost of (contribution by) services	24,559	24,017	21,788	20,102	20,235
Revenue from Government ^(a)					
Commonwealth contribution	23,238	20,365	20,888	20,102	20,235
Total revenue from Government	23,238	20,365	20,888	20,102	20,235
Surplus/(deficit) attributable to the Australian Government	(1,321)	(3,652)	(900)	-	-
Total comprehensive income/(loss) attributable to the Australian Government	(1,321)	(3,652)	(900)	-	-

(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)

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	12,208	8,649	7,812	7,812	7,812
Trade and other receivables	2,400	2,400	2,400	2,400	2,400
Investments – Deposits	6,980	6,980	6,980	6,980	6,980
Total financial assets	21,588	18,029	17,192	17,192	17,192
Non-financial assets					
Property, plant and equipment	152	104	86	(14)	(14)
Intangibles	178	133	88	28	28
Other	203	203	203	203	203
Total non-financial assets	533	440	377	217	217
Total assets	22,121	18,469	17,569	17,409	17,409
LIABILITIES					
Payables					
Suppliers	893	893	893	733	733
Other	5	5	5	5	5
Total payables	898	898	898	738	738
Provisions					
Employee provisions	387	387	387	387	387
Total provisions	387	387	387	387	387
Total liabilities	1,285	1,285	1,285	1,125	1,125
Net assets	20,836	17,184	16,284	16,284	16,284
EQUITY*					
Parent entity interest					
Retained surplus	20,799	17,147	16,247	16,247	16,247
Total Equity	20,799	17,147	16,247	16,247	16,247

*'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 2018–19)**

	Retained earnings	Total equity
	\$'000	\$'000
Opening balance as at 1 July 2018		
Balance carried forward from previous period	20,799	20,799
Adjusted opening balance	20,799	20,799
Comprehensive income		
Surplus (deficit) for the period	(3,652)	(3,652)
Total comprehensive income	(3,652)	(3,652)
of which:		
Attributable to the Australian Government	(3,652)	(3,652)
Estimated closing balance as at 30 June 2019	17,147	17,147
Closing balance attributable to the Australian Government	17,147	17,147

Prepared on Australian Accounting Standards basis.

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

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Revenue from Government	23,238	20,365	20,888	20,102	20,235
Interest	603	550	600	600	600
Other	5,559	5,584	4,900	2,035	2,035
Total cash received	29,400	26,499	26,388	22,737	22,870
Cash used					
Employees	2,570	3,588	2,579	2,588	2,822
Suppliers	4,102	3,596	3,850	4,355	4,195
Grants	23,889	22,807	20,699	15,794	15,693
Total cash used	30,561	29,991	27,128	22,737	22,710
Net cash from (used by) operating activities	(1,161)	(3,492)	(740)	-	160
INVESTING ACTIVITIES					
Cash Received					
Proceeds from sale of financial instruments	3,020	-	-	-	-
Total cash received	3,020	-	-	-	-
Cash used					
Purchase of property, plant and equipment	207	67	97	-	160
Total cash used	207	67	97	-	160
Net cash from (used by) investing activities	2,813	(67)	(97)	-	(160)
Net increase (decrease) in cash held	1,652	(3,559)	(837)	-	-
Cash and cash equivalents at the beginning of the reporting period	10,556	12,208	8,649	7,812	7,812
Cash and cash equivalents at the end of the reporting period	12,208	8,649	7,812	7,812	7,812

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources ^(a)	207	67	97	-	-
TOTAL	207	67	97	-	-
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	207	67	97	-	-
Total cash used to acquire assets	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 2018–19)

	Other property, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2018			
Gross book value	301	707	1,008
Accumulated depreciation/amortisation and impairment	(149)	(529)	(678)
Opening net book balance	152	178	330
CAPITAL ASSET ADDITIONS			
Estimated expenditure on new or replacement assets			
By purchase – Government funding	52	15	67
Total additions	52	15	67
Other movements			
Depreciation/amortisation expense	(100)	(60)	(160)
Total other movements	(100)	(60)	(160)
As at 30 June 2019			
Gross book value	353	722	1,075
Accumulated depreciation/amortisation and impairment	(249)	(589)	(838)
Closing net book balance	104	133	237

Prepared on Australian Accounting Standards basis.