

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 stakeholders 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.

The FRDC leads investment in fisheries research and development (R&D), partnering with organisations that have the necessary capabilities to undertake the varied and specialised activities. The focus remains on the end users, market and people who participate in fishing and aquaculture or who consume seafood, as such the 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 flexibility to respond to unforeseen issues and opportunities. It is the FRDC's role to anticipate knowledge gaps and opportunities to ensure fishing and aquaculture meet future challenges.

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 ensure continuous improvement.

FRDC also contributes to the broader national strategic approach to fishing and aquaculture RD&E build cohesion and establish common goals between sectors. While a primary focus of FRDC investment is to deliver benefits primarily to fishing and aquaculture stakeholders – FRDC investment delivers benefits to other participants in the value chain, research providers, and the wider Australian community.

New investments in 2018–19 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 2018–19 as at May 2018

	<i>2017–18 Estimated actual \$'000</i>	2018–19 Estimate \$'000
Opening balance/cash reserves at 1 July	12,614	16,553
Funds from Government		
Amounts received from related entities		
Amounts from portfolio department ^(a)	3,905	2,015
<i>Total amounts received from related entities</i>	3,905	2,015
Special appropriations^(b)		
<i>Primary industries Research and Development Act 1989, s. 30A(3) & s. 30B(9) – Fisheries R&D Corporation</i>	23,267	23,317
<i>Total special appropriations</i>	23,267	23,317
Total funds from Government	27,172	25,332
Funds from industry sources		
Levies ^(c)	1,000	1,050
<i>less amounts paid to the CRF</i>	(1,000)	(1,050)
Industry contributions	5,996	5,964
<i>Total funds from industry sources</i>	5,996	5,964
Funds from industry sources		
Interest	300	300
Sale of goods and services	3	-
Other	2,697	3,101
<i>Total funds from industry sources</i>	3,000	3,401
Total net resourcing for FRDC	48,782	51,250
	2017–18	2018–19
Average staffing level (number)	21	19

(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

Budget measures in Part 1 relating to the Fisheries Research and Development Corporation are detailed in *Budget Paper No. 2: Budget Measures 2018–19* and are summarised below.

Table 1.2: Fisheries Research and Development Corporation 2018–19 Budget measures

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

FRDC does not have any 2018–19 Budget measures.

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

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

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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://www.frdc.com.au/en/about-us/corporate-documents/annual-operating-plan> and <http://www.frdc.com.au/research/RDE-planning-and-priorities>.

The most recent annual performance statement can be found at:

<http://www.frdc.com.au/en/about-us/corporate-documents/annual-reports>.

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.					
	2017-18	2018-19	2019-20	2020-21	2021-22
	Estimated	Budget	Forward	Forward	Forward
	actual		estimate	estimate	estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
Program 1.1: Fisheries Research and Development Corporation					
Revenue from Government					
Payment from related entities	3,001	2,012	-	-	-
Special appropriations					
<i>Primary industries Research and Development Act 1989, s. 30A(3) & s. 30B(9) – Fisheries R&D Corporation</i>	20,080	23,302	23,738	24,198	24,578
Revenues from industry sources	5,619	5,964	6,751	6,834	7,721
Revenues from other independent sources	2,972	3,398	5,046	5,912	5,925
Total expenses for program 1.1	31,672	34,676	35,535	36,944	38,224
Outcome 1 totals by resource type					
Revenue from Government					
Payment from related entities	3,001	2,012	-	-	-
Special appropriations	20,080	23,302	23,738	24,198	24,578
Revenues from industry sources	5,619	5,964	6,751	6,834	7,721
Revenues from other independent sources	2,972	3,398	5,046	5,912	5,925
Total expenses for Outcome 1	31,672	34,676	35,535	36,944	38,224
<hr/>					
	2017-18	2018-19			
Average staffing level (number)	21	19			

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, 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	
Objectives	<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 partners (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
2017–18 ^{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.

Continued on following pages

Contributions to Outcome 1 (continued)

Performance information (continued)		
Year	Performance criteria ^(a)	Targets
2017–18 (continued)	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 tonnes.
	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 1,000 tonnes.
2018–19	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.

Continued on following pages

Contributions to Outcome 1 (continued)

Performance information (continued)			
Year	Performance criteria^(a)	Targets	
2018–19 (continued)	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		
	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 previous [2016] Status of Key Australian Fish Stocks Reports.	Undefined species is less than 20 per cent.	
	Perception of the commercial fishing industry increased from 28 per cent to 40 per cent by 2020.	Perception of industry increases to 34 per cent.	
	Improved productivity and profitability		
	Understand the quantity of potential production from Australia's fishing and aquaculture resources.	One report completed on quantity of production from Australia's fishing and aquaculture resources.	
	Developing new and emerging aquaculture growth opportunities		
	Advance two or more new or emerging aquaculture opportunities for which RD&E has identified clear opportunities and technologies for good production and profitability growth, as measured by increases in harvest tonnages.	1,500 tonnes of additional production.	
	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.		

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Contributions to Outcome 1 (continued)

Performance information (continued)		
Year	Performance criteria ^(a)	Targets
2019–20 (continued)	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.
2020–21 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	
	The number of species in the national Status of Key Australian Fish Stocks Reports increases to include 200 species.	200 species included in Status of Australian Fish Stocks Reports.
	The number of species classified as 'undefined' is reduced from the previous [2018] Status of Key Australian Fish Stocks Reports.	The number of species classified as 'undefined' is reduced to less than 10 per cent.

