

FISHERIES
RESEARCH AND DEVELOPMENT CORPORATION

SECTION 1: ENTITY OVERVIEW AND RESOURCES	129
1.1 Strategic direction statement	129
1.2 Entity resource statement	130
1.3 Budget measures.....	131
SECTION 2: OUTCOMES AND PLANNED PERFORMANCE	132
2.1 Budgeted expenses and performance for Outcome 1.....	133
SECTION 3: BUDGETED FINANCIAL STATEMENTS.....	140
3.1 Budgeted financial statements.....	141

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 to 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 2019–20 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 2019–20 as at April 2019

	<i>2018–19 Estimated actual \$'000</i>	2019–20 Estimate \$'000
Opening balance/cash reserves at 1 July	22,297	22,411
Funds from Government		
Amounts received from related entities		
Amounts from portfolio department ^(a)	2,015	-
Total amounts received from related entities	2,015	-
Special appropriations^(b)		
<i>Primary industries Research and Development Act 1989, s. 30A(3) & s. 30B(9) – Fisheries R&D Corporation</i>	23,555	24,607
Total special appropriations	23,555	24,607
Total funds from Government	25,570	24,607
Funds from industry sources		
Levies ^(c)	1,050	1,200
<i>less amounts paid to the CRF</i>	(1,050)	(1,200)
Industry contributions	6,504	7,359
Total funds from industry sources	6,504	7,359
Funds from other sources		
Interest	440	410
Other	4,734	2,600
Total funds from other sources	5,174	3,010
Total net resourcing for FRDC	59,545	57,387
	2018–19	2019–20
Average staffing level (number)	19	17

(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 2019–20* and are summarised below.

Table 1.2: Fisheries Research and Development Corporation 2019–20 Budget measures

Part 1: Measures announced since the 2018–19 Mid-Year Economic and Fiscal Outlook (MYEFO)

FRDC does not have any 2019–20 Budget measures.

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

FRDC does not have any 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 enhanced 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 the Fisheries Research and Development Corporation 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 for the Fisheries Research and Development Corporation 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.

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.

Table 2.2.1 Budgeted expenses 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.					
	2018–19 Estimated actual \$'000	2019–20 Budget \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000	2022–23 Forward estimate \$'000
Program 1.1: Fisheries Research and Development Corporation					
Revenue from Government					
Payment from related entities	2,015	-	-	-	-
Special appropriations					
<i>Primary industries Research and Development Act 1989, s. 30A(3) & s. 30B(9) – Fisheries R&D Corporation</i>	22,712	29,132	25,437	26,182	27,029
Revenues from industry sources	8,653	8,743	8,498	8,734	9,086
Revenues from other independent sources	3,377	3,563	5,848	6,834	7,339
Total expenses for program 1.1	36,757	41,438	39,783	41,750	43,454
Outcome 1 totals by resource type					
Revenue from Government					
Payment from related entities	2,015	-	-	-	-
Special appropriations	22,712	29,132	25,437	26,182	27,029
Revenues from industry sources	8,653	8,743	8,498	8,734	9,086
Revenues from other independent sources	3,377	3,563	5,848	6,834	7,339
Total expenses for Outcome 1	36,757	41,438	39,783	41,750	43,454
	2018–19	2019–20			
Average staffing level (number)	19	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 2019–20 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	Targets
2018–19 ^{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	Targets	
2018–19 (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.	
	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	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.		

Continued on following pages

Contributions to Outcome 1 (continued)

Performance information (continued)		
Year	Performance criteria	Targets
2019–20 (continued)	Corporate governance and decision making is overseen by a framework of policies and procedures	
	As per 2018–19.	As per 2018–19.
	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	
	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.	2,000 tonnes of additional production.
	Partner and collaboration	
As per 2018–19.	As per 2018–19.	
2020–21 and beyond	Corporate governance and decision making is overseen by a framework of policies and procedures	
	As per 2018–19.	As per 2018–19.
	Partner and collaboration	
As per 2018–19.	As per 2018–19.	