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Contributions to Outcome 1 (continued)

Performance information (continued)		
Year	Performance criteria^(a)	Targets
2020–21 and beyond (continued)	Perception of the commercial fishing industry increased from 28 per cent to 40 per cent by 2020.	Perception of industry increases to 40 per cent.
	Developing new and emerging aquaculture growth opportunities	
	As per 2017–18.	2,500 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 2018–19 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) of the Australian fishing industry. The indication for the GVP for the Australian fishing industry is positive, with growth expected in 2018–19 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 2018–19, 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)**

	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	3,566	3,933	4,090	4,254	4,424
Supplier expenses	1,496	1,733	1,800	1,800	1,900
Grants	26,000	28,350	28,560	28,890	29,920
Depreciation and amortisation	200	210	185	200	180
Other	410	450	900	1,800	1,800
Total expenses	31,672	34,676	35,535	36,944	38,224
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	3	-	-	-	-
Interest	300	300	250	250	250
Contributions	5,996	5,964	6,775	6,850	7,745
Other	2,697	3,101	4,799	5,702	5,702
Total own-source revenue	8,996	9,365	11,824	12,802	13,697
Total own-source income	8,996	9,365	11,824	12,802	13,697
Net cost of (contribution by) services	22,676	25,311	23,711	24,142	24,527
Revenue from Government ^(a)					
Commonwealth contribution	27,172	25,332	23,771	24,181	24,572
Total revenue from Government	27,172	25,332	23,771	24,181	24,572
Surplus/(deficit) attributable to the Australian Government	4,496	21	60	39	45
Total comprehensive income/(loss) attributable to the Australian Government	4,496	21	60	39	45

(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	16,553	16,809	17,079	17,096	17,168
Trade and other receivables	7,955	7,540	7,203	7,006	6,765
Investments	5	5	5	5	5
Total financial assets	24,513	24,354	24,287	24,107	23,938
Non-financial assets					
Property, plant and equipment	135	140	145	150	160
Intangibles	972	1,132	1,292	1,462	1,642
Other	30	30	30	30	30
Total non-financial assets	1,137	1,302	1,467	1,642	1,832
Total assets	25,650	25,656	25,754	25,749	25,770
LIABILITIES					
Payables					
Suppliers	164	172	190	188	188
Projects	210	200	230	200	201
Other	85	85	85	85	85
Total payables	459	457	505	473	474
Provisions					
Employee provisions	970	957	947	935	910
Total provisions	970	957	947	935	910
Total liabilities	1,429	1,414	1,452	1,408	1,384
Net assets	24,221	24,242	24,302	24,341	24,386
EQUITY*					
Reserves	410	410	410	410	410
Retained earnings	23,811	23,832	23,892	23,931	23,976
Total Equity	24,221	24,242	24,302	24,341	24,386

* '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	Asset revaluation reserve	Total equity
	\$'000	\$'000	\$'000
Opening balance as at 1 July 2018			
Balance carried forward from previous period	23,811	410	24,221
Adjusted opening balance	23,811	410	24,221
Comprehensive income			
Surplus (deficit) for the period	21	-	21
Total comprehensive income	21	-	21
of which:			
Attributable to the Australian Government	21	-	21
Estimated closing balance as at 30 June 2019	23,832	410	24,242
Closing balance attributable to the Australian Government	23,832	410	24,242

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					
Goods and services	3	-	-	-	-
Receipts from Australian Government	27,172	25,332	23,771	24,181	24,572
Contributions	8,228	9,436	11,692	12,674	13,447
Interest	300	300	250	250	250
Total cash received	35,703	35,068	35,713	37,105	38,269
Cash used					
Employees	3,577	3,927	4,081	4,246	4,428
Suppliers	1,509	1,725	1,582	1,502	1,700
Projects	26,338	28,810	29,430	30,990	31,719
Total cash used	31,424	34,462	35,093	36,738	37,847
Net cash from (used by) operating activities	4,279	606	620	367	422
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	40	50	50	50	50
Purchase of Intangibles	300	300	300	300	300
Total cash used	340	350	350	350	350
Net cash from (used by) investing activities	(340)	(350)	(350)	(350)	(350)
Net increase (decrease) in cash held	3,939	256	270	17	72
Cash and cash equivalents at the beginning of the reporting period	12,614	16,553	16,809	17,079	17,096
Cash and cash equivalents at the end of the reporting period	16,553	16,809	17,079	17,096	17,168

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)	340	350	350	350	350
TOTAL	340	350	350	350	350
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	340	350	350	350	350
Total cash used to acquire assets	340	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 2018–19)

	Other property, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2018			
Gross book value	220	1,465	1,685
Accumulated depreciation/amortisation	(60)	(493)	(553)
Opening net book balance	160	972	1,132
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	(70)	(140)	(210)
Total other movements	(70)	(140)	(210)
As at 30 June 2019			
Gross book value	270	1,765	2,035
Accumulated depreciation/amortisation	(130)	(633)	(763)
Closing net book balance	140	1,132	1,272

Prepared on Australian Accounting Standards basis.