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 2019–20 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 primarily on aquaculture which is anticipated to grow – prawns, Barramundi, Atlantic Salmon and Yellowtail Kingfish will be key drivers. 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)**

	2018–19 Estimated actual \$'000	2019–20 Budget \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000	2022–23 Forward estimate \$'000
EXPENSES					
Employee benefits	3,824	4,021	4,183	4,350	4,524
Supplier expenses	1,733	2,097	2,000	2,100	2,200
Grants	31,000	34,000	31,800	32,600	33,580
Depreciation and amortisation	200	200	200	200	200
Other	-	1,120	1,600	2,500	2,950
Total expenses	36,757	41,438	39,783	41,750	43,454
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Interest	440	410	350	350	350
Contributions	8,948	7,384	8,500	8,755	9,100
Other	3,052	2,600	5,500	6,500	7,000
Total own-source revenue	12,440	10,394	14,350	15,605	16,450
Total own-source income	12,440	10,394	14,350	15,605	16,450
Net cost of (contribution by) services	24,317	31,044	25,433	26,145	27,004
Total funds from other sources					
Commonwealth contribution	25,570	24,607	25,443	26,243	27,069
Total revenue from Government	25,570	24,607	25,443	26,243	27,069
Surplus/(deficit) attributable to the Australian Government	1,253	(6,437)	10	98	65
Total comprehensive income/(loss) attributable to the Australian Government	1,253	(6,437)	10	98	65

(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)

	2018–19 Estimated actual \$'000	2019–20 Budget \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000	2022–23 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	22,411	15,657	15,785	15,919	15,718
Trade and other receivables	3,468	3,493	3,197	2,996	3,096
Investments	5	5	5	5	5
Total financial assets	25,884	19,155	18,987	18,920	18,819
Non-financial assets					
Property, plant and equipment	132	122	126	126	132
Intangibles	940	1,100	1,260	1,420	1,580
Other	10	10	10	10	10
Total non-financial assets	1,082	1,232	1,396	1,556	1,722
Total assets	26,966	20,387	20,383	20,476	20,541
LIABILITIES					
Payables					
Suppliers	172	190	188	188	188
Projects	250	250	250	250	250
Total payables	422	440	438	438	438
Provisions					
Employee provisions	957	797	785	780	780
Total provisions	957	797	785	780	780
Total liabilities	1,379	1,237	1,223	1,218	1,218
Net assets	25,587	19,150	19,160	19,258	19,323
EQUITY*					
Reserves	413	413	413	413	413
Retained earnings	25,174	18,737	18,747	18,845	18,910
Total Equity	25,587	19,150	19,160	19,258	19,323

* '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 2019–20)

	Retained earnings	Asset revaluation reserve	Total equity
	\$'000	\$'000	\$'000
Opening balance as at 1 July 2019			
Balance carried forward from previous period	25,174	413	25,587
Adjusted opening balance	25,174	413	25,587
Comprehensive income			
Surplus (deficit) for the period	(6,437)	-	(6,437)
Total comprehensive income	(6,437)	-	(6,437)
of which:			
Attributable to the Australian Government	(6,437)	-	(6,437)
Estimated closing balance as at 30 June 2020	18,737	413	19,150
Closing balance attributable to the Australian Government	18,737	413	19,150

Prepared on Australian Accounting Standards basis.

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

	2018–19 Estimated actual \$'000	2019–20 Budget \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000	2022–23 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Receipts from Australian Government	25,570	24,607	25,443	26,243	27,069
Other operating receipts	11,211	9,959	14,282	15,446	15,984
Interest	440	410	350	350	350
Total cash received	37,221	34,976	40,075	42,039	43,403
Cash used					
Employees	3,879	4,181	4,195	4,355	4,524
Suppliers	1,817	3,199	3,602	4,600	5,150
Projects	31,058	34,000	31,800	32,600	33,580
Total cash used	36,754	41,380	39,597	41,555	43,254
Net cash from (used by) operating activities	467	(6,404)	478	484	149
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
Total funds from other sources	(350)	(350)	(350)	(350)	(350)
Net increase (decrease) in cash held	117	(6,754)	128	134	(201)
Cash and cash equivalents at the beginning of the reporting period	22,294	22,411	15,657	15,785	15,919
Cash and cash equivalents at the end of the reporting period	22,411	15,657	15,785	15,919	15,718

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement

	2018–19 Estimated actual \$'000	2019–20 Budget \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000	2022–23 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 2019–20)

	Other property, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2019			
Gross book value	192	1,553	1,745
Accumulated depreciation/amortisation	(60)	(613)	(673)
Opening net book balance	132	940	1,072
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	(60)	(140)	(200)
Total other movements	(60)	(140)	(200)
As at 30 June 2020			
Gross book value	242	1,853	2,095
Accumulated depreciation/amortisation	(120)	(753)	(873)
Closing net book balance	122	1,100	1,222

Prepared on Australian Accounting Standards basis.